



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

MEMORANDUM

DATE: January 15, 2025

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: Audit of the Schedule of Expenditures of Yozmot ATID Under Cooperative Agreement 72029421CA00008, Female Led Microbusiness Development for Promoting a Culture of Peace Program in West Bank and Gaza, September 30, 2021, to December 31, 2022 (8-294-25-005-N)

This memorandum transmits the final audit report of the schedule of expenditures of Yozmot ATID under cooperative agreement 72029421CA00008, Female Led Microbusiness Development for Promoting a Culture of Peace program in West Bank and Gaza, from September 30, 2021, to December 31, 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 performed its audit in accordance with U.S. Generally Accepted 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 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 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 the award's terms and applicable laws and regulations, including whether the recipient complied with the provisions of Executive Order 13224-Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support

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.

Terrorism. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$400,531, from September 30, 2021, to December 31, 2022.

The audit firm concluded that the schedule of expenditures of the USAID award presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the audited period and did not question any costs. However, the audit firm identified \$1,425 of unsupported questioned cost share contribution. The auditor stated that Yozmot has taken a subsequent corrective action by deducting the questioned unsupported cost share contribution in the standard financial form submitted in March 2024. The auditor identified two significant deficiencies in internal control, and one material instance of noncompliance. The auditor stated that Yozmot is not subject to the Executive Order No. 13224, as the program falls outside the scope of the Mandatory Provisions underlying Mission Order No. 21. The audit firm stated that remedial actions had been subsequently taken to address the significant internal control deficiencies and the material instance of non-compliance. The audit firm issued a management letter. During our desk review, we noted an area for improvement which the audit firm should address in future audit reports. We presented this deficiency in a memo to the controller dated January 15, 2025.

The report does not include any recommendations for your action.

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.