



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

MEMORANDUM

DATE: May 26, 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 Moona-A Space for Change, Bringing Professionals to Bridge Communities: Starter Program for Young Engineers in West Bank and Gaza, Cooperative Agreement 72029419CA00001, January 1 to December 31, 2021 (8-294-23-021-N)

This memorandum transmits the final audit report of the schedule of expenditures of Moona-A Space for Change, Bringing Professionals to Bridge Communities: Starter Program for Young Engineers in West Bank and Gaza, cooperative agreement 72029419CA00001, from January 1 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 Generally Accepted Auditing Standards and U.S. Government 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 \$313,586 from January 1 to December 31, 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 awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited and did not identify any questioned costs. The audit firm did not identify any material internal control weaknesses but identified one material instance of noncompliance with the agreement's terms, conditions and applicable laws and regulations. The audit firm said that the program is not subject to mission order number 21 and executive order number 13224 (Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), as it falls outside the scope of the mandatory provisions underlying mission order number 21. In addition, although we are not making a recommendation for two significant deficiencies noted in the report, we suggest that USAID/West Bank and Gaza determine if the recipient addressed the issues noted.

During our desk review, we noted an area for improvement which the audit firm should address in future audit reports. We presented this area in a memo to the controller dated May 26, 2023.

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

Recommendation I. Verify that Moona-A Space for Change corrects the material instance of noncompliance detailed on pages 23 and 24 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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").