



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

MEMORANDUM

DATE: September 25, 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: Audit of the Schedule of Expenditures of Project Rozana USA, Palestinian-Israeli Specialist Nursing Hub Activity in West Bank and Gaza, Cooperative Agreement 72029422CA00009, September 30, 2022, to December 31, 2023 (8-294-25-036-N)

This memorandum transmits the final audit report of the schedule of expenditures of Project Rozana USA (Rozana), Palestinian-Israeli Specialist Nursing Hub Activity in West Bank and Gaza, cooperative agreement 72029422CA00009, September 30, 2022, to December 31, 2023. USAID/West Bank and Gaza contracted with the independent audit firm Ernst & Young, Middle East, Palestine Branch (EY) to conduct the audit. The audit firm stated that it performed the audit in accordance with U.S. Government Auditing Standards. However, it did not have an external quality control review program 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 the auditee's schedule of expenditures; the effectiveness of its internal controls; 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, costs incurred, and commodities directly procured by USAID; (2) evaluate Rozana's internal controls; and (3) determine whether Rozana complied, in all material respects, with the

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.

award terms, including compliance with: (a) Executive Order 13224 - Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism and the related Mission Orders, including Mission Order 21, and (b) cost-sharing requirements. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$502,229 from September 30, 2022, 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. However, the audit firm identified one significant deficiency in internal control related to the mismatch between the accounting records and financial reports. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID determine if the recipient addressed the issue noted. In addition, the audit firm identified no instances of noncompliance with Mission Order No. 21 and Executive Order No. 13224. However, the audit firm identified one material instance of noncompliance with the terms of the agreement or applicable rules and regulations related to noncompliance with reporting requirements. Based on the audit firm's review, nothing came to its attention that caused it to believe that Rozana did not fairly present the cost-sharing schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost-sharing schedule. The audit firm noted other matters that were reported in a separate management letter, dated June 24, 2025.

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

Recommendation 1. Verify that Project Rozana USA corrects the instance of material noncompliance detailed on pages 16 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 oinotice_ndaa5274@usaid.gov.