



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

MEMORANDUM

DATE: September 10, 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 Locally Incurred Costs of Our Generation Speaks, Next Generation Accelerator Program in West Bank and Gaza, Cooperative Agreement 72029422CA00007, September 28, 2022, to December 31, 2023 (8-294-25-032-N)

This memorandum transmits the audit of the locally incurred costs of Our Generation Speaks (OGS), Next Generation Accelerator program in West Bank and Gaza, cooperative agreement 72029422CA00007, September 28, 2022, to December 31, 2023. 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, revenues received and costs incurred, (2) evaluate OGS' internal controls; and (3) determine whether OGS complied, in all material respects, with the terms of the award, including compliance with (a) Executive Order 13224 - Blocking Property

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. .

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 \$1,489,793 from September 28, 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. The audit firm identified one significant deficiency in OGS's internal control structure related to inadequate documentation of transportation costs that includes unsupported questioned costs of \$6,910. 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 determine the allowability of the \$6,910 in questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that USAID determine if OGS addressed the issues noted.

The audit firm also identified three material instances of noncompliance with the terms of the agreement related to (1) incomplete policies and procedures for compliance with USAID/West Bank and Gaza's Mission Order 21, (2) noncompliance with Mission Order 21 requirements to include mandatory standard and special provisions in subcontracts and subawards, and (3) the late vetting approval of a subawardee.

Based on the audit firm's review, nothing came to its attention that caused it to believe that OGS 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.

During our desk review, we noted an area for improvement that the audit firm should address in future audit reports. We presented this area in a memo to USAID, dated September 10, 2025.

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

Recommendation 1: Verify that Our Generation Speaks corrects the instances of material noncompliance detailed on pages 22 to 26 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.