



Office of Inspector General

MEMORANDUM

DATE: December 17, 2018

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

FROM: Middle East/Eastern Europe Regional Office (Frankfurt), Assistant Audit Director, David Thomanek /s/

SUBJECT: Compliance Examination of DataSel Information System Company, Fixed Price Sub-contract SC-16-7-3-52 Under Prime IntraHealth International, Inc. Cooperative Agreement AID-294-LA-13-00001 "Palestinian Health Capacity Project," January 30, 2017 to December 31, 2017 (8-294-19-005-O)

This memorandum transmits the final report on the compliance examination of DataSel Information System Company's Fixed Price Sub-contract SC-16-7-3-52 Under Prime IntraHealth International, Inc. Cooperative Agreement No. AID-294-LA-13-00001 "Palestinian Health Capacity Project" from January 30, 2017 to December 31, 2017. 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 and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

The audit firm stated that it performed its examination in accordance with generally accepted government auditing standards except that it did not participate in an external quality control review program, and did not have a continuing education program that fully satisfy the requirements of chapter 3, paragraph 3.76 of auditing standards. The audit firm stated 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

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the Guidelines.

subcontractor's compliance, the effectiveness of its internal control, or its compliance with the award, laws, and regulations.²

The examination's objectives were mainly to: (1) express an opinion on DataSel Information System Company's compliance with the sub-contract's terms and applicable laws and regulations; (2) provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of the subcontract; and (3) evaluate DataSel Information System Company for Contracting's internal control over compliance. The examination objectives also included testing DataSel Information System Company's compliance with Executive Order 13224—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism. To answer the objectives, the audit firm performed the subject examination covering the period from January 30, 2017 to December 31, 2017

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.

We appreciate the assistance extended during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addresses 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”).

² 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.