



MEMORANDUM

DATE: May 9, 2019

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

FROM: USAID OIG Middle East and Eastern Europe Regional Office (Frankfurt), USDH NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Closeout Compliance Examination of the Morganti Group Inc.'s Indefinite Quantity, Contract AID-294-I-00-12-00002, "Infrastructure Needs Program II", Task Order AID-294-TO-15-00008, "Al Atatrah and Nuseirat Reservoirs and Plumbing Facilities," October 1, 2016, to November 11, 2017 (8-294-19-020-O)

This memorandum transmits the final examination report on closeout compliance examination of the Morganti Group Inc, Indefinite Quantity, Contract AID-294-I-00-12-00002, "Infrastructure Needs Program II", Task Order No. AID-294-TO-15-00008, "Al Atatrah and Nuseirat Reservoirs and Plumbing Facilities," from October 1, 2016, to November 11, 2017. USAID contracted with the independent certified public accounting firm Deloitte & Touche (M.E.) Ramallah, Palestine, to conduct the examination. The contract required the audit firm to perform the examination in accordance with generally accepted government auditing standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

The audit firm stated that it performed the examination 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 and did not have a continuing education program that fully satisfies the requirements of chapter 3, paragraphs 3.82 and 3.96

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the Guidelines.

of the auditing standards. The audit firm stated that West Bank and Gaza does not offer such a review program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Moranti Group Inc.'s compliance examination report; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

The examination's objectives were mainly to: (1) express an opinion on Moranti Group Inc.'s compliance with the Task Order terms and conditions; (2) provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of the Task Order; and (3) evaluate Moranti Group Inc.'s internal control over compliance. The examination objectives also included testing Moranti Group Inc.'s compliance with Executive Order 13224 – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism. To answer the engagement objectives, the audit firm performed the subject examination covering the period from October 1, 2016 to November 11, 2017.

The auditors did not identify any material internal control weaknesses, or any material instances of noncompliance with the contract terms, conditions, and applicable laws and regulations. The auditors also did not identify any material instances of noncompliance with Executive Order 13224.

The report does not contain any recommendations for your action.

We appreciate the assistance extended 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").

² 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.