



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

MEMORANDUM

DATE: April 30, 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, Yozmot Atid, Cooperative Agreement 72029422CA00006, Female Led Microbusiness Development for Promoting a Culture of Peace Program in West Bank and Gaza, January 1 to December 31, 2023 (8-294-25-011-N)

This memorandum transmits the final audit report on the schedule of expenditures of USAID award managed by Yozmot Atid, under cooperative agreement 72029422CA00006, Female Led Microbusiness Development for Promoting a Culture of Peace program for the period from January 1 to December 31, 2023. USAID/West Bank and Gaza contracted with the independent audit firm Bakertilly Farrage and Nashwan Co. to conduct the audit. The audit firm stated 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 satisfies the standards' requirements because 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 Yozmot Atid's schedule of expenditures of USAID award; 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 Yozmit Atid's internal controls; and (3) determine whether Yozmit Atid complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm conducted the subject financial audit that covered \$392,844 from January 1 to December 31, 2023.

The audit firm concluded the schedule of expenditures of USAID award presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$703 in total ineligible questioned costs. The audit firm identified four material

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.

weaknesses in internal control pertaining to: (1) missing USAID project hours in timesheets; (2) mismatching accounting books and USAID vouchers expenditures; (3) reporting improper personnel expenses; and (4) charging unrelated project expenses to USAID. The audit firm also identified four instances of material noncompliance and \$11,009 of questioned cost sharing contribution (\$10,915 unsupported and \$94 ineligible). The audit firm said that corrective action was taken on the entire \$703 of federal ineligible questioned costs, as well as the \$94 of the ineligible questioned cost sharing contribution by deductions from subsequent financial reports. Further, the audit firm said that subsequent corrective action was taken on the third and fourth material internal control weaknesses. Since the remaining unsupported questioned cost sharing contribution of \$10,915 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 these \$10,915 in questioned cost sharing contribution and recover any amount determined to be unallowable. The audit firm said that the award is not subject to Executive Order 13224—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism.

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

Recommendation 1. Verify that Yozmot Atid corrects the two instances of material internal control deficiencies detailed on pages 22-24 of the audit report.

Recommendation 2. Verify that Yozmot Atid corrects the four instances of material noncompliance detailed on pages 30-37 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decisions.

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.