



MEMORANDUM

DATE: April 21, 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, John Vernon /s/

SUBJECT: Closeout Examination of United Company for Asphalt and Public Works Sub-contract OTC/ROADS/03/17 Under Prime AID-294-TO-16-00003, Anabta, Beit Sahour-Ubeidiya, and Asira Al Shamaliya Roads Project in West Bank and Gaza, January 4 to June 23, 2017 (8-294-20-022-O)

This memorandum transmits the final report on the closeout examination of the United Company for Asphalt and Public Works compliance with terms and conditions of sub-contract OTC/ROADS/03/17 under prime, Osaily Trading Contracting Company, task order AID-294-TO-16-00003, Anabta, Beit Sahour-Ubeidiya, and Asira Al Shamaliya Roads Project in West Bank and Gaza under Indefinite Quantity Contract AID-294-I-13-00006 from January 4 to June 23, 2017. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Ernst and Young-Middle East to conduct the examination. The audit firm stated that it performed the examination in accordance with U.S. Government Auditing Standards for attestation engagements and the attestation standards established by the American Institute of Certified Public Accountants. 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 report and the conclusions expressed in it. We do not express an opinion on United Company for Asphalt and Public Works internal control effectiveness or its compliance with the sub-contract terms, laws, and regulations.¹

The engagement objectives were mainly to: (1) determine whether the examined organization complied with the terms and conditions of the sub-contract and applicable laws and regulations

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 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 engagement performed.

including compliance with Executive Order 13224 – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism and (2) provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of the sub-award. To answer the engagement objectives the audit firm performed the subject examination engagement that covered the period from January 4 to June 23, 2017.

The auditors did not identify any material internal control weaknesses but identified one material instance of noncompliance with the sub-contract terms and conditions. Further, the auditors did not identify material instances of noncompliance with Executive Order 13224.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities. United Company for Asphalt and Public Works currently has no open awards with USAID. Accordingly, USAID/OIG ME/EE Regional Office is not including a procedural recommendation regarding the material instance of noncompliance. However, if USAID/West Bank and Gaza considers future awards to United Company for Asphalt and Public Works it should ensure that adequate controls are established and implemented to address the finding, as detailed on page 11 of the examination report.

The report does not include 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”).