



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

MEMORANDUM

DATE: December 29, 2022

TO: USAID/Iraq Mission Director, Elise Jensen

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

SUBJECT: Independent Audit Report on International Business & Technical Consultants Inc.'s Costs Incurred and Billed, Task Order AID-267-TO-17-0001, Performance Management and Support Program in Iraq, October 1, 2019, to January 31, 2021 (8-267-23-005-D)

This memorandum transmits the final audit report on the International Business & Technical Consultants Inc.'s (IBTCI) costs incurred and billed, task order AID-267-TO-17-0001, Performance Management and Support program in Iraq, from October 1, 2019, to January 31, 2021. USAID/Iraq 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. DCAA is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on International Business & Technical Consultants Inc.'s costs; or its compliance with the award, laws, and regulations.¹

The engagement objectives were mainly to determine if cost billed to USAID has been incurred, were allowable, allocable, and reasonable in accordance Federal Acquisition Regulation (FAR), Agency for International Development Acquisition Regulations (AIDAR), Department of State Standardized Regulations (DSSR) and contract terms and to verify that IBTCI billed the indirect costs in accordance with the USAID Negotiated Indirect Cost Rate Agreement and/or contract ceiling rates. To answer the audit objectives, DCAA was engaged to perform the subject audit that covered \$3,134,859 for the period from October 1, 2019, to January 31, 2021.

The auditors were unable to express an opinion on whether IBTCI's incurred and billed costs

¹ We reviewed DCAA'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.

in the amount of \$3,134,859 comply, in all material respects, with contract terms pertaining to accumulating and billing incurred amounts due to scope limitations pertaining to: (a) lack of real-time testing of labor; (b) inability to test the reasonableness of labor under the USAID contract; (c) inability to place reliance on IBTCI's documents scanned images for the audit period; and (d) inability to verify the cash payments made to local employees for the period under audit.

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

Recommendation 1. Determine the allowability of \$3,134,859 in questioned unsupported costs and recover any amount that is unallowable.

Recommendation 2. Verify that IBTCI corrects, as appropriate, the four weaknesses in internal control that resulted in the opinion disclaimer, detailed on pages 2 to 4 of the audit report.

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

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).