



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

### MEMORANDUM

**DATE:** May 28, 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:** Close-out Audit of the Schedule of Expenditures of USAID Award Managed by Appleseeds Academy, Cooperative Agreement 72029420CA00003, October 1, 2022, to June 27, 2023, (8-294-25-012-N)

This memorandum transmits the final close-out audit report of the schedule of expenditures of USAID award managed by Appleseeds Academy, cooperative agreement 72029420CA00003, from October 1, 2022, to June 27, 2023. USAID/West Bank and Gaza contracted with the independent audit firm Mazars to conduct the audit. The audit firm stated that 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 Appleseeds Academy schedule of expenditures of USAID award; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were mainly 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 Appleseeds Academy's internal controls; and (3) determine whether Appleseeds Academy complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm conducted the subject financial audit that covered \$266,148 from October 1, 2022, to June 27, 2023.

The audit firm concluded that the schedule of expenditures of the USAID award presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$15,789 in total ineligible questioned costs and \$284,459 in cost share contribution shortfall amounts. The audit firm did not identify any material internal control weaknesses but identified two instances of material noncompliance. In addition,

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<sup>1</sup> 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.

although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that USAID/West Bank and Gaza determine if the recipient addressed the issue noted. 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.** Determine the allowability of \$300,245 (\$15,786 in questioned ineligible costs and \$284,459 in cost share contribution shortfall amounts) on pages 24 to 26 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that Appleseeds Academy corrects the two instances of material noncompliance detailed on pages 22 and 23 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.<sup>2</sup>

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<sup>2</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).