



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** April 18, 2023

**TO:** USAID/West Bank and Gaza, Mission Director, Amy Tohill-Stull

**FROM:** USAID/OIG Middle East and Eastern Europe (ME/EE) Regional Office, Assistant Audit Director, David Clark/s/

**SUBJECT:** Audit of the Schedule of Expenditures of Appleseeds Academy, Rise Together Program in West Bank and Gaza, Cooperative Agreement 72029420CA00003, June 27, 2020 to December 31, 2021 (8-294-23-015-N)

This memorandum transmits the final audit report of the schedule of expenditures of Appleseeds Academy, Rise Together program in West Bank and Gaza, cooperative agreement 72029420CA00003, from June 27, 2020 to December 31, 2021. USAID/West Bank and Gaza contracted with the independent audit firm Mazars to conduct the audit. The audit firm stated that it performed the audit in accordance with U.S. Government Auditing Standards and Generally Accepted Auditing Standards. However, it did not have an external quality control review program because professional organizations in West Bank and Gaza do not offer such a program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the auditee's schedule of expenditures; the effectiveness of its internal controls; or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were to: (1) express an opinion on whether the schedule of expenditures for the period audited was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$527,255 from June 27, 2020 to December 31, 2021.

The audit firm concluded that the schedule of expenditures of USAID award presented fairly, in all material respects, program revenues and costs incurred under the award for the period

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<sup>1</sup> We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

audited. The audit firm did not identify any questioned costs or any material weaknesses in internal control. The audit firm identified two significant deficiencies in internal control as stated on pages 18 and 20 of the audit report and said that the auditee took proper corrective action with respect to one significant deficiency pertaining to lack of compliance policies and procedures manual. Although we are not making a recommendation for the significant deficiency pertaining to inadequate documentation of procurement procedures and selecting suppliers' decisions, we suggest that USAID/West Bank and Gaza determine if the recipient addressed the issue noted. Further, the auditor identified two material instances of noncompliance. The auditee is not subject to executive order number 13224, as the program falls outside the scope of the mandatory provisions underlying mission order number 21. The audit firm issued a management letter.

During our desk review, we noted an issue which the audit firm will need to address in future audit reports. We presented this issue in a memo to the controller dated April 18, 2023.

To address the issues identified in the report, we recommend that USAID/West Bank and Gaza:

**Recommendation I.** Verify that Appleseeds Academy corrects the two instances of material noncompliance detailed on pages 24 and 27 of the audit report.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").