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

UKRAINE: Audit of Costs Incurred by DAI Global, LLC from January 1, 2018, to December 31, 2022

Audit Report 3-000-25-012-U
March 19, 2025



External Financial Audits Division

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

MEMORANDUM

DATE: March 19, 2025

TO: USAID/Bureau for Management/Office of Acquisition & Assistance, Director, Jami J. Rodgers

FROM: Deputy Assistant Inspector General for Audits, Inspections, and Evaluations, Khadija Walker /s/

SUBJECT: Ukraine: Audit of Costs Incurred by DAI Global, LLC from January 1, 2018, to December 31, 2022 (3-000-25-012-U)

Enclosed is the final report on the audit of claimed costs incurred by DAI Global, LLC for the period of January 1, 2018, to December 31, 2022.[1] The audit examined three contracts operated by DAI Global in Ukraine. DAI Global, LLC's Ukraine Governance and Local Accountability Activity program provided technical assistance services to advance self-reliant local governance in Ukraine. These services facilitated the creation of Ukrainian local governance systems that are more self-reliant, accountable to citizens, inclusive and able to provide services through "USAID Governance and Local Accountability (HOVERLA) Activity" in Ukraine.

DAI Global, LLC's Ukraine Economic Resilience Activity Program improved the economic resilience of eastern Ukraine in response to Russian aggression. This activity improved the economic resilience of eastern Ukraine through stabilizing the economy of eastern Ukraine, supporting the sustainable development of small and medium enterprises and building confidence in the eastern Ukrainian Economy. DAI Global, LLC's Cybersecurity for Critical Infrastructure in Ukraine Activity Program reduced and potentially eliminated cybersecurity vulnerabilities in Ukraine's critical infrastructure sectors.

The Office of Inspector General (OIG) contracted with the independent certified public accounting and consulting firm of Premier Group Services, Inc. (Premier Group) to conduct a financial audit to determine allowability, allocability, and reasonableness of DAI Global, LLC claimed costs incurred. The contract required the audit firm to perform the audit in

[1] Pursuant to the Pub. L. No. 117-263 § 5274, USAID OIG provides nongovernmental organizations and/or businesses specifically identified in this report 30 days from the date of report publication to submit a written response to USAID OIG. Any comments received will be posted on https://oig.usaid.gov/. Please direct inquiries to oignotice_ndaa5274@usaid.gov.

accordance with generally accepted government auditing standards.

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related audit documentation and discussed the findings with the firms' representatives. The audit firm is responsible for the enclosed auditor's report and the conclusions. That said, we found no instances in which the audit firm failed to comply, in all material respects, with applicable standards.

The objectives of this audit were to:

1. Express an opinion on whether costs incurred by DAI Global, LLC under the subject awards for the period audited are fairly presented and in conformity with the terms of regulatory and award requirements and generally accepted accounting principles.
2. Identify as unsupported, unreasonable, or ineligible, any questioned costs incurred in implementing the USAID activities for the period audited in conformity with the terms of the regulatory and award requirements and generally accepted accounting principles.
3. Evaluate DAI Global, LLC's contract bidding and procurement processes to determine whether they complied with all regulatory and award requirements.
4. Evaluate and obtain sufficient understanding of DAI Global, LLC's internal controls, assess control risk, and identify reportable conditions, including material internal control weaknesses.
5. Perform tests to determine whether DAI Global, LLC complied in all material respects with regulatory and award requirements related to USAID-funded programs and projects.
6. Determine to the extent specified herein if DAI Global, LLC has delivered, accounted for, and made proper disposition of commodities and supplies purchased under the contracts or furnished by USAID.
7. Determine to the extent specified herein if DAI Global, LLC has requested from USAID the necessary approval for the issuance of subawards according to regulatory and award requirements.
8. Determine whether DAI Global, LLC has taken corrective actions on prior audit report recommendations.

To answer the audit objectives, Premier Group obtained a sufficient understanding of DAI Global, LLC 's internal control environment, identified significant provision of laws and regulations to design relevant compliance-related procedures, followed up on prior audit recommendations and examined the following incurred cost elements: Allowance, Grant, Labor, Other Direct Costs (ODC), Procurement, Travel, and Subcontracts.

