



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

MEMORANDUM

DATE: September 24, 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 Schneider Children's Medical Center of Israel, Changing Narratives: Youth Mental Wellness Program in West Bank and Gaza, Cooperative Agreement 72029421CA00003, September 29, 2021, to July 15, 2022 (8-294-24-029-N)

This memorandum transmits the closeout audit report of the Schedule of Expenditures of Schneider Children's Medical Center of Israel, Changing Narratives: Youth Mental Wellness - Setting the Ground for Conflict Resolution program in West Bank and Gaza, cooperative agreement 72029421CA00003, from September 29, 2021, to July 15, 2022. USAID/West Bank and Gaza contracted with the independent audit firm Ernst & Young – Middle East to conduct the audit. The audit firm stated it was engaged to perform the 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 quality control review program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the 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 mainly to: (1) express an opinion on whether the schedule of expenditures of the 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. To answer the audit objectives, the audit firm was engaged to perform the subject financial audit that should have covered \$76,458, from September 29, 2021, to July 15, 2022.

The audit firm was unable to express an opinion on the auditee's statement of expenditures

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.

because it could not obtain sufficient and proper supporting documents to complete the audit. Accordingly, our transmittal memo will question \$76,458 of costs incurred and \$10,398 of cost share contribution during the audit period. 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.

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

Recommendation 1. Determine the allowability of the questioned unsupported costs of \$86,856 (\$76,458 costs incurred, and \$10,398 cost share contribution), on pages 1 and 5 of the audit report and recover any amount that is unallowable.

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.