



Office of Inspector General

MEMORANDUM

DATE: July 30, 2019

TO: USAID/West Bank and Gaza, Acting Mission Director, Dana Rose

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

SUBJECT: Close-Out Compliance Examination of The Morganti Group Inc, Indefinite Quantity Contract AID-294-I-00-12-00002, Infrastructure Needs Program II, Task Order AID-294-TO-15-00005, Road Project I, Qabatiya Al Jalameh Road in West Bank and Gaza, May 18, 2015 to June 16, 2016 (8-294-19-028-O)

This memorandum transmits the final examination report on the close-out compliance examination of the Morganti Group Inc, Indefinite Quantity Contract AID-294-I-00-12-00002, Infrastructure Needs Program II, Task Order AID-294-TO-15-00005, Road Project I, Qabatiya Al Jalameh Road in West Bank and Gaza, from May 18, 2015, to June 16, 2016. The Morganti Group Inc, contracted with the independent certified public accounting firm El Wafa Company, Ramallah, Palestine, to conduct the examination. The contract required the audit firm to perform the examination in accordance with generally accepted government auditing standards.

The audit firm states 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. The audit firm explained that professional organizations in West Bank and Gaza do not offer the program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Morganti Group Inc.'s compliance with the award, laws, and regulations or the effectiveness of its internal controls.¹

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.

The examination objectives were to: (1) express an opinion on Morganti Group Inc. compliance with the award terms and conditions; (2) provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of the award; and (3) evaluate Morganti Group Inc.'s internal controls over compliance. The examination objectives also included testing Morganti 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 engagement that covered the period from May 18, 2015, to June 16, 2016.

The auditors did not identify any material internal control weaknesses, or any material instances of noncompliance with the Task Order 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”).