Premier Group concluded that DAI Global, LLC has not prepared its Incurred Cost

Submissions in accordance with applicable government acquisition regulations of the FAR, the AIDAR, and the DSSR regarding allowability, allocability, and reasonableness of incurred costs. Specifically, DAI overcharged USAID by applying a different currency exchange rate rather than the rate used to pay their employees. As a result, Premier Group questioned $17,816 of allowances, direct labor, travel, and other direct costs due to different currency exchange rates used on two separate dates.

To address the noncompliance identified, OIG adopts Premier Group's recommendations to USAID's Director, Office of Acquisition & Assistance:

Recommendation 1. Determine the allowability of $17,816 in questioned costs and recover any amount that is unallowable.

Recommendation 2. Require DAI Global, LLC to implement policies and procedures to ensure that the exchange rate applied when billing USAID matches the rate used to pay employees based on the same date.

Recommendation 3. Require DAI Global, LLC to monitor implementation of invoicing and exchange rate practices to ensure continued compliance with federal regulations and accuracy in billing.

We are issuing this final audit report without the agency's official written response due to the agency's unavailability to provide management comments. We will reissue this report if, and when, we receive comments at a later date. All recommendations will be considered open and unresolved.

We appreciate the assistance provided to our staff and the audit firm's employees during the engagement.

DAI GLOBAL LLC.

7600 WISCONSIN AVENUE, SUITE 200, BETHESDA, MD. 20814

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)
OFFICE OF INSPECTOR GENERAL (OIG)
INCURRED COST AUDITS OF USAID UKRAINE RESOURCES
CONTRACT NUMBER: GS00F100GA
PERIOD JANUARY 1, 2018, TO DECEMBER 31, 2022

DATE: JANUARY 27, 2025

Prepared by

Premier Group Services, Inc.

7404 Executive Place, Suite 325

Lanham, MD 20706

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EXECUTIVE SUMMARY

Mr. David A. McNeil
Director, External Financial Audit Division
U.S. Agency for International Development (USAID)
Office of Inspector General (OIG)
1300 Pennsylvania Avenue, NW
Washington, DC 20523

Dear Mr. McNeil:

This report presents our results of the incurred cost audit of DAI GLOBAL LLC, hereinafter referred to as DAI, for the calendar period of January 1, 2018, to December 31, 2022. Our audit fieldwork was performed between September 15, 2023, and January 27, 2025, and our results, reported herein, are as of January 27, 2025.

Our audit objective was to determine whether the incurred costs from January 1, 2018, to December 31, 2022, were allowable, allocable, and reasonable in accordance with DAI's contracts with USAID and applicable government acquisition regulations.

We tested the significant claimed cost elements: Allowance, Grant, Labor, Other Direct Cost (ODC), Procurement, Travel, and Subcontractor. This report summarizes our testing results as per the Federal Acquisition Regulation (FAR), Agency for International Development Acquisition Regulation (AIDAR), Department of State Standardized Regulations (DSSR) for travel-related expenses, 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Task order/Award Terms, and Other relevant regulations/policies.

We conducted this incurred cost audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Incurred Costs:

We questioned $17,816 related to our testing of Direct Costs charged to USAID. See Schedule A-1 through A-3 for direct costs, by USAID contract, incurred from January 1, 2018, to December 31, 2022.

Reconciliation of Booked to Billed Costs:

This incurred cost audit included performing a reconciliation, by USAID contract, between the total adjusted cumulative allowable costs booked to date and the total cumulative amount billed

from January 1, 2018, to December 31, 2022, and reporting any over/under-billing amounts. Based on the results of the reconciliation, DAI did not overbill or underbill USAID.

Report Schedules:

We have provided the following schedules for further detail:

- Schedule A – Schedule of Allowable Costs by Contract. This schedule summarizes by USAID contract the claimed costs that are considered allowable and reimbursable.
- Schedule B – Reconciliation of Booked to Billed Costs. This schedule summarizes by USAID contract, the total adjusted cumulative cost booked to date, compares it to the cumulative amount billed and reports any over/under billing amounts.

Allowability, Allocability, and Reasonableness of Incurred Costs

Overall, DAI has reported its incurred costs in accordance with the applicable regulations set forth in the FAR, the AIDAR, and/or the DSSR, and USAID contracts which relate to allowability, allocability, and reasonableness of incurred costs. However, based on our testing of incurred costs for the calendar periods January 1, 2018, to December 31, 2022, we questioned $17,816 due to DAI applying a different currency exchange rate than the rate used to pay their employees. Based on the incurred cost audit procedures performed and the results obtained, we have met our audit objective.

