



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

MEMORANDUM

DATE: August 15, 2025

TO: USAID/West Bank and Gaza, Mission Director, Amy Tohill-Stull

FROM: Middle East and Eastern Europe Regional Office, Acting Audit Director, Esther Park /s/

SUBJECT: Audit of the Schedule of Expenditures for Palestinian Peace Coalition, Policy Engagement and Constructive Exposure Program in West Bank and Gaza, Cooperative Agreement 72029421CA00006, January 1, 2023, to December 31, 2023 (8-294-25-025-N)

This memorandum transmits the audit of the schedule of expenditures for Palestinian Peace Coalition (PPC), Policy Engagement and Constructive Exposure program in West Bank and Gaza under cooperative agreement 72029421CA00006, January 1, 2023, to December 31, 2023. USAID/West Bank and Gaza contracted with the independent audit firm Suleiman & Co (Suleiman) 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 PPC'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 PPC's internal controls; (3) determine whether PPC 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 and the prohibition to paying Value Added Tax (VAT) with USAID funds; and (4)

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.

determine if PPC has taken adequate corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$311,756 from January 1, 2023, to December 31, 2023.

The audit firm concluded that, except for the effect of the \$247 in unsupported questioned costs, the schedule of expenditures for the USAID award presents fairly, in all material respects, the program costs incurred under the award for the period audited. The audit firm identified two deficiencies in internal control that were considered material weaknesses, related to the review and approval of salary-related journal vouchers and the lack of monitoring for sub-awards, as well as one significant deficiency in internal control related to the review of timesheets. The audit firm identified no instances of noncompliance with the terms of the agreement, Executive Order 13224, or VAT 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 \$247 in questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID/West Bank and Gaza determine if the recipient addressed the issues noted. The audit firm reported that PPC implemented five of the seven prior audit recommendations.

The audit firm reported in the management letter, dated December 19, 2024, two immaterial internal control deficiencies and an immaterial instance of noncompliance with the agreement.

During our desk review, we noted an area for improvement which the audit firm should address in its future audit reports. We presented this deficiency in a memorandum to the controller, dated August 15, 2025.

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

Recommendation 1. Verify that Palestinian Peace Coalition corrects the two material weaknesses in internal control 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 decision.

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.