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

MEMORANDUM

DATE: August 8, 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: Close-out Audit of the Schedule of Expenditures of the Palestinian Ministry of Finance, Debt Relief for East Jerusalem Hospitals Network in West Bank and Gaza under Grant 294-CT-00-23-00001-00, September 26, 2023, to January 25, 2024 (8-294-25-024-N)

This memorandum transmits the close-out audit of the schedule of expenditures of the USAID award managed by the Palestinian Ministry of Finance, Debt Relief for East Jerusalem Hospitals Network in West Bank and Gaza, under the debt relief grant 294-CT-00-23-00001-00, September 26, 2023, to January 25, 2024. USAID/West Bank and Gaza contracted with the independent audit firm Mazars 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 schedule of expenditures of the USAID award; 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 presents fairly, in all material respects with the terms of the award, (2) evaluate the Palestinian Ministry of Finance's internal controls; (3) determine whether the Ministry of Finance complied, in all material respects, with the terms of the award; and (4) determine if the Ministry of Finance has taken adequate corrective actions on prior audit report recommendations. To

[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.

answer the audit objectives, the audit firm performed the subject financial audit that covered $25,500,000 from September 26, 2023, to January 25, 2024.

The audit firm concluded that the schedule of expenditures presents fairly, in all material respects, with the terms of the award for the period audited. Additionally, the audit firm did not identify any material weaknesses in internal control or any material instances of noncompliance with the terms of the award. The audit firm reported that the previous audit report did not contain any recommendations.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to controller, dated August 8, 2025.

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.[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.