



Office of Inspector General

MEMORANDUM

DATE: September 17, 2018

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

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

SUBJECT: Cost Representation Statement Audit of Development Alternatives, Inc., The Competitiveness Project in West Bank and Gaza, Contract AID-294-C-12-00001, January 1, 2017 to December 31, 2017. (8-294-18-056-R)

This memorandum transmits the final report on the cost representation statement audit of Development Alternatives, Inc., The Competitiveness Project in West Bank and Gaza, Contract AID-294-C-12-00001, January 1, 2017 to December 31, 2017. The auditee contracted with the independent certified public accounting firm of El Wafa Company to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm stated that it performed the 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 explained that professional organizations in West Bank and Gaza do not offer such a review program.

The audit firm is responsible for the enclosed report and the stated conclusions expressed in it. We do not express an opinion on the auditee's cost representation statement; the effectiveness of its internal control; or its compliance with the contract, 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 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 objectives were mainly to: (1) express an opinion on whether the cost representation statement for the period from January 1, 2017 to December 31, 2017 was fairly presented, in all material respects; (2) evaluate the Development Alternatives' Inc., internal controls; and (3) determine whether Development Alternatives, Inc., complied with the contract terms and the applicable laws and regulations. The audit objectives also included testing the Development Alternatives' Inc., compliance with Executive Order 13224—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism. To answer the audit objectives, the auditors performed the subject financial audit that covered \$7,068,618 for the period.

The auditors expressed an unmodified opinion on the cost representation statement and did not identify any questioned costs. Additionally, the auditors did not identify any significant deficiencies or material weaknesses in internal control. They also did not identify any material instances of noncompliance with the contract terms and applicable laws and regulations. Finally, 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 our staff and the audit firm's 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