

# SIGAR

**Special Inspector General for  
Afghanistan Reconstruction**

**SIGAR 23-19 Financial Audit**

## USAID's Assistance for the Development of Afghan Legal Access and Transparency Program: Audit of Costs Incurred by Dexis Consulting Group



**MARCH  
2023**

# SIGAR

## Special Inspector General for Afghanistan Reconstruction

### WHAT THE AUDIT REVIEWED

On April 18, 2016, the U.S. Agency for International Development (USAID) awarded a 3-year, \$43,869,326 cost-plus-fixed-fee completion type task order to Checchi and Company Consulting Inc. (Checchi) to support the Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) program. Dexis Consulting Group (Dexis) then acquired Checchi on February 1, 2020. ADALAT's program objectives were to, among other things, increase the effectiveness and reach of the formal justice sector; strengthen linkages between the formal and traditional justice sectors; and increase citizen demand for quality legal services. USAID modified the contract 14 times and exercised two option periods, extending the period of performance through February 28, 2022, and increasing the total award amount to \$68,163,468.

SIGAR's financial audit, performed by Conrad LLP (Conrad), reviewed \$6,124,258 in costs charged to the task order from May 1, 2021, through February 28, 2022. The objectives of the audit were to (1) identify and report on material weaknesses or significant deficiencies in Dexis's internal controls related to the contract; (2) identify and report on instances of material noncompliance with the terms of the agreement and applicable laws and regulations, including any potential fraud or abuse; (3) determine and report on whether Dexis has taken corrective action on prior findings and recommendations; and (4) express an opinion on the fair presentation of Dexis's Special Purpose Financial Statement (SPFS). See Conrad's report for the precise audit objectives.

In contracting with an independent audit firm and drawing from the results of the audit, auditing standards require SIGAR to review the work performed. Accordingly, SIGAR oversaw the audit and reviewed its results. SIGAR's review disclosed no instances wherein Conrad did not comply, in all material respects, with generally accepted government auditing standards issued by the Comptroller General of the United States.

March 2023

USAID's Assistance for the Development of Afghan Legal Access and Transparency Program: Audit of Costs Incurred by Dexis Consulting Group

SIGAR 23-19-FA

### WHAT SIGAR FOUND

Conrad identified three deficiencies, two of which were significant, in Dexis's internal controls, and three instances of noncompliance with the terms of the award. For example, the auditors found that Dexis did not have policies or procedures regarding the early submission and approval of timesheets; in 7 of 25 tested transactions, when employees submitted and supervisors approved timesheets prior to the end of the pay period, there was no evidence of a subsequent review showing the estimated hours were recorded correctly. The auditors also found that in 1 of 6 tested transactions, Dexis contracted with vendors without a quote or proposal solicitation, comparative bid analysis, or approved sole source justification form, as required by its procurement process. SIGAR notified Dexis of these deficiencies and compliance issues prior to publication of this report.

Because of the significant deficiencies in internal controls and instances of noncompliance, Conrad identified \$10,881 in total questioned costs, consisting entirely of unsupported costs—costs not supported with adequate documentation or that do not have required prior approval. Conrad did not identify any ineligible costs—costs prohibited by the agreements and applicable laws and regulations.

Category	Ineligible	Unsupported	Total Questioned Costs
Labor	\$0	\$2,602	\$2,602
Other Direct Costs	\$0	\$6,300	\$6,300
Indirect Costs	\$0	\$1,979	\$1,979
<b>Total Costs</b>	<b>\$0</b>	<b>\$10,881</b>	<b>\$10,881</b>

Conrad identified four prior audit reports that were relevant to the task order. These reports contained twelve findings that could have a material effect on the SPFS or other financial data significant to the audit objectives. Conrad conducted follow-up procedures and concluded that Dexis had taken adequate corrective action on all twelve findings.

Conrad issued an unmodified opinion on Dexis's SPFS, noting it presents fairly, in all material respects, revenues received, and costs incurred for the period audited.

### WHAT SIGAR RECOMMENDS

Based on the results of the audit, SIGAR recommends that the responsible agreement officer at USAID:

- 1. Determine the allowability of and recover, as appropriate, \$10,881 in questioned costs identified in the report.**
- 2. Advise Dexis to address the report's three internal control findings.**
- 3. Advise Dexis to address the report's three noncompliance findings.**



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

March 27, 2023

The Honorable Samantha Power  
Administrator, U.S. Agency for International Development

Mr. Sean Callahan  
Mission Director, U.S. Agency for International Development

We contracted with Conrad LLP (Conrad) to audit the costs incurred by Dexis Consulting Group (Dexis) under a U.S. Agency for International Development (USAID) Mission to Afghanistan contract task order to support Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) program.<sup>1</sup> The program's objectives included increasing the effectiveness and reach of the formal justice sector; strengthening linkages between the formal and traditional justice sectors; and increasing citizen demand for quality legal services. Conrad reviewed \$6,124,258 in costs charged to the contract from May 1, 2021, through February 28, 2022. Our contract with Conrad required that the audit be performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

Based on the results of the audit, SIGAR recommends that the responsible agreement officer at USAID:

- 1. Determine the allowability of and recover, as appropriate, \$10,881 in questioned costs identified in the report.**
- 2. Advise Dexis to address the report's three internal control findings.**
- 3. Advise Dexis to address the report's three noncompliance findings.**

Conrad discusses the results of the audit in detail in the attached report. We reviewed Conrad's report and related documentation. We also inquired about Conrad's conclusions in the report and the firm's compliance with applicable standards. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on Dexis's Special Purpose Financial Statement, or conclusions about the effectiveness of internal control over financial reporting or on compliance with laws and other matters. Conrad is responsible for the attached auditor's report, dated March 2, 2023, and the conclusions expressed therein. However, our review disclosed no instances in where Conrad did not comply, in all material respects, with U.S. generally accepted government auditing standards issued by the Comptroller General of the United States.

Please provide documentation related to corrective actions taken and/or target dates for planned completion for the recommendations to [sigar.pentagon.audits.mbx.recommendation-followup@mail.mil](mailto:sigar.pentagon.audits.mbx.recommendation-followup@mail.mil), within 60 days from the issue date of this report.

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

(F-244)

<sup>1</sup> The agreement numbers are AID-OAA-I-13-00034 and AID-306-TO-16-00007.