Sincerely,

Premier Group Services, Inc.

Lanham, MD
January 27, 2025

BACKGROUND

USAID Overview

The U.S. Agency for International Development (USAID) is an independent Federal agency headquartered in Washington, DC, with presence in 87 countries. Established in November 1961, USAID is the lead Federal agency that works to end extreme global poverty and enable resilient, democratic societies to realize their potential. USAID is headed by an Administrator and receives overall foreign policy guidance from the Secretary of State.

USAID OIG's mission is to safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight of the entities under their jurisdiction.

DAI Overview

DAI Global LLC, hereinafter referred to as DAI, is a global development corporation incorporated in the State of Maryland in the USA that specializes in tackling fundamental social and economic development problems. Their missions include providing technical assistance and other services for the implementation of USAID/Ukraine's program, focusing on the Agri-initiative, exporting agricultural produce, and emergency procurement to help critical infrastructure in Ukraine. From January 1, 2018, to December 31, 2022, DAI had the following USAID contracts:

Contract Number	Contract Name	Period of Performance	Total Amount Claimed
72012121C00001	USAID Governance and Local Accountability (HOVERLA) Activity	03/19/2021-03/18/2026	$73,989,091.00
72012118C00004	Economic Resilience Activity (ERA)	8/27/2018 – 8/26/2024	$71,818,352.00
72012120C00002	Cybersecurity for Critical Infrastructure in Ukraine Activity (CYBER)	5/18/2020 – 9/17/2024	$38,000,000.00

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objectives of the incurred cost audit in detail were to:

- Express opinion on whether costs incurred by DAI under the subject awards for the period audited are fairly presented and in conformity with the terms of regulatory and award requirements and Generally Accepted Accounting Principles (GAAP) or other comprehensive basis of accounting.

- Identify as unsupported, unreasonable, or ineligible, any questioned costs incurred in implementing the USAID activities for the period audited in conformity with the terms of the regulatory and award requirements, and GAAP or other comprehensive basis of accounting (including the cash receipts and disbursements basis and modifications of the cash basis).
- Evaluate DAI's contract bidding and procurement processes to determine whether they complied with all contract requirements of regulatory and award requirements.
- Evaluate and obtain a sufficient understanding of DAI's internal controls, assess control risk, and identify reportable conditions, including material internal control weaknesses.
- Perform tests to determine whether DAI complied in all material respects with regulatory and award requirements related with USAID-funded programs and projects. All material instances of noncompliance and all indications of illegal acts that have occurred or are likely to have occurred must be identified and reported to OIG.
- Determine, to the extent specified herein, if DAI has delivered, accounted for, and made proper disposition of commodities and supplies purchased under the contract or furnished by USAID.
- Determine to the extent specified herein, if DAI has requested from USAID the necessary approval for the issuance of subawards according to regulatory and award requirements.
- Determine whether DAI has taken corrective actions on prior audit report recommendations.

Scope & Methodology

We conducted our incurred cost audit in accordance with Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

***Incurred Costs*:** We examined DAI's incurred cost elements: Allowance, Grant, Labor, Other Direct Cost (ODC), Procurement, Travel, and Subcontractor. We reviewed the FAR, AIDAR, DSSR, 2 CFR 200, Task Order/Award Terms, and Other relevant regulations/policies to ensure that all costs incurred under the USAID contracts were reasonable, allocable and allowable.

***Internal Controls*:** Through inspection of documents, inquiry of personnel, and observation of procedures, we obtained a sufficient understanding of DAI and its environment, including its internal control, to assess the risk of material misstatement of the books and records of DAI, whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures.

***Compliance with Laws and Regulations*:** We identified the significant provisions of laws and regulations to design relevant compliance-related procedures for the audit. We looked at those provisions (a) for which compliance could be objectively determined and (b) that had a direct and material effect on the Activity. Our audit included steps to allow us to detect all material instances of noncompliance, defined as instances that could have a direct and material effect on the incurred costs.

***Follow-Up to Prior Audit Recommendations*:** We inquired of management as to whether or not any prior audit or compliance reviews had been performed with respect to the USAID contracts.

