



MEMORANDUM

DATE: February 5, 2020

TO: USAID/West Bank and Gaza, Acting Mission Director, Courtney Chubb

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

SUBJECT: Cost Representation Statement Audit of Black and Veatch Special Projects Corporation, Infrastructure Needs Program II in West Bank and Gaza, Indefinite Quantity Contract 294-I-00-10-00205-00, Task Order 294-TO-15-00003, October 1, 2015 to December 31, 2016 (8-294-20-038-R)

This memorandum transmits the final report on the cost representation statement audit of Black and Veatch Special Projects Corporation, Infrastructure Needs Program II in West Bank and Gaza, Indefinite Quantity Contract 294-I-00-10-00205-00, Task Order 294-TO-15-00003, from October 1, 2015 to December 31, 2016. Black and Veatch Special Projects Corporation contracted with the independent certified public accounting firm El Wafa Company to conduct the audit. The audit firm stated that it performed the audit in accordance with Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General of the United States. However, it did not participate in an external quality control review program because West Bank and 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 cost representation statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) express an opinion on whether the incurred costs for the audit period were allowable, reasonable and allocable to the award; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied in all material respects, with the award terms and applicable laws and regulations, including compliance with

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.

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 financial audit that covered costs in the amount of \$22,086,762, from October 1, 2015, to December 31, 2016.

The audit firm expressed an unmodified opinion on the cost representation statement and disclosed an amount of \$7,499 that needs to be refunded by Black and Veatch Special Projects Corporation to USAID. The audit firm said that this amount represent Black and Veatch Special Projects Corporation billed General & Administrative and fixed fees related to its subcontractors' questioned costs. Since these 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/West Bank and Gaza make a determination on the \$7,499 and recover from Black and Veatch Special Projects Corporation any amounts it determines as unallowable. The audit firm did not identify any material weaknesses in internal controls or any material instances of noncompliance with the award terms and applicable laws and regulations. The auditors also did not identify any material instances of noncompliance with Executive Order 13224. During our desk review, we noted one minor issue which the audit firm will need to address in future reports. We presented this issue in a letter to the controller, dated February 5, 2020.

The report does not include any recommendations for your action.

We appreciate the assistance extended during the engagement.

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