**Dexis Consulting Group**

Financial Audit of Revenues Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's Mission in  
Afghanistan  
Supporting the Assistance for the Development of Afghan Legal Access and  
Transparency (ADALAT) Program

For the period May 1, 2021 through February 28, 2022

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March 2, 2023

Board of Directors  
Dexis Consulting Group  
Washington, DC

Special Inspector General for Afghanistan Reconstruction ("SIGAR")  
Arlington, VA

Conrad LLP (referred to as "Conrad" or "we") hereby provides to you our final report, which reflects results from the procedures we completed during our audit of Dexis Consulting Group's Special Purpose Financial Statement for revenue received and costs incurred under Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007 ("Contract Task Order") awarded by the United States Agency for International Development's Mission in Afghanistan for the period May 1, 2021 through February 28, 2022, supporting the Assistance for the Development of Afghan Legal Access and Transparency Program.

On September 21, 2022, we provided SIGAR with a draft report reflecting our audit procedures and results. Dexis Consulting Group received a copy of the report on December 28, 2022 and provided written responses subsequent thereto. These responses have been considered in the formation of the final report, along with the written and oral feedback provided by SIGAR and Dexis Consulting Group. Additionally, Dexis Consulting Group's responses and Conrad's corresponding rebuttals are incorporated into this report following our audit reports.

Thank you for providing us the opportunity to work with you, and to conduct the audit of this Contract Task Order.

Sincerely,

A handwritten signature in blue ink that reads "S Perera". The signature is written in a cursive style with a horizontal line underneath the name.

Sam Perera, CPA, CFE, CITP, CGMA  
Partner

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
Supporting the Assistance for the Development of Afghan Legal Access and Transparency  
(ADALAT) Program

For the period May 1, 2021 through February 28, 2022

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### Background

On April 18, 2016, the United States Agency for International Development's Mission in Afghanistan ("USAID/Afghanistan") awarded Cost-Plus Fixed Fee Completion Type Task Order No. AID-306-TO-16-00007 under Contract No. AID-OAA-I-13-00034 (hereinafter referred to as "Contract Task Order" or "Award") to Checchi and Company Consulting Inc. ("Checchi") in support of the Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) Program (the "ADALAT Program"). On February 1, 2020, Checchi was acquired by Dexis Consulting Group ("Dexis") and operated as a subsidiary until August 1, 2021, at which time Dexis and Checchi merged.

The ADALAT Program works closely with Afghan justice institutions to increase the professionalism of justice sector actors, improve judicial administrative and management systems, and strengthen the Ministry of Justice Department and its interaction with traditional justice on civil-related matters. The purpose of the Contract Task Order is to improve citizen access to justice services based on Afghan law. To achieve the main purpose of this Contract Task Order, the ADALAT Program will advance three main sub-purposes:

1. Increased effectiveness and reach of the formal justice sector,
2. Strengthened linkages between the formal and traditional justice sectors, and
3. Increased citizen demand for quality legal services.

The original Contract Task Order established a three (3) year base period of performance from April 15, 2016 through April 14, 2019, with a total awarded amount of \$43,869,326 and two option years, which amounted to \$24,294,142 that would take the period of performance through April 14, 2021. The total Contract Task Order ceiling was \$68,163,468, and the two option periods were exercised. There were 14 modifications to the Contract Task Order which did not impact the total awarded amount. Modification No. 13 extended the period of performance through April 17, 2022 at no additional cost. Modification No. 14 then revised the period of performance end date to February 28, 2022. See the *Summary of Contract Task Order* below.

### Summary of Contract Task Order

Contract/Task Order Number	Original Budget and Period of Performance			Modified Budget and Period of Performance		
	Original Approved Budget (\$)	Start Date	End Date	Final Approved Budget (\$)	Start Date	End Date
AID-OAA-I-13-00034 / AID-306-TO-16-00007	\$68,163,468	04/15/16	04/14/19	\$68,163,468	04/15/16	02/28/22

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## **Dexis Consulting Group**

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
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(ADALAT) Program

For the period May 1, 2021 through February 28, 2022

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### **Work Performed**

Conrad LLP ("Conrad") was engaged by the Office of the Special Inspector General for Afghanistan Reconstruction ("SIGAR") to conduct a financial audit of the Contract Task Order previously mentioned above of Dexis' Special Purpose Financial Statement ("SPFS") for revenues received and costs incurred under the ADALAT Program for the period May 1, 2021 through February 28, 2022 with incurred costs of \$6,001,397 and fixed fee costs of \$122,861, for a total of \$6,124,258.

### **Objectives, Scope, and Methodology**

#### **Audit Objectives**

The objectives of the audit of the aforementioned Award include the following:

- *Special Purpose Financial Statement ("SPFS")* – Express an opinion on whether Dexis' SPFS for the Award presents fairly, in all material respects, the revenues received, costs incurred, items directly procured by the U.S. Government, and the balance for the period audited in conformity with the terms of the Award and generally accepted accounting principles or other comprehensive basis of accounting.
- *Internal Controls* – Evaluate and obtain a sufficient understanding of Dexis' internal controls related to the Award, assess control risk, and identify and report on significant deficiencies, including material internal control weaknesses.
- *Compliance* – Perform tests to determine whether Dexis complied, in all material respects, with the Award requirements and applicable laws and regulations; and identify and report on instances of material noncompliance with terms of the Award and applicable laws and regulations, including potential fraud or abuse that may have occurred.
- *Corrective Action on Prior Findings and Recommendations* – Determine and report on whether Dexis has taken adequate corrective action to address findings and recommendations from previous engagements that could have a material effect on the SPFS or other financial data significant to the audit objectives.

#### **Scope**

The scope of this audit included all revenues received and costs incurred under the Contract Task Order during the period May 1, 2021 through February 28, 2022. The total revenues received and costs incurred for the period were \$6,124,258, which included associated indirect costs. Our testing of the indirect cost was limited to determining if the indirect costs were calculated in accordance with the Contract Task Order and/or subsequently approved Negotiated Indirect Cost Rate Agreement ("NICRA").

(Continued)

## **Dexis Consulting Group**

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
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For the period May 1, 2021 through February 28, 2022

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### **Methodology**

In order to accomplish the objectives of this audit, we designed our audit procedures to include the following:

#### **Entrance Conference**

An entrance conference was held via conference call on April 13, 2022. Participants included representatives from Conrad, Dexis, SIGAR, and USAID/Afghanistan. The purpose of the entrance conference was to discuss the nature, timing, and extent of audit work to be performed, establish key contacts throughout the engagement, and schedule status briefings. We also discussed the timeframe for the completion of the audit.

