



## MEMORANDUM

**DATE:** April 27, 2020

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

**FROM:** USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office,  
USDH NFA Coordinator, John Vernon /s/

**SUBJECT:** Independent Audit Report on Development Alternatives Inc.'s Direct Costs Incurred and Billed Under, USAID/Iraq Contract AID-267-H-17-00001, June 26, 2017, to September 30, 2018 (8-267-20-005-D)

This memorandum transmits the final Defense Contract Audit Agency (DCAA) report number I431-2019D17900001, on audit report on Development Alternatives Inc.'s direct costs incurred and billed under, USAID/Iraq contract AID-267-H-17-00001, June 26, 2017, to September 30, 2018. USAID/Iraq contracted with the DCAA to conduct the audit. DCAA states that it performed its audit in accordance with generally accepted government auditing standards. DCAA is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on the auditee's direct costs incurred and billed; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The engagement objectives were mainly to express an opinion on whether the costs incurred and billed comply, in all material respects, with applicable contract terms from June 26, 2017, to September 30, 2018. To answer the engagement objectives, the auditors performed the subject examination that covered \$17,430,219 in expenditures from June 26, 2017, to September 30, 2018.

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<sup>1</sup> 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.

DCAA expressed a qualified opinion, arising from scope limitations regarding real time labor costs testing. The auditors did not identify any questioned costs on the direct costs incurred and billed. Otherwise, Development Alternatives Inc. complied in all material respects with the terms of contract number AID-267-H-17-00001, from June 26, 2017, to September 30, 2018.

The report does not contain any recommendations for your action.

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

The 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").