



MEMORANDUM

DATE: September 27, 2018

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

FROM: Director of External Financial Audits, Abdoulaye Gueye /s/

SUBJECT: Audit Report on International Business Machines (IBM) Global Business Services, Public Sector – U.S. Federal’s Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years (FY) 2013, 2014, and 2015
Report No. 3-000-18-001-D

This memorandum transmits the final report on examined proposed direct and indirect amounts for contract reimbursement on unsettled flexibly priced contracts contained in FYs 2013, 2014 and 2015 submitted by IBM Global Business Services, Public Sector to determine if the proposed amounts comply with contract terms pertaining to accumulating and billing incurred amounts. The U.S. Agency for International Development’s (USAID) Office of Acquisition and Assistance Cost, Audit and Support Division contracted with the Defense Contract Audit Agency (DCAA) to conduct the audit.

DCAA performed this audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States (GAGAS). DCAA is responsible for the enclosed report and the conclusions expressed in it. DCAA’s examination did not provide a legal determination on IBM Global Business Services, Public Sector’s compliance with contract terms. We do not express an opinion on whether IBM Global Business Services, Public Sector’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 examination was to express an opinion on IBM Global Business Services, Public Sector’s proposed direct and indirect amounts for contract reimbursement on unsettled flexibly priced contracts contained in its FY’s 2013, 2014 and 2015 proposal’s submitted on

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.

August 21, 2017 and to determine if the proposed amounts comply with contract terms pertaining to accumulating and billing incurred amounts. To answer this objective DCAA planned and performed an examination in accordance with GAGAS to obtain reasonable assurance about whether IBM Global Business Services, Public Sector's proposed amounts materially comply with contract terms. DCAA's examination included performing procedures to obtain evidence about whether proposed amounts materially comply with contract terms.

DCAA expressed an unqualified opinion on IBM Global Business Services, Public Sector's proposed amounts on unsettled flexibly priced contracts and determined they comply in all material respects with contract terms pertaining to accumulating and billing incurred cost amounts. DCAA's examination did not disclose any findings that are required to be reported under GAGAS. DCAA did not question any of the proposed amounts on unsettled flexibly priced contracts.

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").

If you have any questions related to this report, please contact Steve Shea, Assistant Director at (202) 712-1386 or sshea@usaid.gov.

Attachment: As stated

cc: AAudit@usaid.gov
OIGAuditTracking@usaid.gov
M/CFO/APC, T. Frakes
M/OAA/CAS, E. Jefferson
M/OAA/CAS, Y. Moody-Briscoe
M/OAA/CAS, L. Brown