



MEMORANDUM

DATE: January 15, 2020

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 Audit of the Cost Representation Statement of Trigon Associates, LLC, Infrastructure Needs Program - Phase II in West Bank and Gaza, Sub Delivery Order I, April 1, 2014 to September 30, 2015 (8-294-20-033-R)

This memorandum transmits the final closeout cost representation statement audit report of USAID resources managed by Trigon Associates, LLC, Delivery Order number I, under prime, Black and Veatch Special Projects Corporation, Indefinite Quantity Contract number 294-I-00-10-00205-00 and Task Order number I, Infrastructure Needs Program - Phase II, for the period from April 1, 2014 to September 30, 2015. The auditee contracted with the independent certified public accounting firm El Wafa Company to conduct the audit. The audit firm stated that it performed its audit in accordance with Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General of the United States. However, it did not have 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 auditor's report and the conclusions expressed in it. We do not express an opinion on the auditee's cost representation statement; the effectiveness of its internal controls; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) express an opinion on whether Trigon Associates, LLC incurred costs for the audit period were allowable, reasonable, and allocable; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with the award terms and applicable laws and regulations, including compliance with Executive Order 13224 – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$6,095,780, from April 1, 2014 to September 30, 2015.

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 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.

The audit firm expressed a qualified opinion on the fund accountability statement and questioned \$72,453 of ineligible costs. The audit firm did not identify any material internal control weaknesses but identified three material instances of noncompliance. El Wafa Company 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, Trigon Associates, LLC 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 material instances of noncompliance. However, before USAID/West Bank and Gaza considers other awards to Trigon Associates, LLC, it should ensure that adequate policies and procedures are implemented to address these findings, as detailed on pages 26 to 28 of El Wafa Company audit report.

The audit firm said that Trigon Associates, LLC took proper action on \$2,555 of the questioned costs and verified that this amount was credited and incorporated in the invoices issued to USAID. Accordingly, out of the \$72,453 of ineligible questioned costs, \$69,898 remains unresolved. Further, the audit firm issued a management letter.

To address the issues identified in the report, we recommend that USAID/West Bank and Gaza:

Recommendation I. Determine the allowability and collect as appropriate, \$69,898 in questioned ineligible costs as detailed on pages 29 and 30 of El Wafa Company's audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision. 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").