



## MEMORANDUM

**DATE:** January 11, 2021

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

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

**SUBJECT:** Audit Report on Associates in Rural Development, Inc. Proposed Amounts on Unsettled Flexibly Priced USAID Agreements for Fiscal Year 2015 (3-000-21-002-D)

This memorandum transmits the final audit report on Associates in Rural Development, Inc.'s (ARD) proposed direct and indirect amounts for contract reimbursement on unsettled flexibly priced contracts contained in its fiscal year (FY) ended September 30, 2015 revised incurred cost proposal submitted on March 4, 2020. 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 stated that they conducted their 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 ARD's proposed amounts on unsettled flexibly priced contracts comply with contract terms pertaining to accumulating and billing incurred amounts.<sup>1</sup>

The objective of this audit was to express an opinion on whether ARD's proposed direct and indirect amounts for contract reimbursement on unsettled flexibly priced contracts contained in its incurred cost proposals submitted on March 4, 2020, 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 ARD's proposed direct amounts for contract reimbursement materially comply with contract terms. USAID's audited direct costs were \$106,350,392 for Fiscal Year 2015.

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<sup>1</sup> 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 a scope limitation on their ability to perform real time procedures on proposed direct and indirect labor costs for ARD's employees for FY 2015. 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, ARD's proposed amounts on unsettled flexibly priced contracts comply, in all material respects, with the contract terms pertaining to accumulating and billing incurred amounts. DCAA did not identify any questioned costs.

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").