



MEMORANDUM

DATE: June 19, 2019

TO: USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division, Branch Chief, David A. McNeil

FROM: Acting Director for External Financial Audits Division, Steven Shea /s/

SUBJECT: Performance Audit of Camp Dresser & McKee International, Inc.'s Accounting System's Adequacy (3-000-19-024-1)

This memorandum transmits the final audit report on the adequacy of the accounting system for Camp Dresser & McKee International, Inc. (CDMI) for the period January 2018 through December 2018. 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 Booth Management Consulting, LLC to conduct the audit. The audit firm stated that the contract required it to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states 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 CDMI's accounting system; the effectiveness of its internal controls; or its compliance with applicable Federal laws and regulations.¹

The audit objectives were to determine whether CDMI's accounting system: (1) complies with applicable Federal laws and regulations; (2) ensures adequate segregation of cost billing and reporting purposes; (3) adequately accumulates, segregates, and identifies costs under U.S. Government awards; and (4) allows for the proper segregation between direct, indirect, and unallowable costs in compliance with applicable Government regulations. To answer the audit objectives, the audit firm designed its testing procedures to obtain: an understanding of internal control for accumulating and billing costs under government contracts; evidence supporting the amounts and disclosures in the data and records evaluated; and the accounting principles used and significant estimates made by the contractor.

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.

The audit firm concluded that CDMI's accounting system, and related internal control policies and procedures, were adequate for accumulating and billing costs under Government contracts. The audit report disclosed two findings that are required to be reported under generally accepted government auditing standards.

To address the issues identified in the audit report, we recommend that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division:

Recommendation I. Verify that Camp Dresser & McKee International, Inc. corrects Findings #1 and #2 detailed on pages 5 and 6 and pages 11 through 17 of the report.

We ask that you provide your written notification of actions planned or taken to reach a management decision. We appreciate the assistance extended to audit staff during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addresses 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").