



MEMORANDUM

DATE: January 19, 2021

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Supervisory Auditor, Eleanor C. Jefferson

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

SUBJECT: Audit Report on Integra Government Services International, LLC's Proposed Amounts on Unsettled Flexibly Priced USAID Agreements for the Fiscal Years Ended December 31, 2016 and 2017 (3-000-21-004-D)

This memorandum transmits the final audit report on Integra Government Services International, LLC's (Integra) final incurred cost proposals on the related books and records for the reimbursement of unsettled flexibly priced contracts contained in its fiscal years (FY) 2016 and 2017 proposals. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit, and Support Division contracted with the Defense Contract Audit Agency (DCAA) to conduct the audit. DCAA stated that they conducted their 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 whether Integra's proposed amounts on unsettled flexibly priced contracts comply, in all material respects, with contract terms pertaining to accumulating and billing incurred amounts.¹

The objective of this audit was to express an opinion on whether Integra's proposed direct and indirect amounts for contract reimbursement on unsettled flexibly priced contracts contained in its incurred cost proposals submitted on August 13, 2019, comply with contract terms pertaining to accumulating and billing incurred amounts for the FYs ended December 31, 2016 and 2017. To answer this objective, DCAA planned and performed this audit in accordance with generally accepted government auditing standards to obtain reasonable assurance on whether Integra's proposed direct amounts for contract reimbursement materially comply with contract terms. USAID's audited direct costs were \$3,056,589 for fiscal years ended December 31, 2016 and 2017.

¹We 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, because of ten instances of material noncompliance and the following five scope limitations: (1) lack of real-time labor testing; (2) use scanned instead of original documentation; (3) lack of supporting documentation for a subcontract assist audit; (4) lack of complete documentation to assess the contractor's selection process for an event venue and associated services; and (5) lack of original quotes from vendors to assess whether claimed costs for a represented service for B&P consultants were purchased at a fair and reasonable price. DCAA stated that, except for the non-compliances noted above, and the effects of additional non-compliances, if any, that they may have identified had they completed the scope limitations noted, Integra's proposed amounts on unsettled flexibly priced contracts comply, in all material respects, with contract terms pertaining to accumulating and billing incurred amounts. DCAA questioned total direct costs of \$29,508 (\$3,532, ineligible, and \$25,976, unsupported), and total negative indirect costs of (\$22,659) composed of \$63,992 in fringe pool, \$1,880 in overhead pool, and (\$88,531) in G&A pool costs.

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

Recommendation 1. Determine the allowability of \$29,508 of total direct costs (\$3,532, ineligible, and \$25,976, unsupported) on pages 20 and 25 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Integra Government Services International, LLC corrects the 10 instances of material noncompliance detailed on page 4 of the audit report.

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

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