



Office of Inspector General

MEMORANDUM

DATE: June 17, 2019

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

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

SUBJECT: Closeout Examination of Farash General Contracting Company's Compliance With Terms and Conditions of Sub-contract CDI-SA-SWB-033 Under Prime, American Near East Refugee Aid's Cooperative Agreement AID-294-A-13-00005-00, Palestinian Community Infrastructure Development Program in West Bank and Gaza, June 3, 2015, to June 10, 2016 (8-294-19-022-O)

This memorandum transmits the final report on the closeout examination of Farash General Contracting Company's compliance with terms and conditions of sub-contract CDI-SA-SWB-033 under prime, American Near East Refugee Aid's cooperative agreement AID-294-A-13-00005-00, Palestinian Community Infrastructure Development Program in West Bank and Gaza, from June 3, 2015, to June 10, 2016. Farash General Contracting Company contracted with the independent certified public accounting firm El Wafa Company to conduct the engagement.

The audit firm states that it performed its engagement in accordance with generally accepted government auditing standards, except for not participating in an external quality control review program. The audit firm explained 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 Farash General Contracting Company's internal controls

effectiveness or its compliance with the award, laws, and regulations.¹

The examination objectives were mainly to: (1) express an opinion on the contractor's compliance with the sub-contract's terms and conditions, including testing the contractor's 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-contract. To answer the examination objectives, the auditors performed the subject examination engagement that covered the period from June 3, 2015, to June 10, 2016.

The auditors did not identify any material instances of noncompliance, but identified one internal control significant deficiency related to lack of written policies and procedures for proper documentation and compliance with USAID regulations. The auditors also did not identify any material instances of noncompliance with Executive Order 13224.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities, and as a result, Farash General Contracting Company had its activities terminated and currently has no open awards with USAID. USAID OIG ME/EE Regional Office is not including a procedural recommendation regarding the internal control significant deficiency. However, if USAID/West Bank and Gaza considers future awards to Farash General Contracting Company, it should ensure that adequate policies and procedures are implemented to address this finding, as detailed on page 15 of El Wafa Company's report.

The report does not include any recommendations for your action.

We appreciate the assistance extended 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").

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 audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the engagement performed.