



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: May 11, 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: Closeout Audit of the Schedule of Expenditures of Abraham Fund Initiatives, Shared Learning Program in West Bank and Gaza, Cooperative Agreement 72029418CA00002, January 1 to September 27, 2021 (8-294-23-019-N)

This memorandum transmits the final closeout audit report of the schedule of expenditures of Abraham Fund Initiatives, Shared Learning program in West Bank and Gaza, cooperative agreement 72029418CA00002, from January 1, 2021, to September 27, 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.¹

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 \$219,696 from January 1 to September 27, 2021.

¹ 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.

The audit firm concluded that the schedule of expenditures of USAID's award presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm did not identify any questioned costs; however, the auditor identified a \$190,580 shortfall in cost sharing and noted that after the audit exit conference the agreement officer approved a reduction in the cost share amount required from the auditee in the amount of \$190,625 thereby eliminating the reported cost sharing shortfall. The audit firm did not identify any material weaknesses in internal controls but identified two material instances of noncompliance and noted that the program is not subject to mission order number 21, "Anti-terrorism procedures." During our desk review, we noted some issues which the audit firm will need to address in future audit reports, such as including personally identified information (PII) on page 6 of the demobilization plan. We presented these issues in a memorandum to the controller dated May 11, 2023.

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

Recommendation I. Verify that Abraham Fund Initiatives corrects the two instances of material noncompliance detailed on pages 21 to 23 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").