



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: October 27, 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: Audit of Nathan Associates, Inc.'s Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2018 (3-000-22-002-D)

This memorandum transmits the final audit report on Nathan Associates, Inc.'s (NAI) claimed costs for reimbursement on unsettled flexibly priced contracts with the U.S. Agency for International Development (USAID) for fiscal year (FY) 2018. USAID's Office of Acquisition and Assistance, Cost, Audit, and Support Division contracted with the U. S. Defense Contract Audit Agency (DCAA) to conduct the audit. The audit agency stated that it performed its 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 NAI's proposed amounts on unsettled flexibly priced contracts comply, in all material respects, with contract terms pertaining to accumulating and billing incurred amounts.¹

The audit objective was to express an opinion on whether NAI's direct and indirect amounts for contract reimbursement on unsettled flexibly priced contracts, contained in its FY 2018 incurred cost final indirect rate proposal, submitted August 10, 2020, comply with contract terms pertaining to accumulating incurred amounts. To answer this objective DCAA planned and performed its audit in accordance with generally accepted government auditing standards to obtain reasonable assurance on whether NAI's proposed amounts materially comply with the criteria cited above. USAID's audited direct costs were \$23,553,757 in total for FY 2018.

DCAA expressed a qualified opinion because it was unable to complete certain procedures that it determined were necessary to complete the scope of the audit. These procedures were hindered by two scope limitations, real-time labor testing, and access to original documentation instead of scanned documents. DCAA stated that except for the effects of the noncompliances, if any, that they might have identified had they completed the procedures discussed in the scope

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.

limitations, NAI's proposed amounts on unsettled flexibly priced contracts comply, in all material respects, with contracts terms pertaining to accumulating incurred amounts. DCAA did not questioned any costs or report any findings.

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").