AUDIT RESULTS

Our testing results, by cost element claimed from January 1, 2018, to December 31, 2022, are presented below:

1. Allowances:

We reviewed employee timesheets, employment agreements, and related employee expense reports and verified that these individuals were entitled to the requested allowances and were paid. We also verified the agreement with amounts recorded and claimed.

In addition, we verified that the per diem allotments received complied with Federal Travel Regulations and/or Department of State Standard Travel Regulations (DSSR) requirements.

From our testing, we questioned $29.70 of Allowances Costs due to different currency exchange rates used on two separate dates. [See the Notification of Findings and Recommendations (NFRs), DAI's Responses, And Auditor's Conclusions, Page 9]

2. Grant:

We reviewed vendor purchase orders and related vendor invoices and verified agreements with amounts recorded and claimed. Additionally, we verified that there were no conflicts of interest in the agreements and that contract requirements were complied with.

From our testing, we found no questioned costs within the Grant category.

3. Direct Labor:

We reviewed all time and attendance records, payroll, personnel, and/or other records to determine if a valid employee worked on the contract/award effort. We compared the total hours charged to each project with the payroll summary to ensure they matched and the hours were within the approved level of effort (LOE) for each staff member.

We examined whether labor costs, including any changes or overtime, were properly approved and aligned with FAR requirements or contract provisions. We also verified that salary rates and increases were approved by the USAID Contracting Officer (CO) when necessary and were supported by payroll records. Additionally, we compared the CO/Agreement Officer (AO)-approved staffing pattern to the staff list from DAI to ensure staffing changes complied with regulatory and contractual requirements.

From our testing, we questioned $16,115.94 of Direct Labor Costs due to different currency exchange rate used on two separate dates. [See the Notification of Findings and Recommendations (NFRs), DAI's Responses, And Auditor's Conclusions, Page 9]

4. Other Direct Costs:

We reviewed vendor purchase orders, related vendor invoices and verified agreement with amounts recorded and claimed. In addition, we verified that contract requirements were complied with.

From our testing, we questioned $378.86 of Other Direct Costs.

5. Procurement:

We reviewed equipment procured by DAI and equipment directly procured by USAID for DAI's use. This included examining vendor purchase orders and related invoices to ensure the amounts matched the recorded and claimed. We also checked whether the equipment existed and was used for its intended purpose, according to the contract terms, and whether proper controls were in place to safeguard the equipment. Additionally, we conducted end-use reviews for a sample of commodities based on our assessment of control risks.

From our testing, we found no questioned costs within Procurement costs.

6. Travel Costs:

We reviewed vendor invoices, employee expense reports, airline tickets, etc. and verified agreement with amounts recorded and claimed. In addition, we verified that travel expenses were properly approved and were in compliance with Federal Travel Regulations and/or Department of State Standard Travel Regulations (DSSR) requirements.

From our testing, we questioned $1,291.57 of Travel Costs due to different currency exchange rate used on two separate dates. [See the Notification of Findings and Recommendations (NFRs), DAI's Responses, And Auditor's Conclusions, Page 9]

7. Subcontractor Costs:

We reviewed subcontractor invoices and verified that hours and hourly rates charged agreed to subcontract agreements and amounts recorded and claimed. Additionally, we performed analytical procedures on the claimed amounts to verify their mathematical accuracy, ensure consistency with historical amounts via comparative/trend analysis, and review for unallowable costs via nomenclature reviews. In addition, we verified that subcontractor travel expenses complied with Federal Travel Regulations and/or Department of State Standard Travel Regulations (DSSR).

Additionally, we performed subcontractor-assist audit procedures regarding the following subcontractors:

Subcontractor	Subcontract Amount
Catalisto LLC	$4,437,814.00
Florida International University (FIU)	$872,220.00
Schweitzer Engineering Laboratories, Inc	$208,480.00
Social Boss	$1,632,808.00
Veterans First Initiative	$2,810,211.00
Dansk Flygtningehjaelp (Danish Refugee Council)	$3,212,063.00
CDM Engineering Ukraine, LLC	$1,898,420.00

Family Health International (FHI) 360	$2,497,161
Institute for Budgetary and Socio-Economic Research (IBSER)	$1,246,722.00
Info Sapiens LLC	$324,740.00
Policy and Management Consulting Group, PMCG, Inc	$2,040,66.00

These limited procedures included the following:

- Documenting our understanding of DAI's subcontractor monitoring procedures in effect during the audit year.
- Documenting how DAI selected the subcontractor for the subaward.
- Requesting the latest audit reports of the subcontractor and noting any audit findings.
- Reviewing the original subcontract agreement in order to determine if the subcontract agreement contains the appropriate flow-down clauses from DAI's prime contract with USAID.
- Determine whether selected invoices from the subcontractor are in compliance with any indirect rate ceilings in the subcontract.
- Determine whether DAI verified that the subcontractor has an adequate accounting system.