#### **Planning**

During our planning phase, we performed the following:

- Obtained an understanding of Dexis;
- Reviewed the Contract Task Order and all modifications;
- Reviewed specific USAID/Afghanistan regulations that are applicable to the Contract Task Order;
- Performed a financial reconciliation; and
- Selected samples based on our sampling techniques. Based on our approved Audit Plan, we used the detailed accounting records that were reconciled to the financial reports, and based upon the risk assessment and materiality included as part of the approved Audit Plan, we performed data mining to assess individual expenditure accounts and transactions that were considered to be high, medium and low risk for inclusion in our test of transactions. None of the populations were homogeneous, meaning none of the costs were identical. Thus, statistical sampling was not used. All samples were selected on a judgmental basis. Our sampling methodology was as follows:
  - For accounts that appeared to contain unallowable and restricted items according to the terms of the Contract Task Order, Federal Acquisition Regulation, Part 16, Part 31, and Part 52 ("FAR 16", "FAR 31", and "FAR 52", respectively), USAID Acquisition Regulation ("USAID AIDAR"), and any other applicable regulations, we tested 100% of the transactions.
  - High risk cost categories – sample transactions greater than \$30,600 not to exceed 30% of the total amount expended for each cost category.

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## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
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For the period May 1, 2021 through February 28, 2022

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- Medium risk cost categories – sample transactions greater than \$61,200 not exceeding 20% of the total amount expended for each cost category.
- Low risk cost categories – sample transactions greater than \$61,200 not to exceed 10% of the total amount expended for each cost category, and not to exceed 50 transactions for all accounts comprising low risk categories.

### Internal Controls Related to the Contract Task Order

We reviewed Dexis' internal controls related to the Contract Task Order to understand the implemented internal control system to obtain reasonable assurance of Dexis' financial reporting function and compliance with applicable laws and regulations. This review was accomplished through interviews with management and key personnel, reviewing policies and procedures, identifying key controls within significant transaction cycles, and testing those key controls.

### Compliance with the Contract Task Order Requirements and Applicable Laws and Regulations

We performed tests to determine whether Dexis complied, in all material respects, with the Contract Task Order requirements, FAR 16, FAR 31, FAR 52, USAID AIDAR, and any other applicable laws and regulations. We also identified and reported on instances of material noncompliance with terms of the Award and applicable laws and regulations, including potential fraud or abuse that may have occurred.

### Corrective Action on Prior Findings and Recommendations

We requested prior audit reports from Dexis and reviewed these reports to determine if there were any findings and recommendations that could have a potential impact on this audit. We also searched various governmental websites, including SIGAR, USAID, and other Federal agencies, to identify previous engagements that could have a material effect on Dexis' SPFS. For those engagements, Conrad evaluated the adequacy of corrective actions taken on findings and recommendations that could have a material effect on the SPFS. Our review procedures included discussions with the management regarding corrective actions taken, reviewing evidence of revised policies and procedures or other applicable recommended actions, and conducting tests of items similar to those found in the prior findings. See the *Status of Prior Audit Findings* section on page 29.

### Special Purpose Financial Statements

In reviewing the SPFS, we performed the following:

- Reconciled the costs on the SPFS to the Contract Task Order and applicable general ledger;
- Documented procedures associated with controlling funds, including bank accounts and bank reconciliations;

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## **Dexis Consulting Group**

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
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(ADALAT) Program

For the period May 1, 2021 through February 28, 2022

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- Traced receipt of funds to the accounting records;
- Reviewed personnel costs to ensure they are supported, authorized, reasonable, and allowable; and
- Sampled and tested the costs incurred to ensure the costs were allowable, allocable to the Contract Task Order, and reasonable.

### Exit Conference

An exit conference was held on September 12, 2022 via conference call. Participants included representatives from Conrad, Dexis, SIGAR, and USAID/Afghanistan. During the exit conference, we discussed the preliminary results of the audit and reporting process.

### **Summary of Results**

As a result of our procedures, we issued an unmodified opinion on the SPFS and identified three findings that amounted to \$10,881 in questioned costs. We have summarized the details of these results in the *Findings and Questioned Costs* subsection below. Our summary is intended to present an overview of the audit results and is not intended to represent the audit results in their entirety.

### Auditor's Opinion on the SPFS

Conrad issued an unmodified opinion on the fairness of the presentation of the SPFS in all material respects, revenues earned, and costs incurred.

### Internal Controls and Compliance

Conrad also reported on Dexis' internal controls over financial reporting and compliance with laws, rules, and regulations, and the terms and conditions of the Contract Task Order. Based on our testing, we identified two significant deficiencies and one deficiency in Dexis' internal controls and three instances of non-compliance. In performing our testing, we considered whether the information obtained resulted in detected or suspected material fraud, waste, or abuse, which would be subject to reporting under *Government Auditing Standards*.

In response to the identified instances of internal control deficiencies and non-compliance, we identified \$10,881 in total unsupported questioned costs. Ineligible costs are explicitly questioned because they are unreasonable, prohibited by the Award provisions or applicable laws and regulations, or not Award related. Unsupported costs are not supported with adequate documentation or did not have required prior approvals or authorizations. The following summarizes the audit results:

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## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
 Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
 Awarded by the United States Agency for International Development's mission in Afghanistan  
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For the period May 1, 2021 through February 28, 2022

Finding Number	Nature of Finding	Matter	Ineligible Costs	Unsupported Costs	Cumulative Questioned Cost
2022-01	Non-compliance and Internal Control – Significant Deficiency	Timesheets approved and submitted prior to the pay period end	\$ -	\$ 4,581	\$ 4,581
2022-02	Non-compliance and Internal Control – Significant Deficiency	Dexis did not Adhere to its required Procurement Processes	-	6,300	10,881
2022-03	Non-compliance and Internal Control – Deficiency	Evidence of employee enrollment in the Smart Traveler Enrollment Program (“STEP”) was not maintained	-	-	10,881
<b>Total Questioned Costs</b>			<b>\$ -</b>	<b>\$ 10,881</b>	<b>\$ 10,881</b>

### Review of Prior Findings and Recommendations

Based on our request and search of prior engagements pertinent to Dexis' activities under the Contract Task Order, we identified four (4) prior audit reports with twelve (12) combined findings that could have a material effect on the SPFS or other financial data significant to the audit objectives. We have reviewed the corrective actions taken to address these findings and recommendations. Based on our review and inquiries, it was concluded that Dexis had taken adequate corrective actions on all the findings and recommendations. No issues were repeated during the period under audit. See *Status of Prior Audit Findings* on page 29 for a detailed description of the prior findings and recommendations.

