



## MEMORANDUM

**DATE:** June 28, 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 International Business & Technical Consultants Inc.'s Costs Incurred and Billed, Task Order AID-267-TO-17-0001, Performance Management and Support Program in Iraq, June 1, 2018, to September 30, 2019 (8-267-21-002-D)

This memorandum transmits the final audit report on the International Business & Technical Consultants Inc.'s costs incurred and billed, task order AID-267-TO-17-0001, Performance Management and Support program in Iraq, from June 1, 2018, to September 30, 2019. USAID/Iraq contracted with the Defense Contract Audit Agency (DCAA) to conduct the audit. DCAA stated that it performed its audit in accordance with generally accepted government auditing standards. However, DCAA disclosed scope limitations pertaining to: (a) limited contractor access due to coronavirus disease; (b) lack of real time labor testing; and (c) inability to verify the authenticity of timesheets and cash payment receipts for local national employees and invoices and payments made to the third party because most were scanned documents from the field contract in Iraq. DCAA is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on International Business & Technical Consultants Inc.'s statement of proposed costs; or its compliance with the award, laws, and regulations.<sup>1</sup>

DCAA was requested to: examine International Business and Technical Consultants Inc.'s public vouchers to determine whether direct costs billed under the USAID task order for the audit period were allowable, allocable, and reasonable in accordance with the Federal Acquisition Regulations, USAID Acquisition Regulations, Department of State Standardized Regulations, and

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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.

contract terms. DCAA performed the subject audit that covered \$3,910,510 for the period from June 1, 2018, to September 30, 2019.

DCAA expressed a qualified opinion on the contractor's statement of proposed costs and identified \$20,337 of questioned costs. Further, DCAA identified two material instances of noncompliance.

Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Iraq determine the allowability of the \$20,337 in questioned costs and recover any amount determined to be unallowable.

To address the issues identified in the report, we recommend that USAID/Iraq:

**Recommendation 1.** Verify that International Business & Technical Consultants Inc. corrects the two instances of material noncompliance detailed on pages 2, 3, and 8 to 12 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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").