From our testing and subcontractor assist audit procedures, we found no questioned costs within subcontractor costs.

8. Reconciliation of Booked to Billed Costs:

This incurred cost audit included reconciling, by USAID contract, between the total adjusted cumulative allowable costs booked and the total cumulative amount billed from January 1, 2018, to December 31, 2022, and reporting any over/under-billing amounts. Based on the results of the reconciliation, DAI did not overbill or underbill USAID. See Schedule B for DAI's billings by USAID contract from January 1, 2018, to December 31, 2022.

Our audit results are summarized in the following reports and schedules:

Incurred Costs: We issued an unqualified opinion on the fairness of the presentation of the Incurred Costs [See Independent Auditor's Report on the Incurred Costs, Page 11].

We determined that an adequate accounting system was not in place to account for and classify costs incurred properly.

Internal Controls: Our audit detected no significant deficiencies in DAI's Internal Control.

Compliance with Laws and Regulations: Our audit detected instances of non-compliance that are required to be reported. [See Notification of Findings and Recommendations, Page 9].

Follow-Up to Prior Audit Recommendations: We requested copies of prior audits, reviews, and evaluations related to DAI's work under the contract. Per communication with DAI and USAID, no prior audit findings could have a material effect on the incurred costs.

Schedule A – Schedule of Allowable Costs by Contract: This schedule summarizes by USAID contract the claimed costs that are considered allowable and reimbursable.

Schedule B – Reconciliation of Booked to Billed Costs: This schedule summarizes by USAID contract, the total adjusted cumulative cost booked to date, compares it to the cumulative amount billed and reports any over/under billing amounts.

NOTIFICATION OF FINDINGS AND RECOMMENDATIONS (NFRs), DAI'S RESPONSES, AND AUDITOR'S CONCLUSIONS

Finding 1: DAI Overcharged USAID Due to Currency Exchange Rate Inconsistency

Conditions: DAI applied a different currency exchange rate than the rate used to pay their employees. Specifically, DAI charged USAID based on the exchange rate on a different day than when the employee payments were made. Due to these inconsistencies, we have noted that DAI was not in compliance with their Field Policy 7 financial management and 2 CFR 200.403, 404, and 405.

Cause: The identified discrepancies stem from DAI's practice of using a different exchange rate for invoicing USAID, rather than aligning it with the payment date, resulting in variances. Per DAI Field Policy 7 Financial 3.9.2, the exchange rate applied should reflect the rate on the actual payment date to employees.

Criteria: **DAI field policy 7 Financial Management:**

> 3.9 Policies on Currency exchange and exchange rates (Page 11)
>
> 3.9.2: Financial risk from currency exchange should be minimized by using the true rate at which funds were exchanged into local currency in all subsequent transactions.
>
> **2 CFR 200.403, 404 and 405.**
>
> The cost must be allowable, reasonable, and allocable.

Effect: This practice results in a questioned cost to USAID, adversely affecting budget allocation and compromising the accuracy of financial reporting, ultimately diminishing the project's overall resource-use efficiency.

Recommendations:

- Determine the allowability of questioned direct costs in the amount of $17,816 and recover any amount that is unallowable.
- **Align Exchange Rates**: we recommend that DAI implement a policy to ensure that the exchange rate applied when billing USAID matches the rate used to pay employees based on the same date. This will prevent discrepancies in question costs.
- **Improved Invoicing Procedures**: we recommend that DAI revise its invoicing procedures to ensure synchronization with payroll dates and minimize currency exchange rate discrepancies.

- **Monitoring and Compliance**: we recommend that DAI conduct periodic reviews of invoicing and exchange rate practices to ensure continued compliance with 2 CFR 200 and Field Policy 7.

