



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: August 13, 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 Unistream, Pillars of Shared Society: A Springboard to a Better Future Program in West Bank and Gaza, Cooperative Agreement 72029419CA00002, January 1 to September 3, 2022 (8-294-24-025-N)

This memorandum transmits the final closeout audit of the schedule of expenditures of Unistream, Pillars of Shared Society: A Springboard to a Better Future program in West Bank and Gaza, cooperative agreement 72029419CA00002, from January 1 to September 3, 2022. USAID/West Bank and Gaza contracted with the independent audit firm Mazars 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 that fully satisfy the standards' requirements. The audit firm explained that 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 of USAID awards; the effectiveness of its internal control; 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 of USAID award 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 award terms and applicable laws and regulations, including compliance with Executive Order 13224-Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, as applicable. To answer the audit objectives, the audit firm

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.

performed the subject financial audit that covered \$331,464, from January 1, 2022, to September 3, 2022.

The audit firm concluded that the schedule of expenditures of the USAID 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 or any material weaknesses in internal controls. The audit firm identified two instances of material noncompliance with applicable rules and regulations. The audit firm stated that the agreement is not subject to Mission Order 21 and Executive Order No.13224, as the program falls outside the scope of the mandatory provisions underlying Mission Order 21. Although we are not making a recommendation for a significant deficiency in internal control noted in the report, we suggest that USAID/West Bank and Gaza determines if the recipient addressed the issue noted. The audit firm issued a management letter.

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 August 13, 2024.

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

Recommendation I. Verify that Unistream corrects the two instances of material noncompliance detailed on pages 23 to 25 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a 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 oignotice_ndaa5274@usaid.gov.