



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

MEMORANDUM

DATE: July 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: Close-out Audit of the Schedule of Expenditures of Family Health International, Civic Participation and Community Engagement Activity in West Bank and Gaza, Cooperative Agreement 72029421LA0000, January 1, 2023, to March 15, 2024 (8-294-25-022-N)

This memorandum transmits the closeout audit of the schedule of expenditures for Family Health International (FHI) 360 under cooperative agreement. 72029421LA00001, "Civic Participation and Community Engagement Activity," January 1, 2023, to March 15, 2024. USAID/West Bank and Gaza contracted with the independent audit firm Mazars to conduct the audit. Mazars 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. Mazars explained that professional organizations in West Bank and Gaza do not offer such a quality control review program. Mazars 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; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 FHI 360's internal controls; and (3) determine whether FHI 360 complied, in all material respects, with the award 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, and (4) determine if FHI 360 has taken

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.

adequate corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$3,107,527² from January 1, 2023, to March 15, 2024.

The audit firm concluded that the schedule of expenditures presents fairly, in all material respects, the expenditures of the USAID award for the period audited. The audit firm did not identify any material weaknesses in internal control. However, Mazars disclosed a material instance of noncompliance related to the demobilization plan requirements. Additionally, the audit firm identified that FHI 360 complied with Executive Order 13224. Mazars reported that the previous audit report did not contain recommendations.

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

Recommendation 1: Verify that Family Health International 360 corrects the instance of material noncompliance detailed on page 21 of the audit report.

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.³

² Out of the total audited amount of \$3,107,527 disclosed in this audit report, \$2,525,008 [representing a subawardees expenditures], was separately audited by the audit firm. The audit report was issued by the Office of Inspector General on July 29, 2025 (report number 8-294-25-019-N). Accordingly, we consider the net amount covered by this audit report is \$582,519.

³ 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.