



Office of Inspector General

MEMORANDUM

DATE: November 15, 2018

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

FROM: Middle East/Eastern Europe Regional Office (Frankfurt), Audit Director, James C. Charlifue /s/

SUBJECT: Closeout Compliance Examination of Dar Al-Bena for Trading and General Contracting Company, Fixed Price Subcontract CD3-SA-SWB-071 Under Prime, ANERA, Cooperative Agreement AID-294-A-13-00005-00, Palestinian Community Infrastructure Development (PCID) Program, January 18, 2017 to August 16, 2017 (8-294-19-002-O)

This memorandum transmits the final report on the closeout compliance examination of Dar Al-Bena for Trading and General Contracting Company, fixed price subcontract CD3-SA-SWB-071 under prime, ANERA, cooperative agreement AID-294-A-13-00005-00, Palestinian Community Infrastructure Development (PCID) Program, from January 18, 2017 to August 16, 2017. USAID contracted with the independent certified public accounting firm of PricewaterhouseCoopers, 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 the USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

The audit firm stated that it performed the 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 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 Dar Al-

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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.

Bena for Trading and General Contracting Company's compliance report; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

The examination objectives were mainly to: (1) express an opinion on Dar Al-Bena for Trading and General Contracting Company's compliance with the subcontract terms and conditions; (2) provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of the subcontract; and (3) evaluate Dar Al-Bena for Trading and General Contracting Company's internal control over compliance. The examination objectives also included testing Dar Al-Bena for Trading and General Contracting Company'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 that covered the period from January 18, 2017 to August 16, 2017.

The auditors did not identify any material internal control weaknesses, or any material instances of noncompliance with the subcontract 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 to our staff and the audit firm's staff during the engagement.

The 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").

Enclosed: a/s

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.