



Office of Inspector General

MEMORANDUM

DATE: March 24, 2019

TO: USAID/West Bank and Gaza Mission Director, Monica Stein-Olson

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Assistant Audit Director, Saiming T. Wan /s/

SUBJECT: Cost Representation Statement Closeout Audit of Consulting Engineering Center - Sajidi and Partners, Under Infrastructure Needs Program II in West Bank & Gaza, Delivery Orders 16, 17, 22, 25 and 26, Under Prime Black and Veatch Special Projects Corporation, Indefinite Quantity Contract 294-I-00-10-00205-00, August 5, 2012, to September 30, 2015 (8-294-19-041-R)

This memorandum transmits the final report on the cost representation statement closeout audit of Consulting Engineering Center - Sajidi and Partners, under Infrastructure Needs Program II in West Bank & Gaza, Delivery Orders 16, 17, 22, 25 and 26, under Prime Black and Veatch Special Projects Corporation, Indefinite Quantity Contract 294-I-00-10-00205-00, August 5, 2012, to September 30, 2015. The auditee contracted with the independent certified public accounting firm of El Wafa Company, to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states it performed its audit in accordance with generally accepted government auditing standards, except that it did not participate in an external quality control review program that fully satisfies the standards' requirements. The audit firm says that West Bank & Gaza does not offer such a review program. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on the auditee's fund accountability statement.

The audit objectives were mainly to: (1) express an opinion on whether the cost representation statement for the period from August 5, 2012, to September 30, 2015 was fairly presented, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with the agreement's 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 auditors performed the subject closeout audit that covered \$5,331,044 for the period from August 5, 2012, to September 30, 2015.

The auditors expressed an unmodified opinion on the cost representation statement and identified \$13,173 in ineligible questioned costs. The auditors did not identify any material internal control weaknesses; however, the auditor identified three material instances of noncompliance related to; 1) Unreasonable salary increment for employee; 2) not properly using and applying the hourly rate per the signed delivery orders to employees; and 3) unclear payroll allowance paid to employee. The audit firm issued a management letter.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities, and as a result, "auditee" had its activities terminated and currently has no open awards with USAID. RIG/Frankfurt is not including procedural recommendations regarding the three material noncompliance instances. However, if USAID/West Bank and Gaza considers future awards to "auditee", it should ensure that adequate policies and procedures are implemented to address these findings, as detailed on pages 23 to 28 of "auditor's" report.

To address the finding identified in the report, the auditors made recommendation to the auditee. We agree and recommend that USAID/West Bank and Gaza do the following;

Recommendation 1. Determine the allowability of \$13,173 in ineligible questioned costs, details on pages 23-28 of El Wafa Company audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended to audit staff during the engagement.

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").