



MEMORANDUM

DATE: May 9, 2019

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

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

SUBJECT: Report on the Examination of Costs Claimed for Integra Government Services International, LLC for the Year Ended December 31, 2010 (3-000-19-021-I)

This memorandum transmits the final audit report on the examination of costs claimed by Integra Government Services International, LLC (Integra), for the year ended December 31, 2010. The U.S. Agency for International Development's (USAID) Office of Acquisition and Assistance, Cost Audit and Support Division contracted with the independent certified accounting firm Kearney & Company to conduct the examination. The audit firm stated that the contract required it to perform the examination in accordance with generally accepted government auditing standards and attestation standards established by the American Institute of Certified Public Accountants (AICPA).

The audit firm states that it performed its examination in accordance with generally accepted government auditing standards and attestation standards established by the AICPA. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Integra's incurred cost proposal (ICP) or management's assertions over the allowability of the incurred costs as reported in the ICP.¹

The objective of this examination was to express an opinion on whether the cost claimed by Integra on in-scope awards and subawards are allowable, allocable and reasonable in accordance with contract terms; Part 31 of the Federal Acquisition Regulation (FAR); Agency for International Development Acquisition Regulations (AIDAR); Department of State Standardized Regulations (DSSR); and 2 Code of Federal Regulations (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as

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.

applicable. To answer the objectives, the audit firm performed a reconciliation between the adjusted total costs booked to date and the cumulative amount billed, by award, for the year ended December 31, 2010 and reported any over/under-billings; determined whether the cumulative amount billed exceeded the total funded value for an award's period of performance only if the period of performance ended during the years under examination, and evaluated the claimed costs reported in the ICP for compliance with the applicable requirements contained in the FAR, AIDAR, DSSR, and other specific contract provisions. Providing an opinion on compliance with specific provisions was not an objective of its examination; accordingly, the audit firm did not express such an opinion. The audit firm audited \$116,104 of Integra's incurred costs for the fiscal year ended December 31, 2010.

The audit firm expressed an unmodified opinion that costs claimed by Integra on in-scope awards and subawards for the year ended December 31, 2010 are allowable, allocable, and reasonable in accordance with award terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. The audit firm did not render an opinion on the effectiveness of Integra's accounting system and its related internal controls. The audit firm questioned costs of \$533 (\$191 ineligible and \$342 unsupported). Since the 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 \$533 in questioned costs and recover any amount determined to be unallowable.

We appreciate the 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").