



## MEMORANDUM

**DATE:** July 24, 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, Steven Shea /s/

**SUBJECT:** Report on the Examination of Costs Claimed for Carana Corporation for the Year Ended December 31, 2014 (3-000-19-036-1)

This memorandum transmits the final report on the examination of costs claimed for Carana Corporation (Carana) on in-scope awards and subawards for the year ended December 31, 2014. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit, and Support Division contracted with the independent certified public accounting firm of Kearney & Company, P.C. to conduct the audit. Kearney & Company, P.C. stated the contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards, award terms, Part 31 of the Federal Acquisition Regulation (FAR), Agency for International Development Acquisition Regulations (AIDAR), Department of State Standardized Regulations (DSSR) and 2 Code of Federal Regulations (CFR) 200, *Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards*.

The audit firm states that it performed its examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in 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 whether costs claimed on in-scope awards and subawards for the fiscal year (FY) ended December 31, 2014 is allowable, allocable and reasonable in accordance with contract terms; Part 31 for the FAR; AIDAR; DSSR; and 2 CFR 200 *Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards*.<sup>1</sup>

The examination's objective was to express an opinion on whether the costs claimed by Carana on in-scope awards and subawards for the year ended December 31, 2014 are allowable, allocable, and reasonable in accordance with award terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. To answer the examination's objective, Kearney & Company, P.C. designed its testing procedures to evaluate the internal control environment surrounding Carana's subcontract management process and to verify that Carana had adequate controls in place for monitoring subcontractor costs. Its examination included the reconciliation of

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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.

the adjusted total costs booked to date and the cumulative amount billed, by award or subaward and reporting any over/under-billings. The audit firm examined USAID incurred costs of \$23,947,609 for the year ended December 31, 2014.

Kearney & Company, P.C. concluded that costs claimed by Carana on in-scope awards and subawards for the year ended December 31, 2014 are allowable, allocable, and reasonable in accordance with award; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable, in all material respects. The audit report did not disclose any findings that are required to be reported under generally accepted government auditing standards.

We appreciate the assistance extended during the engagement.

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