



MEMORANDUM

DATE: July 13, 2020

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Acting Supervisory Auditor, Eleanor C. Jefferson

FROM: Director of External Financial Audit Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Independent Audit Report on International Development Group Advisory Services, LLC's Compliance with Federal Acquisition Regulations and Disclosed Accounting Practices (3-000-20-015-D)

This memorandum transmits the final audit report on International Development Group Advisory Services, LLC's (IDG) compliance with Federal Acquisition Regulation (FAR) and its disclosed accounting practices (DAP). The U.S. Agency for International Development's (USAID) Office of Acquisition and Assistance, Cost, Audit and Support Division contracted with the Defense Contract Audit Agency (DCAA) to conduct the audit. DCAA stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). DCAA is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on IDG's compliance with FAR and its DAP criteria.¹

The audit objective was to examine IDG's compliance with the FAR and its DAP in response to deficiencies identified by DCAA during its examination of IDG's fiscal years 2015 through 2017 incurred cost proposals, whose results were reported in DCAA Audit Report Nos. 1431-2015PI0100044, 1431-2016PI0100049, and 1431-2017PI0100045, dated January 16, 2020. DCAA stated that this separate report is an integral part of that examination. To answer the audit objective, DCAA planned and performed the examination, to obtain reasonable assurance about whether IDG's materially complied with the FAR and its DAP, including in its procedures an assessment of the risks of material noncompliance, whether due to fraud or error, and involving the examining of evidence of compliance with the FAR and its DAP.

DCAA's examination disclosed six instances of material noncompliance with specified requirements significantly affecting IDG's accounting system. They included: lack of proper

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.

allocation of labor; lack of monitoring level of effort hours ceilings; lack of secondary timesheet approval; lack of formal written policies and procedures; out-of-period costs claimed; and overstating travel costs. DCAA issued an adverse opinion based on the previously stated material noncompliances which affected IDG's accounting system.

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

Recommendation I. Verify that International Development Group Advisory Services, LLC corrects the six instances of material noncompliance with the Federal Acquisition Regulation and its disclosed accounting practices, detailed on pages 7 through 16 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. 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").