



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: Closeout Audit of the Schedule of Expenditures of Middle East Education Through Technology Under Cooperative Agreement 72029420CA00001, Northern Innovators Project in West Bank and Gaza, January 1, 2022, to September 15, 2023 (8-294-25-006-N)

This memorandum transmits the final audit report of the schedule of expenditures of the Middle East Education through Technology under cooperative agreement 72029420CA00001, Northern Innovators project in West Bank and Gaza, from January 1, 2022, to September 15, 2023. 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 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 compliance with Executive Order 13224 "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism."

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.

To answer the audit objectives, the audit firm performed the subject financial audit that covered \$791,730, from January 1, 2022, to September 15, 2023.

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. The audit firm identified \$2,795 of ineligible questioned costs. The auditor did not identify any material weaknesses in internal control or any material instance of noncompliance with the award terms, executive order number 13224, or applicable rules and regulations. 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 \$2,795 in questioned costs and recover any amount determined to be unallowable. The audit report included personally identifiable information. During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas 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.