



MEMORANDUM

DATE: May 14, 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 the Morganti Group, Inc.'s Compliance with Terms and Conditions of Task Order AID-294-TO-15-00010, Southwest Jenin Water Project in West Bank and Gaza, October 26, 2015 to April 26, 2017 (8-294-20-025-O)

This memorandum transmits the final report on the closeout examination of the Morganti Group, Inc.'s compliance with terms and conditions of Task Order AID-294-TO-15-00010, Southwest Jenin Water Project in West Bank and Gaza under Indefinite Quantity Contract AID-294- I-00-12-00002, Infrastructure Needs Program II, for the period from October 26, 2015 to April 26, 2017. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Deloitte & 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 for Certified Public Accountants. However, it did not have an external quality control review program and a continuing education program that fully satisfies the standards' requirements. The audit firm explained that West Bank and Gaza does not offer such a review program. With respect to the continuing education program, the audit firm said that they could not satisfy the standards' requirements because they could not fully obtain the U.S. Government auditing related hours. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the Morganti Group, Inc. internal control 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. A quality control review was conducted on the audit firm, covering this engagement.

The engagement objectives were mainly to: (1) determine whether the awardee complied, with the terms and conditions of the award, including 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 audit objectives, the audit firm performed the subject examination that covered the period from October 26, 2015 to April 26, 2017.

The auditors did not identify any material weaknesses in internal control but identified one material instance of noncompliance. The audit firm stated that the awardee took subsequent corrective action on this material instance of noncompliance. The auditors did not identify any material instances of noncompliance with the Executive Order 13224.

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”).