



MEMORANDUM

DATE: March 11, 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, John Vernon /s/

SUBJECT: Closeout Examination of APCO/ArCon Construction and Services LLC's Compliance With AID-294-TO-16-00002, Al Jalameh Crossing Improvement and Rehabilitation of Deir Al Ghsoun – Al Jarosheyah Road in West Bank and Gaza, December 5, 2016 to October 31, 2017 (8-294-20-021-O)

This memorandum transmits the final report on the closeout examination of APCO/ArCon Construction and Services LLC's compliance with terms and conditions of Task Order AID-294-TO-16-00002, Al Jalameh Crossing Improvement and Rehabilitation of Deir Al Ghsoun – Al Jarosheyah road, under Indefinite Quantity Contract AID-294-I-00-12-00005, Infrastructure Needs Program II in West Bank and Gaza, from December 5, 2016 to October 31, 2017. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Deloitte and Touche (M.E.) to conduct 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 of 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 APCO/ArCon's internal control effectiveness or its compliance with the award, laws, and regulations.¹

The engagement objectives were mainly to: (1) determine whether APCO/ArCon complied with the terms and conditions of the award, and applicable laws and regulations including

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.

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 award. To answer the engagement objectives, the audit firm performed the subject examination engagement that covered the period from December 5, 2016 to October 31, 2017.

The auditors did not identify any material internal control weaknesses but identified one material instance of noncompliance with award terms and conditions. Further, the auditors did not identify material instances of noncompliance with Executive Order 13224.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities. APCO/ArCon currently has no open awards with USAID. Accordingly, USAID/OIG ME/EE Regional Office is not including a procedural recommendation regarding the material instance of noncompliance. However, if USAID/West Bank and Gaza considers future awards to APCO/ArCon it should ensure that adequate controls are established and implemented to address the finding, as detailed on pages 11 and 12 of the examination 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”).