



## MEMORANDUM

**DATE:** June 17, 2019

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Branch Chief, David A. McNeil

**FROM:** Acting Director of External Financial Audits Division, Steve Shea /s/

**SUBJECT:** Independent Audit of Synergy Strategies Group Advisors, LLC's Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2013 Through 2016 (3-000-19-005-D )

This memorandum transmits the final audit report on Synergy Strategies Group Advisors, LLC's (SSG) proposed amounts on unsettled flexibly priced contracts and subcontracts for the fiscal years (FY) ended December 31, 2013 through December 31, 2016.

The Defense Contract Audit Agency (DCAA) states that it performed its audit in accordance with generally accepted government auditing standards. DCAA is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether SSG's proposed amounts on unsettled flexibly priced contracts and subcontracts for the FYs ended December 31, 2013 through December 31, 2016 comply with contract terms pertaining to accumulating and billing incurred amounts.<sup>1</sup>

The objective of this audit was to express an opinion on SSG's proposed direct and indirect amounts for contract reimbursement on unsettled flexibly priced contracts and subcontracts contained in its FY 2013 through 2016 final indirect rate proposals, submitted on June 27, 2014, June 29, 2015, June 29, 2016, and April 7, 2017, respectively, to determine if the proposed amounts comply with contract terms pertaining to accumulating and billing incurred amounts. To answer this objective DCAA planned and performed its examination in accordance with generally accepted government auditing standards to obtain reasonable assurance about whether SSG's proposed amounts materially comply with contract terms. The U.S. Agency for International Development's (USAID) audited amount was \$7,594,657 for FYs 2013 through 2016.

---

<sup>1</sup> 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.

DCAA issued a qualified opinion because proposed amounts do not materially comply with contract and subcontract terms pertaining to accumulating and billing incurred amounts. Furthermore there was a scope limitation, because DCAA was unable to complete the concurrent verification of labor for FYs 2013 through 2016. DCAA questioned ineligible direct costs of \$7,024 and noted six material instances of noncompliance. Since the direct questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division determine the allowability of the \$7,024 in ineligible direct questioned costs and recover any amount determined to be unallowable. The auditors questioned fringe benefits full time pool costs of \$8,338 and overhead pool costs of \$202,155 which equals total indirect costs questioned of \$210,493.

To address issues identified in the audit report, we recommend that USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division:

**Recommendation I.** Verify that Synergy Strategies Group Advisors, LLC corrects the six instances of material noncompliance detailed on page 3 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision. We appreciate assistance extended during the engagement.

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").