



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** April 23, 2024

**TO:** USAID/Bureau for Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audit Management Branch, Supervisory Auditor, Sheree F. Marshall

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

**SUBJECT:** Audit of Incurred Costs for DAI Global, LLC, for Fiscal Year Ended December 31, 2020 (3-000-24-033-1)

This memorandum transmits the final audit report on incurred costs submission (ICS) for DAI Global, LLC (DAI) for Fiscal Year (FY) Ended December 31, 2020. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit and Support Division, Contract Audit Management Branch contracted with the independent certified public accounting firm of Brown & Company CPAs and Management Consultants, PLLC (Brown) to conduct the audit. Brown stated that it performed its audit in accordance with government auditing standards issued by the Comptroller General of United States. Brown is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by DAI, in its FY 2020 ICS are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.<sup>1</sup>

The audit objectives were to determine whether: (1) DAI's costs claimed in in-scope contracts and subcontracts for FY 2020 are allowable, allocable, and reasonable in accordance with contract terms; Part 31 of the Federal Acquisition Regulation (FAR); Agency for International Development Acquisition Regulation (AIDAR); Department of State Standardized Regulation (DSSR); and 2 Code of Federal Regulations (CFR) 200, and (2) determine whether DAI's proposed direct and indirect amounts for contract reimbursement on USAID unsettled flexibly priced contracts contained in its FY 2020 Incurred Cost Proposal (ICP), submitted on August 31, 2022, complied with the criteria in (1) and with contract terms. To answer the audit's objectives, Brown (1) identified closed Government cost-type, flexibly priced, time and material contracts and subcontracts for FY 2020; (2) reconciled adjusted total costs booked and the cumulative amount billed by contract, for FY 2020 and reported over- or under-billings; (3)

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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.

determined whether any contract limitations are reported on the contractor's ICP Schedule I, and are appropriate based on costs claimed; (4) determined whether the cumulative amount billed for each contract, as of the end of the fiscal year under review, exceeded the total funded value on the contract at that point in time; (5) evaluated the internal control environment surrounding DAI's subcontract management process and to verify that the contractor had adequate controls in place for monitoring subcontractor costs; (6) performed a risk and materiality assessment of DAI using procedures from newly enacted guidance developed by a Department of Defense Procurement Panel; (7) reviewed the claimed costs reported in the ICP for compliance with the applicable requirements; and (8) evaluated and determined whether DAI's claimed executive compensation was allowable and reasonable. Brown examined claimed and allowable costs of \$14,780,381 for FY 2020.

Brown concluded that DAI's costs claimed for in-scope contracts and subcontracts for FY 2020 are allowable, allocable, and reasonable in accordance with contract terms, Part 31 of the FAR, AIDAR, DSSR, and 2 CFR 200. Brown added that based on its testing and other procedures it noted no questioned costs or any instances of material non-compliance with laws, regulations, or contract terms required to be reported under Government Auditing Standards during the FY 2020 audit.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.<sup>2</sup>

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<sup>2</sup> The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to [oignotice\\_ndaa5274@usaid.gov](mailto:oignotice_ndaa5274@usaid.gov).