



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: June 25, 2024

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

FROM: Middle East and Eastern Europe Regional Office, Audit Director,
Louis Duncan, Jr. /s/

SUBJECT: Closeout Audit of the Schedule of Expenditures of Akko Center for Arts and Technology, Full Steam Ahead Program in West Bank and Gaza, Cooperative Agreement 72029418CA00001, January 1 to November 30, 2022 (8-294-24-020-N)

This memorandum transmits the final closeout audit report on the schedule of expenditures of Akko Center for Arts and Technology, Full Steam Ahead program in West Bank and Gaza, cooperative agreement 72029418CA00001, from January 1 to November 30, 2022.

USAID/West Bank and Gaza contracted the independent audit firm Ernst & Young – Middle East to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Government 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 terms, 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 \$305,229 from January 1 to November 30, 2022.

The audit firm concluded 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 auditors did not identify any material internal control weaknesses but identified two material instances of noncompliance with the award

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.

terms and applicable laws and regulations, out of which one material noncompliance instance resulted in a cost share contributions shortfall of \$926. The audit firm mentioned that subsequent corrective action took place, and no further action is needed for the other material instance of noncompliance. The auditors did not test the auditee's compliance with executive order number 13224 as the program falls outside the scope of the mandatory provisions underlying mission order No. 21. Since the cost share shortfall amount did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/West Bank and Gaza determine the allowability of the \$926 and recover any amount as appropriate.

During our desk review, we noted an area for improvement which the audit firm will need to address in future audit reports. We presented this deficiency in a memo to the controller dated June 25, 2024.

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

Recommendation I. Verify that Akko Center for Arts and Technology corrects the material instance of noncompliance, detailed on page 15 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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oinotice_ndaa5274@usaid.gov.