



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

### MEMORANDUM

**DATE:** November 24, 2024

**TO:** USAID/Iraq, Mission Director, Elise Jensen

**FROM:** Middle East and Eastern Europe Regional Office, Audit Director, Louis Duncan, Jr. /s/

**SUBJECT:** Independent Audit Report on Management Systems International Inc.'s Proposed Billed Costs, USAID/Iraq Performance Management and Evaluation Services Activity, Contract 72026720C00001, July 1, 2020, to September 30, 2022 (8-267-25-001-D)

This memorandum transmits the final audit report on Management Systems International Inc.'s proposed billed costs, USAID/Iraq Performance Management and Evaluation Services Activity, contract 72026720C00001, from July 1, 2020, to September 30, 2022. USAID/Iraq contracted with Defense Contract Audit Agency (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 report and the conclusions expressed in it. We do not express an opinion on the auditee's summary of proposed direct and indirect costs or its compliance with the contract, laws, and regulations.<sup>1</sup>

The engagement objectives were mainly to determine if the incurred and billed costs comply with the contract terms, the Federal Acquisition Regulations (FAR) 31.201-2, 31.201-3, and 31.201-4; and are allowable, allocable and reasonable. To answer the engagement objectives, DCAA performed the subject audit that covered the billed direct and indirect costs of \$8,160,680, from July 1, 2020, to September 30, 2022.

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<sup>1</sup> 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 because of a scope limitation pertaining to the lack of real-time labor costs testing. DCAA said that except for the effects of noncompliance, if any, that they might have identified had they performed real-time testing of labor, the costs comply, in all material respects, with the contract terms, FAR 31.201, and are allowable, allocable, and reasonable under the contract.

The report does not contain any recommendations for your action.

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”). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act<sup>2</sup>.

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<sup>2</sup> The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to [oignotice\\_ndaa5274@usaid.gov](mailto:oignotice_ndaa5274@usaid.gov).