



## MEMORANDUM

**DATE:** January 29, 2020

**TO:** USAID/Iraq Mission Director, Dana Mansuri

**FROM:** USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, USDH NFA Coordinator, Abdoulaye Gueye /s/

**SUBJECT:** Independent Audit Report on the Louis Berger Group, Inc.'s Costs Incurred and Billed to DPK Consulting (dba Tetra Tech DPK) in Iraq, Subcontract 267-C-10-00006-00, April 1, 2013, September 30, 2015 (8-267-20-002-D)

This memorandum transmits the final Defense Contract Audit Agency (DCAA) report number 1421-2017C10180001, on direct costs incurred and billed on Louis Berger Group, Inc.'s to DPK Consulting (dba Tetra Tech DPK) on subcontract 267-C-10-00006-00, April 1, 2013, September 30, 2015. USAID/Iraq contracted with the 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 auditor's report and the conclusions expressed in it. We do not express an opinion on the auditee's direct costs incurred and reported; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The engagement objectives were mainly to express an opinion on whether the costs incurred and billed comply with the subcontract terms pertaining to accumulating and reporting incurred amounts from April 1, 2013, September 30, 2015. To answer the engagement objective, the auditors performed the subject examination that covered \$2,059,472 in expenditures from April 1, 2013, September 30, 2015.

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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 modified opinion on the direct costs incurred and billed, due to scope limitations regarding real time labor costs testing, and the examination of the documents that was mainly limited to scanned images. The DCAA questioned \$7,024, (\$830 ineligible, and \$6,194 unsupported). The DCAA identified two material instances of noncompliance for not supporting the salaries with timesheets and not adhering to the excess baggage rules. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID determine the allowability of the \$7,024 in questioned costs and recover any amount determined to be unallowable.

To address the issues identified in the report, we recommend that, USAID/Iraq do the following:

**Recommendation I:** require Louis Berger Group, Inc. through its prime DPK Consulting, to establish and implement policies to support its salary with timesheet, and to adhere to the excess baggage rules, as detailed on pages 5 and 11 of the Defense Contract Audit Agency's report.

We ask that you provide your written notification of actions planned or taken to reach 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").