



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

### MEMORANDUM

**DATE:** February 9, 2022

**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 of ECODIT LLC'S Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2018 (3-000-22-009-D)

This memorandum transmits the final audit report on ECODIT LLC'S (ECODIT) proposed direct and indirect amounts for contract reimbursement on unsettled flexibly priced contracts for the fiscal year (FY) ended December 31, 2018 for its incurred final indirect rate proposal submitted on December 20, 2019. 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 examination 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 ECODIT's proposed amounts on unsettled flexibly priced contracts comply with contract terms pertaining to accumulating and billing incurred amounts.<sup>1</sup>

The objective of this audit was to express an opinion on whether ECODIT's proposed direct and indirect amounts for contract reimbursement on unsettled flexibly priced contracts contained in its incurred final indirect rate proposals submitted on December 20, 2019, comply with contract terms pertaining to accumulating and billing incurred amounts. To answer this objective, DCAA planned and performed an audit in accordance with generally accepted government auditing standards to obtain reasonable assurance on whether ECODIT's proposed direct amounts for contract reimbursement materially comply with contract terms. USAID's audited direct costs were \$9,614,021 for FY 2018.

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<sup>1</sup> 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 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 review performed.

DCAA expressed a qualified opinion due to an instance of material noncompliance issue with FAR 31-201-4, Determining Allocability, and scope limitations on its ability to perform real time procedures on proposed direct and indirect labor costs and the use of scanned documents. DCAA stated that except for the material noncompliance and scope limitations identified above, ECODIT's proposed amounts on unsettled flexibly priced contracts comply, in all material respects, with the contract terms pertaining to accumulating and billing incurred amounts. Relative to the material noncompliance issue with FAR31-201-4, Determining Allocability, the noncompliance was based on the contractor's claiming living quarter's costs for FY 2019 in FY 2018. Therefore, DCAA questioned direct costs of \$14,856 (\$14,856, ineligible) for FY 2018. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division determine the allowability of the \$14,856 (\$14,856, ineligible) in questioned costs and recover any amount determined to be unallowable.

In addition, to address the material noncompliance issue identified in the report, we recommend that USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division:

**Recommendation 1.** Verify that ECODIT LLC corrects the instance of material noncompliance on page 3 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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