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
Supporting the Assistance for the Development of Afghan Legal Access and Transparency  
(ADALAT) Program

For the period May 1, 2021 through February 28, 2022

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### Summary of Dexis' Responses to Findings

The following represents a summary of the responses provided by Dexis to the findings identified in this report. The complete responses from Dexis can be found in *Appendix A*, starting on page 36 of this report.

**Finding No. 2022-01:** Dexis agreed with the recommendations of returning the cost in questioned and will implement the recommended policy for ensuring the accuracy of early submission of employee's time. Since it is impractical to go back and verify the accuracy of the early submissions and approvals of timesheets for ADALAT where Afghanistan offices were closed, Dexis will return the \$4,581 questioned costs.

**Finding No. 2022-02:** Dexis agreed with the recommendation of returning the costs in questioned and indicated the recommended developed policy is already in place in Dexis Interactive.

**Finding No. 2022-03:** Dexis agreed with the recommendation and indicated the recommended policy is already in place in Dexis Interactive's Travel Policies.

(Continued)



## INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT

Board of Directors  
Dexis Consulting Group  
Washington, DC

To the Office of the Special Inspector General for Afghanistan Reconstruction  
2530 Crystal Drive  
Arlington, Virginia 22202

### Report on the Special Purpose Financial Statement

We have audited the accompanying Special Purpose Financial Statement of Dexis Consulting Group ("Dexis") and the related notes to the Special Purpose Financial Statement, with respect to United States Agency for International Development's Mission in Afghanistan Contract Task Order No. AID-306-TO-16-00007, Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) Program, for the period May 1, 2021 through February 28, 2022.

In our opinion, the Special Purpose Financial Statement referred to above presents fairly, in all material respects, the respective revenue received, costs incurred, and balances for the indicated period of May 1, 2021 through February 28, 2022, in accordance with the terms of the Award and requirements provided by the Office of Special Inspector General of Afghanistan Reconstruction.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Special Purpose Financial Statement section of our report. We are required to be independent of Dexis, 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 opinions.

### Basis of Presentation and Accounting

We draw attention to Notes 2 and 4 to the Special Purpose Financial Statement, which describes the basis of presentation and the basis of accounting. As described in Note 2 to the Special Purpose Financial Statement, the statement is prepared by Dexis based on the requirements provided by the Contract Task Order as required by SIGAR, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

(Continued)

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## **Responsibilities of Management for the Special Purpose Financial Statement**

Management is responsible for the preparation and fair presentation of the Special Purpose Financial Statement in accordance with the requirements provided by the Contract Task Order and the Office of the Special Inspector General of Afghanistan Reconstruction (“SIGAR”). Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the Special Purpose Financial Statement that is free from material misstatement, whether due to fraud or error.

## **Auditor’s Responsibilities for the Audit of the Special Purpose Financial Statement**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statement as a whole is 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 generally accepted auditing standards and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Special Purpose Financial Statement, 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 financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Dexis’ internal control. Accordingly, no such opinion is expressed.
- 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 financial statements.

We are required to 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our reports February 28, 2023 on our consideration of Dexis’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, Contract Task Order, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance, the results of that testing, and not to provide an opinion

(Continued)

on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dexis' internal control over financial reporting and compliance.

### **Restriction on Use**

This report is intended for the information of Dexis Consulting Group, the United States Agency for International Development's Mission in Afghanistan, and the Special Inspector General for Afghanistan Reconstruction, and is not intended to be and should not be used by anyone other than these specified parties. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905, should be considered before any information is released to the public. However, subject to applicable laws, this report may be released to Congress and to the public by SIGAR in order to provide information about programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

*Conrad LLP*

Lake Forest, California  
February 28, 2023

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
 Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
 Awarded by the United States Agency for International Development's mission in Afghanistan  
 Supporting the Assistance for the Development of Afghan Legal Access and Transparency  
 (ADALAT) Program

For the period May 1, 2021 through February 28, 2022

### Special Purpose Financial Statement

	Budget	Actual	Questioned Costs			Notes
			Ineligible	Unsupported	Total	
Revenues:						
<b>Contract Task Order No. AID-306-TO-16-00007</b>	\$20,013,132	\$ 6,001,397	\$ -	\$ -	\$ -	<b>(5)</b>
Fixed Fee	<u>202,483</u>	<u>122,861</u>				
Total revenues and fee	<u>20,215,615</u>	<u>6,124,258</u>	-	-	-	
Costs incurred:						
Direct Labor:						
Long-term expatriates	708,750	537,453	-	2,602	2,602	<b>(A), (B)</b>
Long-term local	1,351,742	867,545	-	-	-	
Short-term expatriates	321,405	11,681	-	-	-	<b>(B)</b>
Short-term local	182,520	97,375	-	-	-	
Local Staff	501,309	339,922	-	-	-	
Home office	95,741	75,758	-	-	-	
Allowances	392,778	80,254	-	-	-	
Fringe benefits	<u>35,593</u>	<u>62,647</u>	-	-	-	
Sub-total Direct Labor	3,589,838	2,072,635	-	2,602	2,602	
Travel, transportation, and per diem	184,840	157,838	-	-	-	
Other Direct Costs:						
Direct facilities/field office	580,788	161,105	-	-	-	
Communications & misc. office	137,211	50,400	-	-	-	
Expendable equipment & supplies	74,474	22,392	-	-	-	
Vehicles & non-expendable equip.	59,035	724	-	-	-	
Subcontracts	<u>2,037,200</u>	<u>844,263</u>	-	-	-	
Sub-total Other Direct Costs	2,888,708	1,078,884	-	-	-	
Project support costs	4,181,492	408,120	-	-	-	
Home office costs	135,163	129,023	-	6,300	6,300	<b>(C)</b>
Grants under contracts	6,000,000	678,527	-	-	-	
Security	1,129,896	377,123	-	-	-	
Indirect costs	<u>1,903,194</u>	<u>1,099,247</u>	-	1,979	1,979	<b>(D)</b>
Total costs without fee	20,013,131	6,001,397	<u>\$ -</u>	<u>\$ 10,881</u>	<u>\$ 10,881</u>	
Fixed fee	<u>202,483</u>	<u>122,861</u>				
Total costs with fee	<u>\$20,215,614</u>	<u>\$ 6,124,258</u>				
Outstanding fund balance	<u>\$ -</u>	<u>\$ -</u>				

