



## MEMORANDUM

**DATE:** January 14, 2021

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

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

**SUBJECT:** Examination of DAI Global, LLC for the Certified Final Indirect Cost Rate Proposals and Related Books and Records for Reimbursement for the Fiscal Year Ended December 31, 2016 (3-000-21-012-1)

This memorandum transmits the final report on DAI Global, LLC's (DAI) in-scope contracts and subcontracts for the fiscal year ended December 31, 2016. 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 (BMC) 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 on in-scope contracts and subcontracts for the fiscal year ended December 31, 2016 are allowable, allocable and reasonable in accordance with 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 Award*, as applicable.<sup>1</sup>

The examination's objective was to express an opinion on whether the costs claimed by DAI

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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.

on in-scope contracts and subcontracts for the fiscal year ended December 31, 2016 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 the examination's objective, BMC evaluated the contractor's internal controls, assessed control risk, and determined the extent of audit testing needed based on the control risk assessment; examined on a test basis, evidence supporting the amounts and disclosures in the data and records evaluated; assessed the accounting principles used and significant estimates made by DAI; and evaluated the overall data and records presentation. To obtain reasonable assurance that the direct costs billed to DAI by the subcontractors and claimed in DAI's Incurred Cost Proposal are allowable, allocable, and reasonable, in all material respects. Additionally, as directed by the USAID contract with BMC, testing covered the special audit requirements for expenses of specific concern to USAID: consultants, subcontractors, staff and consultant limitations, and Buy-American requirements, including verifying that the bases properly: (1) reflected the appropriate cost accounting period; and (2) allocated indirect cost to final cost objectives commensurate with the benefits received. The audit firm examined USAID incurred costs of \$305,888,194.

BMC expressed a qualified opinion due to unallowable amounts pertaining to accumulating and billing incurred amounts. As a result, except for the instances of noncompliance, BMC stated that costs claimed by DAI on in-scope contracts and subcontracts for the FY 2016 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. The auditor did not question any direct costs, but questioned \$629,578 in total indirect questioned costs, composed of \$280,656 in overhead, and \$348,922 in General & Administrative pool costs. The audit firm did not identify any findings that are required under government auditing standards.

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").