



## MEMORANDUM

**DATE:** August 28, 2019

**TO:** USAID/Iraq Mission Director, Dana Mansuri

**FROM:** USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Audit Director, David Thomanek /s/

**SUBJECT:** DCAA Independent Audit Report on International Business & Technical Consultants Inc.'s Costs Incurred and Billed, Task Order AID-267-TO-17-00001, February 1, 2017 to June 30, 2018 (8-267-19-004-D)

This memorandum transmits the DCAA final independent audit report on the International Business & Technical Consultants Inc.'s costs incurred and billed, task order AID-267-TO-17-00001, for the period from February 1, 2017 to June 30, 2018. The audit was performed in response to request from the U.S Agency for International Development/Iraq (USAID/Iraq), dated September 6, 2018. USAID/Iraq contracted with the Defense Contract Audit Agency (DCAA) to conduct the audit. The contract required the DCAA to perform the audit in accordance with generally accepted government auditing standards.

The DCAA states that it performed its audit in accordance with generally accepted government auditing standard. The DCAA is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on auditee's costs incurred/billed statement.<sup>1</sup>

The DCAA objective was to: express an opinion on the auditee's public vouchers to determine that costs billed under the USAID Task Order for the period audited are allowable, allocable and reasonable in accordance with the Federal Acquisition Regulation, USAID Acquisition Regulation, Department of States Standardized Regulations, and contract terms. To answer the audit objective, the DCAA performed the subject audit that covered \$3,970,066 for the period

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<sup>1</sup> We reviewed the DCAA 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 DCAA audit report itself and excludes review of the DCAA auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

from February 1, 2017, to June 30, 2018.

The DCAA expressed a qualified opinion due to the scope limitations, as they were unable to complete the audit procedures considered necessary for; 1) real time labor testing; and 2) verifying the authenticity of timesheets and cash payment receipts for local national employees and invoices and payments made to the third party. The auditors identified \$78,694 as questioned costs.

To address the issues identified in the report, we recommend that USAID/Iraq:

**Recommendation 1.** Determine the allowability of \$78,694 in questioned costs detailed on pages 8 to 12 of the DCAA report and recover any amount that is unallowable.

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").