



MEMORANDUM

DATE: June 21, 2019

TO: USAID/Management/Office 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: Performance Audit of Camp Dresser & McKee Constructors, Inc.'s Accounting System Administration (3-000-19-027-1)

This memorandum transmits the final audit report on the adequacy of the accounting system administration for Camp Dresser & McKee Constructors, Inc.'s (CDMC) for the period from January 2018 to December 2018. The U.S. Agency for International Development's (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 the adequacy of CDMC's accounting system.¹

The audit objectives were to evaluate whether CDMC has established an adequate accounting system and to determine whether CDMC'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; obtained an understanding of internal control for accumulating and billing costs under Government contracts; examined on a test basis, evidence supporting the amounts and disclosures in the data and records evaluated; and assessed 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 CDMC's accounting system, and related internal control policies and procedures, are adequate for accumulating and billing costs under the Government contracts except for two findings identified by the evaluation criteria for determining an adequate accounting system. CDMC did not meet two of the identified criteria.

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

Recommendation I. Verify that Camp Dresser & McKee Constructors, Inc. corrects Findings #1 and #2 on pages 13 to 20 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").