



MEMORANDUM

DATE: February 25, 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 Costs Claimed for Development Innovations Group for the Two Years Ended December 31, 2017 and 2016 (3-000-21-020-1)

This memorandum transmits the final examination report on Development Innovations Group (DIG) on in-scope awards and subawards for the two years ended December 31, 2017 and 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 Brown & Company CPAs and Management Consultants, PLLC (Brown & Company) 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 (AICPA) 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 DIG on in-scope awards and subawards for the two years ended December 31, 2017 and 2016 are allowable, allocable and reasonable in accordance with award 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.¹

The examination's objective was to express an opinion on whether the costs claimed by DIG on in-scope awards and subawards for the two years ended December 31, 2017 and 2016 are allowable, allocable, and reasonable 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. To answer the examination's objective, Brown & Company designed its testing procedures to evaluate the internal control environment surrounding DIG's subcontract management process and to verify that DIG had adequate

¹ 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.

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 award or subaward and reporting any over/under-billings. The audit firm examined USAID incurred costs of \$6,845,508 for the two years ended December 31, 2017 and 2016.

Brown & Company expressed an unmodified opinion that costs claimed by DIG on in-scope awards and subawards for the two years ended December 31, 2017 and 2016 are allowable, allocable, and reasonable 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, in all material respects. Brown & Company's examination did not disclose any findings that are required to be reported under government auditing standards. The audit report did not identify any questioned costs.

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