



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 27, 2023

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

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

SUBJECT: Closeout Audit of the Schedule of Expenditures of Middle East Investment Initiative, Loan Guaranty Facility (III) Program in West Bank and Gaza, Service Agreement OPIC-16-C-0014, Under Agreement 294-IA-00-15-00001, January 1, 2018, to January 31, 2019 (8-294-24-002-N)

This memorandum transmits the final closeout audit report on the schedule of expenditures of Middle East Investment Initiative (MEII), loan guaranty facility (III) program in West Bank and Gaza, service agreement OPIC-16-C-0014, under agreement 294-IA-00-15-00001, from January 1, 2018, to January 31, 2019. USAID/West Bank and Gaza contracted with the independent audit firm Mazars 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 mainly to: (1) express an opinion on whether the schedule of expenditures for the period audited was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with the award

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.

terms and applicable laws and regulations, including compliance with Executive Order 13224 “Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism”. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$485,659 from January 1, 2018, to January 31, 2019.

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 except for \$30,794 in ineligible questioned costs. USAID/West Bank and Gaza confirmed that they were refunded the entire questioned costs after the exit conference. The audit firm did not identify any material internal control weaknesses. The audit firm stated that MEII complied with Executive Order 13224. However, the audit firm identified one material instance of noncompliance with the award’s terms, conditions and applicable laws and regulations.

During our desk review, we noted areas for improvement which the audit firm should address in future audit reports. We presented these deficiencies in a memo to the controller, dated November 27, 2023.

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

Recommendation 1. Verify that MEII corrects the one instance of material noncompliance detailed on pages 21 to 23 of the audit report.

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.