



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

### MEMORANDUM

**DATE:** July 29, 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 Locally Incurred Costs of Palladium International, LLC, Alliance for eTrade Development II Activity in West Bank and Gaza, Cooperative Agreement 7200AAI9CA0002I, October 1, 2022, to December 31, 2023 (8-294-25-021-N)

This memorandum transmits the audit of the locally incurred costs in the schedule of expenditures for Palladium International, LLC, Alliance for eTrade Development II Activity, cooperative agreement 7200AAI9CA0002I, October 1, 2022, to December 31, 2023. USAID/West Bank and Gaza contracted with the independent audit firm Ernst & Young (EY) 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. 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 audit firm's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were to (1) express an opinion on whether the schedule of expenditures of the USAID award for the period audited presents fairly, in all material respects; (2) evaluate Palladium International's internal controls; and (3) determine whether Palladium International complied, in all material respects, with the award terms including compliance with Executive Order 13224 - Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism. To answer the audit objectives, the audit firm

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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.

performed the subject financial audit that covered \$174,100 from October 1, 2022, to December 31, 2023.

The audit firm concluded that the schedule of expenditures presented fairly, in all material respects, the program costs incurred under the award for the period audited. The audit firm did not identify any deficiencies that were considered material weaknesses in internal control. The audit firm identified no instances of noncompliance with the terms of the agreement, applicable rules and regulations, or Executive Order 13224. The audit firm reported an immaterial internal control deficiency in the management letter, dated October 31, 2024.

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.<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).