



MEMORANDUM

DATE: August 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 Audits Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Follow-up Performance Audit Report on the Adequacy of DPK Consulting's Accounting System (3-000-20-065-1)

This memorandum transmits the final audit report on the follow-up performance audit of DPK Consulting's (DPK) 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 Brown & Company CPAs and Management Consultants, PLLC to conduct the audit. The audit firm stated 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 on whether DPK's accounting system adequately accumulates, segregates, and identifies costs under U.S. Government awards; or allows for the proper differentiation between direct costs, indirect costs, and unallowable costs in compliance with applicable Government regulations.¹

The objective of the follow-up performance audit was to conclude on whether DPK has followed-up on findings in the performance audit report completed by Kearney & Company, dated August 21, 2018. The objectives of the performance audit dated August 21, 2018, were to conclude on whether DPK had established an adequate accounting system and, more specifically, whether DPK's 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.

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.

To answer the audit objectives, the audit firm assessed the design of DPK's policies and key internal controls relating to the accounting system criteria listed in 48 Code of Federal Regulations 252.2421-7006, Accounting System Administration; and tested the implementation of DPK's policies and key internal controls, from March 6, 2020 to June 25, 2020.

The audit firm concluded that DPK'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. The audit firm identified a control deficiency related to ineffective policy and procedures over the approval of employees' timesheets. Although we are not making a recommendation for the control deficiency noted in the report, we suggest that USAID Office of Acquisition and Assistance, Cost, Audit and Support Division determine if the contractor addressed the issue noted.

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").