



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 15, 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 Unistream, Pillars of Shared Society: Springboard to a Better Future Program in West Bank and Gaza, Cooperative Agreement 72029419CA00002, January 1 to December 31, 2021 (8-294-23-005-N)

This memorandum transmits the final audit report on the schedule of expenditures of Unistream, Pillars of Shared Society: Springboard to a Better Future program, cooperative agreement 72029149CA00002, from January 1 to December 31, 2021. USAID/West Bank and Gaza contracted the independent audit firm Bakertilly-Farrage & Nashwan Co. to conduct the audit. The audit firm stated that it performed its 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 by an unaffiliated audit organization since no such program is offered by professional organizations in West Bank and Gaza. 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 \$404,095 from January 1 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

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.

audited. The audit firm did not identify any questioned costs. The auditors did not identify any material weaknesses in internal control but identified three instances of material noncompliance with the agreement terms and applicable laws and regulations. We are making a recommendation that USAID/West Bank and Gaza address this issue. In addition, although we are not making a recommendation for the two significant deficiencies noted in pages 17 to 20 of the report, we suggest that the mission determines if the recipient addressed the issues noted. Further, the audit firm identified \$136,467 of unsupported cost sharing contributions. The auditors said that the program is not subject to mission order number 21 “Anti-Terrorism Procedures.”

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

Recommendation 1. Determine the allowability of \$136,467 in questioned unsupported cost sharing contributions on pages 38 to 40 of the audit report and recover any amount that is unallowable, as appropriate.

Recommendation 2. Verify that Unistream corrects the three material instances of noncompliance, as detailed on pages 23 to 35 of the audit report.

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

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”).