



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** January 19, 2022

**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 Arcadia Biosciences, Inc's Proposed Amounts on Unsettled Flexibly Priced Contract AEG-A-00-08-0009-00 for Fiscal Year 2018 (3-000-22-006-D)

This memorandum transmits the final examination report on Arcadia Biosciences, Inc.'s (Arcadia Biosciences) proposed amounts on unsettled flexibly priced contract AEG-A-00-08-0009-00 for fiscal year (FY) ended December 31, 2018. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit, and Support Division contracted with the Defense Contract Audit Agency (DCAA) to conduct the examination. DCAA stated that it performed its examination 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 Arcadia Biosciences' proposed amounts for FY 2018 comply with contract terms pertaining to accumulating incurred amounts.<sup>1</sup>

The examination's objective was to express an opinion on whether Arcadia Biosciences' proposed amounts for FY 2018 comply with contract terms pertaining to accumulating and billing incurred amounts. To answer the examination's objective, DCAA designed its testing procedures to obtain and examine evidence to gain reasonable assurance about whether Arcadia Biosciences' proposed amounts materially comply with the contract terms pertaining to accumulating and billing incurred amounts, the nature, timing, and extent of procedures selected depending on DCAA's professional judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. DCAA examined USAID's incurred direct costs of \$200,511.

DCAA expressed a qualified opinion stating that, except for the effects of noncompliances, if any, they might have identified had they completed the procedures described as scope

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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.

limitations below, Arcadia Biosciences' claimed amounts on unsettled flexibly priced contracts comply, in all material respects, with contract terms pertaining to accumulating and billing incurred amounts. DCAA considered as scope limitations (1) lack of real time testing of labor costs, and (2) cost or price analysis not received on subcontractors selected. DCAA did not identify any questioned costs.

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").