DAI's Responses: Regarding the foreign currency exchange rate discussion, please see the following references and attachments:

1 Excerpt from the HOVERLA cost proposal (submitted to USAID), detailing how CCN payroll costs will be calculated, which includes a reference to the NBU exchange rate. Similar language was used in all three proposals that resulted in USAID awards (ERA, HOVERLA, and CCI).

2. The same provision about making payments in UAH is mandated by local law (Law on Labor Remuneration, Part 1 of Article 23) and included in the employee agreements of all DAI CCN staff in Ukraine.

3. DAI writeup of how costs in UAH, including salaries, are converted into USD for reporting purposes. This is in our policy on financial management (also attached).

The same applies to other payments made to staff, e.g. evacuation allowance.

NB: Article 23. Forms of salary payment

The wages of employees of enterprises on the territory of Ukraine are paid in currency signs that have legal circulation on the territory of Ukraine. Payment of wages in the form of promissory notes and receipts or in any other form is prohibited.

Wages can be paid by bank checks in accordance with the procedure established by the Cabinet of Ministers of Ukraine in agreement with the National Bank of Ukraine.

The collective agreement, as an exception, may provide for partial payment of wages in kind (at prices not higher than the cost price) in an amount not exceeding 30 percent of the accrued per month, in those industries or professions where such payment is equivalent to the cost of labor in monetary terms, is usual or desirable for employees, except for goods, the list of which is established by the Cabinet of Ministers of Ukraine. DAI also quoted their Field Office Policy, which is attached as a separate file.

Auditor's Conclusions: DAI should have applied the exchange rate used when the funds were initially converted into the local currency for all subsequent transactions, including personnel and labor costs. Quoting DAI field policy 7 Financial Management 3.9 Policies on currency exchange and exchange rates (page 11). Additionally, if DAI continues to frequently convert the currency exchange rate between U.S. dollars (USD) and Ukrainian hryvnias (UAH), and then back to USD, discrepancies will consistently arise. This issue is demonstrated in the reconciliation screenshot provided by DAI, with particular emphasis on columns P to R. The screenshot reveals a discrepancy of $76.51 between the amount charged to USAID ($5,603.59) and the amount specified in the employee agreement ($5,527.85) after currency conversion.

I	J	K	L	M	N	O	P	Q	R
Payroll Amount Per GL	Payroll Amount Per Paystub	Variance	Rate in ICA or EA	Reference ICA/EA	Rate in Sample Document	Timesheet Hours Worked in Payroll Perio	Recalculation	Conversion to UAH	Conversion UAH-USD @ DAI Rate
$ 5,603.57	$ 5,603.57	$ -	$ 5,275.85	ICA	$ 31.40	176	$ 5,527.08	UAH 157,180.79	$ 5,603.59

CONCLUSION

We conclude that DAI has not prepared its Incurred Cost Submissions in accordance with applicable Government acquisition regulations of the FAR, the AIDAR, and the DSSR regarding allowability, allocability, and reasonableness of incurred costs. We also determined that DAI did not over or underbill USAID from FY2018 to FY2022. From our testing, we questioned $17,816 of direct costs due to different currency exchange rate used on two separate dates. Based on the incurred cost audit procedures performed and the results obtained, we have met our audit objective.

INDEPENDENT AUDITOR'S REPORT ON THE INCURRED COSTS

Opinion

We have audited the incurred costs of DAI Global LLC (DAI) for USAID Award Numbers 72012121C00001, 72012118C00004, and 72012120C00002, which comprise Allowance, Grant, Labor, Other Direct Cost (ODC), Procurement, Travel, and Subcontractor, from January 1, 2018, to December 31, 2022.

In our opinion, the incurred costs referred to above were not presented fairly, in all material respects, costs reimbursed by the U.S. Agency for International Development (USAID) for the period January 1, 2018, to December 31, 2022, in accordance with the terms of the contract or in conformity with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Incurred Costs section. We are required to be independent of DAI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Incurred Costs

Management is responsible for the preparation and fair presentation of the incurred costs in accordance with the requirements specified by the U.S. Agency for International Development (USAID), and accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of incurred costs that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Incurred Costs

Our objectives are to obtain reasonable assurance about whether the incurred costs as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the U.S. Government Auditing Standards issued by the Comptroller General of the United States will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the incurred cost submissions.

