



MEMORANDUM

DATE: November 7, 2019

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, Abdoulaye Gueye /s/

SUBJECT: Closeout Examination of Ali Elias Abu Dayyah Brothers for Contracting Compliance With Terms and Conditions of Sub-contract CD2-WS-SWB-053, Palestinian Community Infrastructure Development Program in West Bank and Gaza Under Prime, American Near East Refugee Aid's Cooperative Agreement AID-294-A-13-00005-00, April 2 to July 12, 2015 (8-294-20-008-O)

This memorandum transmits the final report on the closeout examination of Ali Elias Abu Dayyah Brothers for Contracting compliance with terms and conditions of sub-contract CD2-WS-SWB-053, Palestinian Community Infrastructure Development Program in West Bank and Gaza under prime, American Near East Refugee Aid's, Cooperative Agreement AID-294-A-13-00005-00, for the period from April 2 to July 12, 2015. The independent certified public accounting firm El Wafa Company conducted 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 for 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 Ali Elias Abu Dayyah Brothers for Contracting's internal control effectiveness or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) determine whether the auditee complied, with the terms and conditions of the sub-award including compliance with Executive Order 13224 –

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.

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 audit objectives, the audit firm performed the subject examination that covered the period from April 2, 2015 to July 12, 2015.

The auditors did not identify any material internal control weaknesses but identified one internal control significant deficiency and two material instances of noncompliance. The auditors did not identify material instances of noncompliance with the Executive Order 13224.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities, and as a result, Ali Elias Dayyah Brothers for Contracting had its activities terminated and currently has no open awards with USAID. USAID OIG ME/EE Regional Office is not including procedural recommendations regarding the two material instances of noncompliance and the significant internal controls deficiency. However, before USAID/West Bank and Gaza considers other awards to Ali Elias Abu Dayyah Brothers for Contracting, it should ensure that adequate policies and procedures are implemented to address these findings, as detailed on pages 9, 10 and 15 of El Wafa Company audit 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").