



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: August 22, 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: Financial Audit of “A New Reality: Innovating Together” Program in West Bank and Gaza, Managed by Tech2Peace, Agreement 72029421CA00002, September 29, 2021, to December 31, 2022 (8-294-24-027-N)

This memorandum transmits the final audit report of “A New Reality: Innovating Together” program managed by Tech2Peace Inc. under cooperative agreement 72029421CA00002, from September 29, 2021, to December 31, 2022. USAID/West Bank and Gaza contracted with the independent audit firm, Deloitte & Touche (M.E.) to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, the audit firm disclosed that it did not have an external peer review program that fully satisfy GAGAS requirements because such program is not 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 recipient’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 awards for the period audited was presented fairly, in all material respects; (2) evaluate Tech2Peace’s internal controls related to USAID’s funded project; and (3) determine whether Tech2Peace complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm conducted a financial audit that covered costs of \$217,616, for the audited period.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, project revenues and costs incurred under the agreement for the

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.

period audited except for \$636 of unsupported questioned costs. The audit firm did not identify any material internal control weaknesses but identified five material instances of noncompliance. The audit firm said that Tech2Peace took corrective action on two of the five instances of material noncompliance and mentioned that no further action was needed on them. Since the questioned costs 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 \$636 and recover any amount as appropriate.

During our desk review, we noted areas for improvement that the audit firm will need to address in its future audit reports. We presented these deficiencies in a memorandum to the mission controller dated August 22, 2024.

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

Recommendation 1. Verify that Tech2Peace corrects the 3 instances of material noncompliance detailed on pages 25 to 27 of the audit report.

We ask that you provide 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 oinotice_ndaa5274@usaid.gov.