See Notes to the Special Purpose Financial Statement and Notes to Questioned Costs Presented on the Special Purpose Financial Statement

(Continued)

## **Dexis Consulting Group**

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
Supporting the Assistance for the Development of Afghan Legal Access and Transparency  
(ADALAT) Program

For the period May 1, 2021 through February 28, 2022

### **Notes to Special Purpose Financial Statement<sup>1</sup>**

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#### **(1) Background**

On April 18, 2016, the United States Agency for International Development (USAID)/Afghanistan awarded Task Order No. AID-306-TO-16-00007 under Contract No. AID-OAA-I-13-00034 (hereinafter referred to as "Contract Task Order") to Checchi and Company Consulting, Inc. (CCCI) in support of USAID's Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) Program. The purpose of the Contract Task Order was to improve citizen access to justice services based on Afghan law. To achieve this purpose, the ADALAT Program had the following three main sub-purposes:

1. Increase effectiveness and reach of the formal justice sector;
2. Strengthen linkages between formal and traditional justice sectors; and
3. Increase citizen demand for quality legal services.

The Contract Task Order is a cost-plus fixed fee completion type task order. It was awarded in the original amount of \$43,869,327, consisting of \$42,338,030 in cost reimbursement and \$1,531,297 in fixed fee. The period of performance was a three-year base period from April 15, 2016, to April 14, 2019, with two one-year option periods. An amended Contract Task Order amount subsequently increased the contract value to \$68,163,468, consisting of \$65,846,494 in cost reimbursement and \$2,316,974 in fixed fee. In addition, a no-cost extension extended the period of performance through April 17, 2022. The Contract Task Order was modified 14 times for such reasons as exercising the option periods and modifying the contract clauses. Modification number 14 changed the contract end date to February 28, 2022.

#### **(2) Basis of Presentation**

The accompanying Schedule of Costs Incurred (Schedule) includes revenues under Contract Task Order No. AID-306-TO-16-00007 for the period of May 1, 2021 through February 28, 2022. The information in the Schedule is specific to the aforementioned Contract Task Order. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used, in the presentation of CCCI/Dexis' basic financial statements.

#### **(3) Status and Operation**

##### Accounting System Dates

The Schedule reflects all revenues earned and costs incurred under Contract Task Order No. AID-306-TO-16-00007 for the period May 1, 2021 through February 28, 2022. Only transactions

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<sup>1</sup> The Notes to the Special Purpose Financial Statement are the responsibility of Dexis.

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
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For the period May 1, 2021 through February 28, 2022

### Notes to Special Purpose Financial Statement<sup>1</sup>

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and/or adjustments incurred in accounting periods during the audit period have been included in the Schedule.

#### Acquisition and Merger

Checchi and Company Consulting, Inc. was purchased by Dexis Consulting Group effective February 1, 2020 and was merged into Dexis Consulting Group effective August 1, 2021.

#### (4) Summary of Significant Accounting Policies

##### Basis of Accounting

Expenditures reported on the Schedule are required to be presented in accordance with accounting principles generally accepted in the United States of America and, therefore, are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the cost principles of 48 CFR Part 31, Federal Acquisition Regulations System (FAR Part 31).

#### (5) Revenues

Revenues represent the amount of the funds entitled to be received for allowable direct costs (including labor and travel), grants under contract, security expenses, indirect costs, and fixed fee as defined in the Contract Task Order.

#### (6) Foreign Currency Translation

The Schedule is presented in U.S. dollars. Expenses that were paid in Afghanis (local currency) were converted into U.S. dollars (reporting currency) by using the current exchange rate obtained from the local Afghan bank.

#### (7) Costs Billed by Budget Category

<b>Cost Category</b>	<b>Amount</b>
Direct Costs	\$ 3,846,500
Grants Under Contracts	678,527
Security Costs	377,123
Indirect Costs*	1,099,247
Fixed Fee	122,861
<b>Total Estimated Cost-Plus Fixed Fee</b>	<b>\$ 6,124,258</b>

(\*) Indirect costs are reported based on the NICRA shown below:

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<sup>1</sup> The Notes to the Special Purpose Financial Statement are the responsibility of Dexis.

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
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For the period May 1, 2021 through February 28, 2022

### Notes to Special Purpose Financial Statement<sup>1</sup>

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Type	Date Issued	Effective Period		Indirect Cost Rates	
		From	Through	Long Term Overhead	Short Term Overhead
Provisional	03/24/2022	01/01/2021	7/31/2021	76.05%	38.20%

Note: Checchi merged with Dexis effective August 1, 2021. The novation of Checchi's contracts has now been approved and Dexis is in the process of preparing a budget realignment to reflect its indirect cost rates. Upon completion of the budget, it will be submitted to USAID/Afghanistan for contracting officer approval. Once the approval process is complete, Dexis will then submit an invoice to USAID/Afghanistan, which will reflect the Dexis rates from August 1, 2021.

**(8) Cost Sharing**

The ADALAT Program Contract Task Order did not require any cost-sharing during the period under audit.

**(9) Program Status**

Per modification 14, the contract end date was changed to February 28, 2022. There are still residual costs to be billed on the contract for expenses incurred prior to the end date.

**(10) Other**

During the period of audit, the ADALAT contract was impacted by the COVID global pandemic and the Taliban take-over of Afghanistan.

COVID-19 – The primary impact of the COVID-19 pandemic was the delay and then adjustments in delivery of training programs. Prior to COVID-19, training was in-person, often in locations most convenient/conducive to maximum participant attendance. ADALAT adjusted training delivery by utilizing more remote communication technologies, requiring larger venues to ensure adequate person-to-person distancing, and including the provision of PPE (masks, gloves and sanitizer) at all in-person training. Overall, the impact was kept to a minimum.

Taliban takeover – The Taliban takeover of the Afghanistan government in August 2021 resulted in the stoppage of programmatic activities. The downward security environment, particularly outside Kabul, led ADALAT to move expat project management staff to Dubai in July 2021.

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<sup>1</sup> The Notes to the Special Purpose Financial Statement are the responsibility of Dexis.

