



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

### MEMORANDUM

**DATE:** July 29, 2025

**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:** Audit of the Schedule of Expenditures of Northern Israel Center for Arts and Technology, Innovate2gether Program in West Bank and Gaza, Cooperative Agreement 72029421CA00007, September 29, 2021, to December 31, 2023 (8-294-25-020-N)

This memorandum transmits the audit of the schedule of expenditures for Northern Israel Center for Arts and Technology (NICAT), Innovate2gether - Jewish and Arab Young Innovators Serving their Local Communities program in West Bank and Gaza, cooperative agreement 72029421CA00007, September 29, 2021, to December 31, 2023. USAID/West Bank and Gaza contracted with the independent audit firm Ernst & Young (EY) – Middle East 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 audit firm's schedule of expenditures; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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 presents fairly, in all material respects; (2) evaluate NICAT's internal controls; (3) determine whether NICAT complied, in all material respects, with the agreement terms; and (4) review cost-sharing/matching contributions to determine if such contributions were provided and disbursed, in accordance

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<sup>1</sup> 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.

with agreement terms. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$458,357 from September 29, 2021, to December 31, 2023.

The audit firm concluded that the schedule of expenditures presented fairly, in all material respects, the program costs incurred under the award for the period audited. The audit firm did not identify any deficiencies that were considered material weaknesses in internal control or did not identify any instances of noncompliance. Additionally, EY reported that nothing came to its attention that caused the auditors to believe that NICAT did not fairly present the cost-sharing schedule, in all material respects, in accordance with the basis of accounting used to prepare the schedule.

The report does not contain 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.<sup>2</sup>

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<sup>2</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).