



MEMORANDUM

DATE: November 1, 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: Independent Audit on Banyan Global, Inc.'s Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Years 2016 and 2017 (3-000-20-004-D)

This memorandum transmits the final audit report on Banyan Global Inc.'s (BGI) proposed amounts on unsettled flexibly priced contracts for fiscal years (FY) 2016 and 2017. 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 states that it performed its 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 BGI'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 audit was to express an opinion on whether BGI's proposed direct and indirect amounts for contract reimbursement on unsettled flexibly priced contracts contained in its FY 2016 and 2017 final indirect rate proposals, submitted on October 10, 2018 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 auditing standards to obtain reasonable assurance on whether BGI's proposed direct and indirect cost amounts materially comply with contract terms.

¹ 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 the scope limitations on their ability to perform real time testing on proposed direct labor costs. DCAA applied alternative procedures that were however, not sufficient to substitute for the lack of testing labor on a real-time basis. As a result, DCAA was unable to perform sufficient audit procedures to determine with reasonable assurance as to the existence and/or allocability of labor costs incurred. DCAA stated that except for the scope limitation, BGI'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 \$7,572,730 of BGI's proposed USAID direct costs for FYs 2016 and 2017. The audit report did not disclose any findings or questioned costs.

We appreciate the assistance extended during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addresses 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").