



## MEMORANDUM

**DATE:** July 16, 2020

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division, Acting Supervisory Auditor, Eleanor C. Jefferson

**FROM:** Director of External Financial Audits Division (IG/A/EFA), David A. McNeil /s/

**SUBJECT:** Examination of Costs Claimed for Indirect Cost Rate Proposals and Related Books and Records for Development and Training Services, Inc. for the Fiscal Years Ended December 31, 2013, 2014, and Six Months Ended June 30, 2015 (3-000-20-055-1)

This memorandum transmits the final examination report on Development and Training Services, Inc. (dTS) on in-scope contracts and subcontracts for the fiscal years ended December 31, 2013, 2014, and six months ended June 30, 2015. 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 Booth Management Consulting, LLC to conduct the examination. The audit firm stated 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 by dTS on in-scope contracts and subcontracts for fiscal years ended December 31, 2013, 2014, and six months ended June 30, 2015 are allowable, allocable and reasonable in accordance with contract terms; Part 31 of the Federal Acquisition Regulation (FAR); Agency for International Development Acquisition Regulation (AIDAR); Department of State Standardized Regulation (DSSR); and 2 Code of Federal Regulations (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable.<sup>1</sup>

The examination's objective was to express an opinion on whether the costs claimed by dTS on in-scope contracts and subcontracts for fiscal years ended December 31, 2013, 2014, and six months ended June 30, 2015 are allowable, allocable, and reasonable in accordance with contract 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

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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 examination's objective, Booth Management Consulting, LLC designed its testing procedures to evaluate the internal control environment surrounding dTS's subcontract management process and to verify that dTS had adequate controls in place for monitoring subcontractor costs. Its examination included the reconciliation of the adjusted total costs booked to date and the cumulative amount billed, by contract and reporting any over/under-billings. The audit firm examined USAID incurred costs of \$23,271,950 for the fiscal years ended December 31, 2013, 2014, and six months ended June 30, 2015.

Booth Management Consulting, LLC expressed a qualified opinion because the examination disclosed submitted amounts that did not materially comply with contract terms pertaining to accumulating and billing incurred amounts. The audit firm stated that costs claimed by dTS on in-scope contracts and subcontracts for fiscal years ended December 31, 2013, 2014, and six months ended June 30, 2015 are not acceptable as proposed, 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. The audit firm questioned indirect costs of \$1,857,642, composed of \$1,201,366 in Overhead, \$645,229 in General & Administrative expenses, and \$11,047 in Occupancy Intermediate Pool costs. Booth Management Consulting, LLC's examination did not disclose any findings that are required to be reported under government auditing standards.

We appreciate the assistance extended during the engagement.

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