## **Dexis Consulting Group**

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
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For the period May 1, 2021 through February 28, 2022

### **Notes to Special Purpose Financial Statement<sup>1</sup>**

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ADALAT worked closely with its CO and the Partner Liaison Security Operation (PLSO) to coordinate and implement operational decision-point planning to determine security actions, including potentially returning to Kabul if the situation improved. However, the August 15th Taliban takeover, and resulting evacuation of the US embassy, resulted in the termination of all programmatic activities. ADALAT, per USAID instructions, did keep staff paid, monitored their safety/security situation (as much as possible), and assisted with staff's efforts to leave Afghanistan. The project formally ended as of February 28, 2022.

#### **(11) Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to the May 1, 2021 through February 28, 2022, period covered by the Statement. Management has performed their analysis through February 28, 2023.

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<sup>1</sup> The Notes to the Special Purpose Financial Statement are the responsibility of Dexis.

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
Supporting the Assistance for the Development of Afghan Legal Access and Transparency  
(ADALAT) Program

For the period May 1, 2021 through February 28, 2022

### Notes to Questioned Costs Presented on the Special Purpose Financial Statement<sup>2</sup>

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**(A) Long-Term Expatriates**

Dexis reported a total of \$537,453 in Long-Term Expatriates direct labor costs for the period of May 1, 2021 through February 28, 2022.

During our audit of these costs, we noted seven (7) instances where the employee submitted and the supervisor approved the timesheet one day prior to the end of the pay period. As a result of these findings, we questioned a total of \$2,602 in unsupported costs as described in **Finding No. 2022-01**.

**(B) Long-Term and Short-Term Expatriates**

Dexis reported a total of \$537,453 in Long-Term Expatriate and a total of \$11,681 Short-Term Expatriates direct labor costs for the period of May 1, 2021 through February 28, 2022.

During our audit of these costs, we noted six (6) instances where Dexis did not maintain documented evidence of employee registration in STEP prior to their travel to Afghanistan as required under the Contract Task Order. As the finding issue did not have any related costs incurred, there were no questioned costs as described in **Finding No. 2022-03**.

**(C) Home Office Costs**

Dexis reported a total of \$129,023 in Home Office Costs for the period of May 1, 2021 through February 28, 2022.

During our audit of these costs, we noted one (1) instance where Dexis did not follow its procurement policies and procedures prior to contracting with a vendor to perform services on the ADALAT Program. As a result of this finding, we questioned a total of \$6,300 in unsupported costs as described in **Finding No. 2022-02**.

**(D) Indirect Costs**

Dexis reported a total of \$1,099,247 in Indirect Costs for the period of May 1, 2021 through February 28, 2022. The indirect costs associated with questioned costs identified in **Note A** above resulted in total questioned indirect costs of \$1,979.

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<sup>2</sup> The Notes to Questioned Costs presented on the Special Purpose Financial Statement were prepared by the auditor for informational purposes only and as such are not part of the audited Special Purpose Financial Statement.

(Continued)



## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Board of Directors  
Dexis Consulting Group  
Washington, DC

To the Office of the Special Inspector General for Afghanistan Reconstruction  
2530 Crystal Drive  
Arlington, Virginia 22202

We have audited the Special Purpose Financial Statement and related notes to the Statement, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, by Dexis Consulting Group ("Dexis") under Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007, Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) Program, for the period May 1, 2021 through February 28, 2022. We have issued our report thereon dated February 28, 2023 with an unmodified opinion.

### Internal Control over Financial Reporting

In planning and performing our audit of the Special Purpose Financial Statement, we considered Dexis' internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Special Purpose Financial Statement, but not for the purpose of expressing an opinion on the effectiveness of the Dexis' internal control. Accordingly, we do not express an opinion on the effectiveness of Dexis' internal control.

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 financial statements 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify two significant deficiencies and one deficiency in internal control as

(Continued)

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described in the accompanying *Schedule of Findings and Questioned Costs*. **Finding No. 2022-01** and **Finding No. 2022-02** are considered to be significant deficiencies and **Finding No. 2022-03** is considered to be a deficiency.

### **Dexis Consulting Group's Response to Findings**

Dexis' response to the findings identified in our audit is included verbatim in *Appendix A*. Dexis' response was not subjected to the auditing procedures applied in the audit of the Special Purpose Financial Statement, and accordingly, we express no opinion on it.

### **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 Dexis' internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

### **Restriction on Use**

This report is intended for the information of Dexis Consulting Group, the United States Agency for International Development's Mission in Afghanistan, and the Special Inspector General for Afghanistan Reconstruction and is not intended to be and should not be used by anyone other than these specified parties. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public. However, subject to applicable laws, this report may be released to Congress and to the public by the Special Inspector General for Afghanistan Reconstruction in order to provide information about programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

The image shows a handwritten signature in blue ink that reads "Conrad LLP". The signature is written in a cursive, flowing style.

Lake Forest, California  
February 28, 2023

(Continued)



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

Board of Directors  
Dexis Consulting Group  
Washington, DC

To the Office of the Special Inspector General for Afghanistan Reconstruction  
2530 Crystal Drive  
Arlington, Virginia 22202

We have audited the Special Purpose Financial Statement and related notes to the Statement, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, by Dexis Consulting Group ("Dexis") under Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007,, Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) Program, for the period May 1, 2021 through February 28, 2022. We have issued our report thereon dated February 28, 2023 with an unmodified opinion.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dexis' Special Purpose Financial Statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and the Contract Task Order, noncompliance with which could have a direct and material effect on the determination of Special Purpose Financial Statement amounts. 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. As we performed our testing, we considered whether the information obtained during our testing indicated the possibility of fraud or abuse. Our testing did not indicate evidence of possible fraud or abuse. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying *Schedule of Findings and Questioned Costs* as **Finding Nos. 2022-01, 2022-02, and 2022-03**.

### Dexis Consulting Group's Response to Findings

Dexis' response to the findings identified in our audit is included verbatim in *Appendix A*. Dexis' response was not subjected to the auditing procedures applied in the audit of the Special Purpose Financial Statement, and accordingly, we express no opinion on it.

