



## MEMORANDUM

**DATE:** June 18, 2019

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

**FROM:** Acting Director of External Financial Audits Division, Steve Shea /s/

**SUBJECT:** Independent Audit of Business-Community Synergies, LLC's Proposed Amounts on Unsettled Flexibly Priced Contracts for the Fiscal Years Ended December 31, 2013 and 2014 (3-000-19-006-D)

This memorandum transmits the final audit report of Business-Community Synergies, LLC's (BCS) proposed amounts on unsettled flexibly priced contracts for the fiscal years (FY) ended December 31, 2013 and 2014.

The Defense Contract Audit Agency (DCAA) stated that it performed this 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 BCS's proposed amounts on unsettled flexibly priced contracts, comply, in all material respects, 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 BCS's proposed direct and indirect amounts for contract reimbursement on unsettled flexibly priced contracts contained in its FY 2013 and 2014 final indirect rate proposals, submitted on March 20, 2014 and February 13, 2015 respectively, 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 audit in accordance with generally accepted government audit standards to obtain reasonable assurance on whether BCS's proposed direct cost amounts materially comply with contract terms.

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<sup>1</sup> 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.

DCAA expressed a qualified opinion due to the scope limitations on DCAA performing real time procedures on proposed direct labor costs and its lack of access to BCS's accounting system. DCAA stated that except for the effects of the noncompliances identified and those that might have been identified if not for the scope limitations, BCS's proposed direct cost amounts for reimbursement on the unsettled flexibly priced contract complies, in all material respects, with the contract terms pertaining to accumulating and billing incurred amounts. DCAA audited \$603,198 of BCS's costs for FYs ended December 31, 2013 and December 31, 2014. DCAA questioned \$ 11,539 in indirect costs composed of \$6,656 in overhead pool expenses and \$4,883 in General & Administrative pool expenses. The examination disclosed two instances of material noncompliance.

To address the issues identified in the report, we recommend that the U.S. Agency for International Development's (USAID) Office of Acquisition and Assistance Cost, Audit and Support Division:

**Recommendation 1.** Verify that Business-Community Synergies, LLC corrects the two instances of material noncompliance detailed on page 3 of the audit report.

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

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").