



MEMORANDUM

DATE: August 1, 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: Closeout Examination of Arab Brothers Company's Compliance with Terms and Conditions of USAID Resources Under Indefinite Quantity Contract AID-294-I-13-00003, Local Construction Program, Task Order AID-294-TO-17-00007, Dura Water Project in West Bank and Gaza, October 23, 2017, to November 7, 2018 (8-294-19-031-O)

This memorandum transmits the final report on the closeout examination of Arab Brothers Company's compliance with terms and conditions of USAID resources under Indefinite Quantity Contract AID-294-I-13-00003, Local Construction Program, Task Order AID-294-TO-17-00007, Dura Water Project in West Bank and Gaza, from October 23, 2017, to November 7, 2018. USAID/West Bank and Gaza contracted with the independent certified public accounting firm El Wafa Company, Ramallah, Palestine to conduct the audit.

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 Arab Brothers Company's internal controls effectiveness or its compliance with the award, laws, and regulations.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 mainly to: (1) express an opinion on the Arab Brother Company's compliance with the task order specific terms and applicable laws and regulations related to USAID funding, including testing compliance with Executive Order 13224 – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism; (2) evaluate Arab Brother Company's internal controls; and (3) provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of the task order.

To answer the examination objectives, the auditors performed the subject examination engagement that covered the period from October 23, 2017, to November 7, 2018.

The auditors did not identify any material weaknesses in internal control or any material instances of noncompliance. The auditors also did not identify any material instances of noncompliance with Executive Order 13224.

The report does not include any recommendations for your action.

We appreciate the assistance extended during the engagement.

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