In performing an audit in accordance with the generally accepted auditing standards and the Government Auditing Standards, issued by the Comptroller General of the United States, we:

- Plan and perform the audit to obtain reasonable assurance about whether the incurred costs are free of material misstatement.
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the incurred costs, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the incurred costs.
- Obtain an understanding of internal control and perform tests of internal controls in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DAI's internal control. Accordingly, no such opinion is expressed.
- Perform procedures to determine whether DAI has complied with applicable laws, regulations, and the terms and conditions of USAID contracts that could have a direct and material effect.
- Follow up on prior audit findings.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the incurred costs.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Our audit provides a reasonable basis for our opinion.

Other Reports Required by Government Auditing Standards

In accordance with U.S. Government Auditing Standards, we have also issued our reports, dated January 27, 2025, on our consideration of DAI's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and the terms and conditions of the USAID contracts. Those reports are an integral part of an audit performed in accordance with U.S. Government Auditing Standards and should be read in conjunction with this Independent Auditor's Report in considering the results of our audit.

Restriction on Use

This report is intended solely for the information and use of DAI management, the Government Accountability Office, Congress, and the U.S. Agency for International Development (USAID) and is not intended to be and should not be used by anyone other than these specified parties.

Premier Group Services, Inc.

Lanham, MD

January 27, 2025

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

We have audited DAI*'s* incurred costs from January 1, 2018, to December 31, 2022, and issued our report dated January 27, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the incurred costs for the period of January 1, 2018, to December 31, 2022, we considered DAI's internal control over financial reporting by obtaining an understanding of the design effectiveness of DAI's internal control, determining whether controls had been placed in operation, assessing control risk, and performing tests of DAI's controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the incurred costs, but not to express an opinion on the effectiveness of DAI's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of DAI's internal control over financial reporting. We limited our internal control testing to those controls necessary to achieve the objectives described in the GAO's Standards for Internal Controls in the Federal Government.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's incurred costs will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, *we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.*

Our audit detected no significant matters involving DAI's Internal Control and its operations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the result of that testing and not to provide an opinion on the effectiveness of DAI's internal control. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering DAI's internal control. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

This report is intended solely for the information and use of DAI management, the Government Accountability Office, Congress, and the U.S. Agency for International Development (USAID) and is not intended to be and should not be used by anyone other than these specified parties.



Lanham, MD

January 27, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

We have audited the incurred costs of DAI Global LLC (DAI) from January 1, 2018, to December 31, 2022, and issued our report on January 27, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards issued by the Comptroller General of the United States.

The management of DAI is responsible for complying with laws, regulations, contracts, and grant requirements applicable to its U.S. Agency for International Development (USAID)-funded program. We performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of incurred cost amounts, and certain other laws and regulations specified in the Uniform Guidance 2 CFR 200. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to DAI.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DAI's incurred costs are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and significant provisions of contracts, noncompliance with which could have a direct and material effect on the determination of incurred cost amounts, and certain other laws and regulations. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to DAI. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards or Uniform Guidance 2 CFR 200. [See Notification of Findings and Recommendations, Page 9].

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on DAI's compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering DAI's compliance. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

This report is intended solely for the information and use of DAI management, the Government Accountability Office, Congress, and the U.S. Agency for International Development (USAID) and is not intended to be and should not be used by anyone other than these specified parties.

Premier Group Services, Inc.

Lanham, MD

January 27, 2025

STATUS OF PRIOR AUDIT FINDINGS

We also requested copies of prior audits, reviews, and evaluations related to DAI's activities under the USAID contract. Per communication with DAI, there were no prior audit findings that could have a material effect on the incurred costs.

SUPPLEMENTAL SCHEDULES

Schedule A – Schedule of Allowable Costs by USAID Contract

USAID Contract	Schedule	January 1, 2018-December 31, 2022, Total Costs	Questioned Costs – Ineligible*	Questioned Costs – Unsupported**	Accepted January 1, 2018-December 31, 2022, Costs	Finding
72012121C00001 (Hoverla Project)	A-1	$21,258,598.77	-	$1,636.50	$21,256,962.27	1
72012118C00004 (Era Project)	A-2	$45,186,460.77	-	$14,509.82	$45,171,950.95	1
72012120C00002 (Cyber project)	A-3	$25,755,095.13	-	$1,669.75	$25,753,425.38	1
Total USAID Contracts		**$92,200,154.67**	**-**	**$17,816.07**	**$92,182,338.60**	

