



Office of Inspector General

MEMORANDUM

DATE: April 22, 2019

TO: USAID/West Bank and Gaza Acing Mission Director, Courtney Chubb

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, USDH NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Closeout Examination of Saqqa and Khoudary Co. Ltd Compliance, Local Construction Program in West Bank and Gaza, Indefinite Quantity Contract AID-294-I-13-00002, Road Project I, Hebron Waste Water Treatment Plant Access Road, Task Order AID-294-TO-15-00001, December 15, 2014, to October 1, 2015 (8-294-19-018-O)

This memorandum transmits the final report on the closeout examination of Saqqa and Khoudary Co. Ltd compliance, Local Construction Program in West Bank and Gaza, Indefinite Quantity Contract AID-294-I-13-00002, Road Project I, Hebron Waste Water Treatment Plant Access Road, Task Order AID-294-TO-15-00001, from December 15, 2014, to October 1, 2015. Saqqa and Khoudary Co. Ltd contracted with the independent certified public accounting firm El Wafa Company to conduct the engagement.

The audit firm states that it performed its engagement in accordance with generally accepted government auditing standards, except for not participating in an external quality control review program. The audit firm explained 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 Saqqa and Khoudary Co. Ltd internal controls effectiveness or its compliance with the award, laws, and regulations.¹

The examination objectives were mainly to: (1) express an opinion on the contractor's compliance with the contract's terms and conditions, including testing the contractor's compliance with Executive Order 13224 – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism; (2) provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of the contract; and (3) evaluate the contractor's internal controls over compliance. To answer the examination objectives, the auditors performed the subject examination engagement that covered the period from December 15, 2014, to October 1, 2015.

The auditors did not identify any material internal control weaknesses, but identified one material instance of noncompliance related to Saqqa and Khoudary Co. Ltd not vetting three of its suppliers before signing their contracts. The audit firm said that Saqqa and Khoudary Co. Ltd took subsequent corrective action and that no further action is recommended.

The report does not include any recommendations for your action.

We appreciate the assistance extended 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").

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 report itself and excludes review of the audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the engagement performed.