### 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 compliance. This report is an integral part

(Continued)

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of an audit performed in accordance with *Government Auditing Standards* in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

**Restriction on Use**

This report is intended for the information of Dexis Consulting Group, the United States Agency for International Development's Mission in Afghanistan, and the Special Inspector General for Afghanistan Reconstruction and is not intended to be and should not be used by anyone other than these specified parties. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905, should be considered before any information is released to the public. However, subject to applicable laws, this report may be released to Congress and to the public by the Special Inspector General for Afghanistan Reconstruction in order to provide information about programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

Conrad LLP

Lake Forest, California  
February 28, 2023

(Continued)

**Dexis Consulting Group**

Financial Audit of Revenue Received and Costs Incurred Under  
 Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
 Awarded by the United States Agency for International Development’s mission in  
 Afghanistan

Supporting the Assistance for the Development of Afghan Legal Access and  
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For the period May 1, 2021 through February 28, 2022

**Schedule of Findings and Questioned Costs**

**Finding No. 2022-01: Timesheets Submitted and Approved Prior to Pay Period End**

**Nature of Finding:** Non-Compliance; Internal Control – Significant Deficiency

**Condition:** Conrad tested 25 Long-Term Expatriate payroll transactions valued at \$218,711 out of a population of 68 total transactions valued at \$537,453 to determine if salaries and wages incurred under the Contract Task Order were adequately supported, accurate, and properly approved. During our payroll testing, we noted seven (7) instances where employees submitted, and supervisors approved timesheets prior to the end of the pay period or prior to the end of work day on the last day of pay period. Pursuant to our review of the supporting documentation and our inquiries with Dexis, Conrad found no evidence of a subsequent review of these timesheets indicating that the estimated hours were recorded correctly, reflecting actual work performed for the days in question. Dexis does not have policies or procedures regarding the early submission and approval of timesheets. As such, this resulted in questioned costs of \$2,602. The questioned amounts below represent the days when Dexis estimated the hours.

Title	Pay Period End	Date & Time Submitted	Date & Time Approved	Questioned Amount
<b>Monitoring and Evaluation (Sr.) Specialist</b>	6/30/2021	6/30/21 at 10:03am AFT	6/30/21 at 11:04am AFT	\$ 489
	10/15/2021	10/14/21 at 10:17am AFT	10/14/21 at 10:21am AFT	221
<b>Subcontracts Grants and Compliance Manager</b>	10/15/2021	10/14/21 at 09:01am AFT	10/14/21 at 09:41am AFT	296
	10/31/2021	10/31/21 at 10:49am AFT	10/31/21 at 10:52am AFT	297
<b>Deputy Chief of Party</b>	6/30/2021	6/30/21 at 09:15am AFT	6/30/21 at 10:54am AFT	652
	10/15/2021	10/14/21 at 11:23am AFT	10/14/21 at 11:28am AFT	323
	10/31/2021	10/31/21 at 11:09am AFT	10/31/21 at 11:10am AFT	324
<b>Total</b>				<b>\$ 2,602</b>

**Criteria:**

**Checchi and Company Consulting, Inc.’s Policies Manual Section I: Human Resources Policy and Procedures**, states in part:

*“5. Hours of Operation/Work Schedule*

*...The work hours are 8:00 am to 4:30 pm with a half hour lunch break...*

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
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For the period May 1, 2021 through February 28, 2022

### Schedule of Findings and Questioned Costs (Continued)

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#### 7. Timesheets

*All staff is required to complete monthly timesheets. Staff should present their completed and signed timesheets on the last working day of the month to their immediate supervisors. The COP approves timesheets for local and international staff."*

**FAR 31.201-2(d), Determining allowability**, states in part:

*"A contractor is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred, are allocable to the contract, and comply with applicable cost principles in this subpart and agency supplements. The contracting officer may disallow all or part of a claimed cost that is inadequately supported."*

**Cause:** Dexis allows employees to submit and supervisors to approve timesheets prior to close of business at the the end of a pay period in order for its payroll department to process payroll in a timely manner and to accommodate for situations where employees and their supervisors are in different time zones. However, Dexis' does not have policies or controls in place to verify the accuracy of the early submission and approval of timesheets.

**Effect:** Dexis' lack of policies and formal compensating controls to verify timesheet accuracy in the event of early submission and approval can potentially result in time incorrectly being charged to the ADALAT Program, as it increases the risk of the U.S. Government paying for work that was not actually performed.

**Questioned Costs:** Unsupported questioned costs identified totaled \$4,581, of which \$1,979 represents associated indirect costs.

#### **Recommendation:**

- (1) We recommend that Dexis provide USAID/Afghanistan with evidence that early timesheet submissions and approvals have been verified accurate or return \$4,581 in unsupported costs.
- (2) We recommend that Dexis develop policies and procedures to ensure that the early submission and approval of timesheets accurately reflect the time being charged to the ADALAT program.

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
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For the period May 1, 2021 through February 28, 2022

### Schedule of Findings and Questioned Costs (Continued)

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#### **Finding No. 2022-02: Dexis did not Adhere to its required Procurement Processes**

**Nature of Finding:** Non-Compliance; Internal Control – Significant Deficiency

**Condition:** Conrad tested 6 Home Office costs transactions valued at \$28,828 out of a population of out of 115 transactions valued at \$129,023 under the Home Office cost category to ensure transactions properly adhered to the procurement policies and procedures. During our testing, we noted one (1) instance where Dexis was unable to provide at least three quotes/proposals solicited, comparative bid analysis, or a sole source justification approved by the Chief of Party as required by its procurement process. This resulted in questioned costs in the amount of \$6,300.

**Criteria:**

**Checchi and Company Consulting, Inc.'s Procurement Policy Manual - Documentation and Approval Requirements**, states in part:

*"The following outline of documentation and approval requirements is provided to guide Checchi staff through the procurement process.*

*...\$3,001 - \$25,000 per transaction:*

*External Documentation: At least three quotes/proposals solicited*

*Internal Justification: Comparative bid analysis*

*Alternative Justification: Sole source justification approved by Chief of Party..."*

**Checchi and Company Consulting, Inc.'s Procurement Policy Manual – Procurement Activity Requirements**, states in part:

*"...A sole-source justification is required when the services and/or products are either available from only one source or an emergency situation exists where procurement must be expedited (lack of Checchi planning cannot be used to justify an emergency situation). Such cases are rare and adequate competition represents normal Checchi procedures..."*

**FAR 31.201-2, Determining allowability**, states in part:

*"(a) A cost is allowable only when the cost complies with all of the following requirements:*

*(1) Reasonableness...*

*(d) A contractor is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs*

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
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### Schedule of Findings and Questioned Costs (Continued)

