



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: August 12, 2025

TO: USAID/West Bank and Gaza, Mission Director, Amy Tohill-Stull

FROM: Middle East and Eastern Europe Regional Office, Acting Audit Director, Esther Park /s/

SUBJECT: Examination of Masoud and Ali and Partners Contracting Company's Compliance with its Sub-Contract under Prime, The Morganti Group, Inc., Task Order 72029422F00002 in West Bank and Gaza, November 9, 2022, to December 31, 2023 (8-294-25-004-O)

This memorandum transmits the examination of Masoud and Ali and Partners Contracting Company's (Masoud & Ali) compliance with the terms and conditions of its sub-contract 2240IL002-002 under prime, The Morganti Group, Inc., task order 72029422F00002 "Tulkarem Wastewater Collection System Improvements Project" under the prime's indefinite delivery indefinite quantity (IDIQ) contract AID-294-I-17-00003 "Building Foundations" in West Bank and Gaza, for the period from November 9, 2022, to December 31, 2023. USAID/West Bank and Gaza contracted with the independent audit firm Mazars to conduct the examination. The audit firm stated that it performed its examination in accordance with the attestation standards established by the American Institute of Certified Public Accountants and U.S. Government Auditing Standards. However, it did not have an external quality control review program as required by the U.S. Government Auditing Standards. The audit firm explained that professional organizations in West Bank and Gaza do not offer such a quality control review program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the effectiveness of Masoud & Ali's internal control or its compliance with the award, laws, and regulations.¹

The examination objectives were to (1) determine whether Masoud & Ali complied, in all material respects, with the award specific terms, including compliance with Executive Order 13224 - Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten

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.

to Commit, or Support Terrorism, and the prohibition of paying value added tax (VAT) with USAID funds and (2) evaluate Masoud & Ali's internal controls. To answer the examination objectives, the audit firm performed the subject examination that covered the period from November 9, 2022, to December 31, 2023.

The audit firm did not identify any material instances of noncompliance with the award terms, applicable rules, regulations, or Executive Order 13224. Moreover, Mazars did not identify any incidents of non-compliance with Federal regulations on taxes for fixed-price contracts. Additionally, the audit firm did not identify any material weaknesses in internal control.

The report does not include any recommendations for your action.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.