



MEMORANDUM

DATE: June 9, 2020

TO: USAID/Jordan Acting Mission Director, Margaret Spears

FROM: USAID/OIG Middle East and Eastern Europe (M/EE) Regional Office, USDH NFA Coordinator, John Vernon /s/

SUBJECT: Audit of Fund Accountability Statement of Arabtech Jardaneh Company Under Water Sector Infrastructure Project in Jordan, Contract AID-278-C-15-00011 for the Year Ended December 31, 2018 (8-278-20-029-N)

This memorandum transmits the final audit report on the fund accountability statement of Arabtech Jardaneh Company under Water Sector Infrastructure project in Jordan, contract AID-278-C-15-00011 for the year ended December 31, 2018. USAID/Jordan contracted with the independent certified public accounting firm PricewaterhouseCoopers to conduct the audit. The audit firm stated that it performed its audit in accordance with the U.S. Government Auditing Standards. However, it did not have an external quality control review by an unaffiliated audit organization, as required, because no such program is offered by professional organizations in Jordan. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on auditee's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether auditee complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,431,265 for the period from January 1 to December 31, 2018.

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 concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred for the period audited and did not identify any questioned costs. The audit firm did not identify any material weakness in internal control but identified one instance of material noncompliance. Further, the audit firm issued a management letter.

To address the issue identified in the report, we recommend that USAID/Jordan:

Recommendation I. Verify that Arabtech Jardaneh Company corrects the material instance of noncompliance detailed on page 14 of the audit report.

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”).