



MEMORANDUM

DATE: September 18, 2018

TO: USAID/West Bank and Gaza Director, Monica Stein-Olson

FROM: Regional Inspector General/Frankfurt, James C. Charlifue /s/

SUBJECT: Closeout Compliance Examination of Arab Brothers for Precast Industries and Contracting, Subcontract 97812-WB-001, Under Task Order AID-294-TO-13-00006 of Prime, CDM Constructors Inc., Qabatiya Well Pump Station in West Bank and Gaza, January 1, 2015 to February 28, 2016 (8-294-18-017-O)

This memorandum transmits the closeout compliance examination of Arab Brothers for Precast Industries and Contracting, subcontract 97812-WB-001, under Task Order AID-294-TO-13-00006 of Prime, CDM Constructors Inc., Qabatiya Well Pump Station in West Bank and Gaza. The auditee contracted with the independent certified public accounting firm El Wafa Company to conduct the examination. The contract required the audit firm to perform the examination in accordance with generally accepted government auditing standards.

The audit firm states it performed its audit in accordance with generally accepted government auditing standards except that it did not participate in an external quality control review program. The audit firm states that 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 the auditee's effectiveness of its internal control; or its compliance with the award, laws, and regulations¹

The examination objectives were mainly to: (1) express an opinion on the subcontractor's compliance with the subcontract's terms and conditions; (2) provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of the subcontract, and (3) evaluate the subcontractor's internal controls over compliance. The examination objectives also including testing the subcontractor's compliance with Executive Order 13224 – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism. To answer the examination objectives, the auditors performed the subject examination engagement that covered the period from January 1, 2015 to February 28, 2016.

The auditors did not identify any material internal control weaknesses or any material instances of noncompliance with the subcontract terms, conditions and applicable laws and regulations. The auditors also did not identify any material instances of noncompliance with Executive Order 13224.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to the audit staff during the engagement.

The 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").

Enclosed: a/s

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.