Schedule A-1 – Schedule of Allowable Costs – USAID Contract No. 72012121C00001

Contract Number: 72012121C00001
Contract Name: Hoverla Projects.
Contract Type: Contract.
Funding Amount: $73,989,091.00

Cost Element	January 1, 2018-December 31, 2022, Total Costs	Questioned Costs - Ineligible	Questioned Costs - Unsupported	January 1, 2018-December 31, 2022, Accepted Costs	Finding
Direct Costs					
Allowance	$255,640.05	-	$29.70		1
Grant	$749,207.65	-	-		
Independent Consultant Labor	$442,651.86	-	-		
Independent consultant ODC	$15,738.15	-	-		

Direct Labor	$3,401,740.49	-	$315.23		1
Other Direct Cost	$3,588,152.27	-	-		
Procurement	$10,724,520.10	-	-		
Subcontractor Labor	$628,841.34	-	-		
Subcontractor ODC	$228,852.82	-	-		
Travel, Trans, Per diem	1,223,254.04	-	$1291.57		1
Total Direct Costs	**$21,258,598.77**	-	**$1636.50**		

Schedule A-2 – Schedule of Allowable Costs – USAID Contract No. 72012120C00002

Contract Number: 72012120C00002
Contract Name: Era Project
Contract Type: Contract.
Funding Amount: $71,818,352.00

Cost Element	January 1, 2018-December 31, 2022, Total Costs	Questioned Costs - Ineligible	Questioned Costs - Unsupported	January 1, 2018-December 31, 2022, Accepted Costs	Finding
Direct Costs					
Allowance	1,007,683.82				
Balance Sheet	$67,811.06				
Grant	6,968,759.70				
Independent Consultant Labor	3,888,515.66		$670.27		1
Independent Consultant ODC	$266,842.56		$378.86		1
Intercompany Labor	$13,620.26				
Labor	1,217,845.26		$13,460.69		1
Other Direct Cost	2,401,544.99				
Procurement	1,321,769.13				
Subcontract Labor	$4,017,515.33				
Subcontractor ODC	1,382,403.52				

Travel, Trans, Per Diem	2,632,149.48				
Total Direct Costs	**45,186,460.77**		**$14,509.82**		1

Schedule A-3 – Schedule of Allowable Costs – USAID Contract No. 72012118C00004

Project Number:
Contract Number: 72012118C00004
Contract Name: Cyber
Contract Type: Contract.
Funding Amount: $38,000,000.00

Cost Element	January 1, 2018-December 31, 2022, Total Costs	Questioned Costs - Ineligible	Questioned Costs - Unsupported	January 1, 2018-December 31, 2022, Accepted Costs	Finding
Direct Costs					
Allowance	$791,002.69	-			N/A
Applied Burden	-	-			N/A
Grant	$79,818.00	-			N/A
Independent Consultant Labor	$1,319,816.73	-			N/A
Independent Consultant ODC	$22,701.76	-			N/A
Intercompany Labor	$474.86	-	$148.07		1
Labor	$4,747,257.72	-	$1,521.68		1
Other Direct Cost	$8,933,200.69	-			N/A
Procurement	$2,392,822.68	-			N/A
Subcontractor Labor	$5,717,713.83	-			N/A
Subcontractor ODC	$1,478,907.82	-			N/A
Travel, Trans, Per Diem	$271,378.35	-			N/A
Total Direct Costs	**$25,755,095.13**	-	**$1,669.75**		

* Ineligible costs: Costs that are explicitly questioned because they are unreasonable, prohibited by the FAR or applicable laws and regulations, or not program related.
** Unsupported costs: Costs that are not backed with adequate documentation or did not have required prior approvals or authorizations.

Schedule B – Reconciliation of Booked to Billed Costs

Contract Number	January 1, 2018-December 31, 2022, Total Allowable Costs	Less Contract Limitations/Rebates/ Credits	Total Adjusted Allowable Costs	January 1, 2018-December 31, 2022, Billed Amount	Over/Under-Billed
72012121C00001	$21,256,962.27	-	$21,256,962.27	$21,256,962.27	-
72012118C00004	$45,171,950.95	-	$45,171,950.95	$45,171,950.95	-
72012120C00002	$25,753,425.38	-	$25,753,425.38	$25,753,425.38	-
Total Costs	**$92,182,338.60**	-	**$92,182,338.60**	**$92,182,338.60**	-