



MEMORANDUM

DATE: February 8, 2021

TO: USAID/Iraq Mission Director, John Cardenas

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

SUBJECT: Independent Audit Report on Development Alternatives Inc.'s Incurred and Billed Direct Costs Under USAID/Iraq Contract AID-267-H-17-00001, October 1, 2018 to September 30, 2019 (8-267-21-001-D)

This memorandum transmits the final Defense Contract Audit Agency (DCAA) audit report number I431-2020E17900001 on Development Alternatives Inc.'s incurred and billed direct costs under USAID/Iraq contract AID-267-H-17-00001, from October 1, 2018 to September 30, 2019. USAID/Iraq contracted with the DCAA to conduct the audit. DCAA stated 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 incurred and billed direct costs; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The engagement objectives were mainly to express an opinion on whether the incurred and billed direct costs comply, in all material respects, with applicable contract terms from October 1, 2018, to September 30, 2019. To answer the engagement objectives, the auditor performed the subject audit that covered \$29,731,476 in expenditures from October 1, 2018, to September 30, 2019.

¹ 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 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 did not identify any questioned costs and qualified its opinion as a result of three scope limitations. DCAA said that except for the effects of non-compliances, if any, that they might have identified had they (a) tested scanned data to original source documentation for costs incurred and billed; (b) performed real-time testing of labor; and (c) physically observed the accounting system reports and reviewed original records as supporting documentation, DAI Global, LLC incurred and billed direct costs under contract No. AID-267-H-17-00001 for the period October 1, 2018 through September 30, 2019 comply, in all material respects, with the contract terms.

The report does not contain any recommendations for your action.

The 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”).