



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

MEMORANDUM

DATE: September 12, 2025

TO: USAID, Deputy Administrator for Management and Resources, Kenneth Jackson
USAID, Acting Chief Financial Officer, Douglas A. Pitkin

FROM: Middle East and Eastern Europe Regional Office, Audit Director, Louis Duncan, Jr. /s/

SUBJECT: Financial Audit of Tech2Peace, “A New Reality: Innovating Together” Program in West Bank and Gaza, Cooperative Agreement 72029421CA00002, January 1, 2023, to December 31, 2023 (8-294-25-033-N)

This memorandum transmits the financial audit of Tech2Peace, “A New Reality: Innovating Together” program in West Bank and Gaza, cooperative agreement 72029421CA00002, January 1, 2023, to December 31, 2023. USAID/West Bank and Gaza contracted with the independent audit firm Ernst & Young, Middle East, Palestine Branch 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. 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 Tech2Peace’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, revenues received and costs incurred; (2) evaluate Tech2Peace’s internal controls; and (3) determine whether Tech2Peace complied, in all material respects, with the award terms, including compliance with Executive Order 13224 - Blocking Property and Prohibiting Transactions with

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.

Persons Who Commit, Threaten to Commit, or Support Terrorism and the related Mission Orders including Mission Order 21. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$248,495 from January 1, 2023, to December 31, 2023.

The audit firm concluded that the schedule of expenditures presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm identified two significant deficiencies in internal control: (a) a mismatch between accounting records and financial reports submitted to USAID and (b) an incomplete compliance policies and procedures manual. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that USAID determine if the recipient addressed the issues noted.

The audit firm identified one material instance of noncompliance with the terms of the agreement, related to incomplete or late submission of programmatic reports. The audit firm identified no instances of noncompliance with Mission Order 21 and Executive Order 13224. The audit firm reported that Tech2Peace has taken adequate corrective action on two prior recommendations, one was partially implemented, and one remains open.

To address the issues identified in the report, we recommend that USAID:

Recommendation 1. Verify that Tech2Peace corrects the instance of material noncompliance detailed on pages 17 to 18 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.