



MEMORANDUM

DATE: July 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, Steven Shea/s/

SUBJECT: Performance Audit Over the Adequacy of Dexis Consulting Group's Accounting System (3-000-19-033-1)

This memorandum transmits the final audit report over the adequacy of Dexis Consulting Group's (Dexis) Accounting System. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit, and Support Division contracted with the independent certified public accounting firm of Kearney & Company, P.C. to conduct the audit. Kearney & Company, P.C. stated the contract required the auditor to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion over the adequacy of Dexis' accounting system.¹

The audit objectives were to evaluate whether Dexis has established an adequate accounting system and whether the accounting system: (1) adequately accumulates, segregates, and identifies costs under U.S. Government awards; and (2) allows for the proper differentiation between direct costs, indirect costs, and unallowable costs in compliance with applicable Government regulations. To answer the audit objectives, Kearney & Company, P.C. designed its audit in the following three phases: 1. Planning - Assessed the design of Dexis' policies and key internal controls relating to the accounting system criteria. 2. Internal Controls and Testing – Tested the implementation of Dexis's policies and key internal controls. 3. Wrap-Up and Reporting – Concluded on the adequacy of the accounting system as a result of audit procedures performed and within the context of the audit objectives.

Kearney & Company, P.C. concluded that Dexis's accounting system adequately accumulates, segregates, and identifies costs under U.S. Government awards, as well as allows for the proper differentiation between direct costs, indirect costs, and unallowable costs in compliance with applicable Government regulations and benchmarks. Kearney & Company, P.C. did not identify any findings required to be reported under generally accepted government auditing standards.

We appreciate the assistance extended to audit staff during the engagement.

¹ We reviewed the audit firm's report for conformity with 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.

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”).