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*claimed have been incurred, are allocable to the contract, and comply with applicable cost principles in this subpart and agency supplements. The contracting officer may disallow all or part of a claimed cost that is inadequately supported."*

**FAR 31.201-3, Determining reasonableness**, states in part:

*"(a) A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business. Reasonableness of specific costs must be examined with particular care in connection with firms or their separate divisions that may not be subject to effective competitive restraints. No presumption of reasonableness shall be attached to the incurrence of costs by a contractor. If an initial review of the facts results in a challenge of a specific cost by the contracting officer or the contracting officer's representative, the burden of proof shall be upon the contractor to establish that such cost is reasonable.*

*(b) What is reasonable depends upon a variety of considerations and circumstances, including-*  
*...(4) Any significant deviations from the contractor's established practices."*

**Cause:** Dexis stated that they had contracted with the vendor on previous projects for similar services and decided to contract with the vendor for the ADALAT Program without requiring a solicitation from other vendors or requiring a sole source justification form approved by the Chief of Party.

**Effect:** Lack of adherence to procurement policies and procedures to ensure competitive vendor/supplier selection can result in the acquisition of goods and/or services at inflated costs to the U.S. Government and can increase the risk of fraud, waste, and abuse.

**Questioned Costs:** Unsupported questioned costs identified totaled \$6,300. No indirect costs were associated with the questioned cost as Dexis does not apply indirect costs to Home Office costs.

#### **Recommendation:**

- (1) We recommend that Dexis provide evidence to demonstrate that the transaction in question were competitively procured, or that a sole source justification form was submitted to and approved by the Chief of Party, or return \$6,300 of unsupported costs.

(Continued)

## **Dexis Consulting Group**

Financial Audit of Revenue Received and Costs Incurred Under  
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Supporting the Assistance for the Development of Afghan Legal Access and  
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For the period May 1, 2021 through February 28, 2022

### **Schedule of Findings and Questioned Costs**

(Continued)

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- (2) We recommend that Dexis revise its policies and procedures to clarify that the procurement of goods and/or services must comply with Procurement Activity and Documentation and Approval Requirements even if Dexis intends to use a previously contracted vendor.

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
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For the period May 1, 2021 through February 28, 2022

### Schedule of Findings and Questioned Costs (Continued)

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#### **Finding No. 2022-03: Evidence of Employee Enrollment in the Smart Traveler Enrollment Program ("STEP") was not Maintained**

**Nature of Finding:** Non-Compliance; Internal Control – Deficiency

**Condition:** Conrad tested 58 employee files with salaries valued at \$1,391,769 out of a population of 151 files with salaries valued at \$1,977,950 to determine if the employees were in compliance with the term of the Contract Task Order and if the costs incurred were adequately supported, allowable, accurate, and properly approved. Based on our testing, we noted six (6) instances where Dexis did not maintain documentation of enrollment in the Smart Traveler Enrollment Program (STEP) for Long-Term and Short-Term Expatriates with American citizenship to ensure they were registered prior to their travel to Afghanistan.

**Criteria:**

**Section H.17 of the Contract/Task Order**, states:

*"The Implementing Partner (IP) must enroll all American citizens traveling to Afghanistan in STEP at [www.travel.state.gov](http://www.travel.state.gov). Information provided must be accurate and up-to-date and is applicable to both long-term and short-term travel funded by USAID".*

**Checchi and Company Consulting, Inc.'s Code of Business Ethics and Conduct Section 9: Record-Keeping, Financial Controls and Disclosures**, states in part:

*"...All of Checchi's books, records, accounts and financial statements must be maintained in reasonable detail,...must conform to applicable legal requirements, governmental contractual requirements and Checchi's system of internal controls."*

**Cause:** Dexis delegated the STEP enrollment responsibilities to its employees but did not require them to provide evidence of enrollment. In addition, there was a lack of supervisory review to ensure all applicable employees had been enrolled prior to their departure to Afghanistan.

**Effect:** Dexis violated the contract task order provision by not providing evidence that its employees are enrolled in the STEP program. The STEP program allows the U.S. Embassy in Afghanistan to better assist U.S. Citizens aboard in an emergency and a violation of the Cooperative Agreement provision.

**Questioned Costs:** No costs were questioned as a result of this finding.

(Continued)

## **Dexis Consulting Group**

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in  
Afghanistan

Supporting the Assistance for the Development of Afghan Legal Access and  
Transparency (ADALAT) Program

For the period May 1, 2021 through February 28, 2022

### **Schedule of Findings and Questioned Costs**

(Continued)

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**Recommendation:** We recommend that Dexis develop and implement policies and procedures clarifying that employees must enroll in STEP. In addition, Dexis should develop a system in which a record of employee STEP enrollment can be documented and maintained.

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
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For the period May 1, 2021 through February 28, 2022

### Status of Prior Audit Findings

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We requested prior audit reports from Dexis, formerly Checchi and Company Consulting, Inc. (Checchi/CCCI) and SIGAR. We also conducted our own research for any prior engagements, including audits, reviews, and evaluations pertinent to Dexis' activities. We identified four (4) prior audit reports conducted on behalf of USAID and SIGAR. Based on our review of these reports, we identified twelve (12) prior findings that we believe could have a material effect on the SPFS and other financial data significant to the audit objectives. Our review procedures included a follow-up discussion with Dexis' management and conducting similar tests surrounding the identified areas during our current audit. We have summarized the results of our procedures below:

**(1) Report: SIGAR Financial Audit Report No. 17-38 dated May 2018 of costs incurred under Contract No. AID-306-C-12-00012 in support of USAID's Results Tracking Phase II (SUPPORT II) Program for the period July 1, 2014 through June 30, 2016**

**Finding 2017-1:** Excess Reimbursement for Travel: A consultant was reimbursed for eligible travel expenses at an amount in excess of the supporting documentation resulting in \$31 in questioned costs.

**Status:** Checchi asserted that there was a "human error" in calculating the amount of reimbursement due to a consultant for travel expenses. Checchi refunded the \$31 to USAID. Based on our testing for this engagement, this issue was not repeated. As such, we concluded that Dexis had taken adequate corrective action on this finding.

**Finding 2017-2:** Prepaid Rent on Leased Facilities: Monthly lease payments for facilities in Kabul, Afghanistan, were paid in advance for a period of one year and charged in full to the Contract at the time they were paid. Checchi occupied and used the facilities for the entire year, maintained its accounting records, and prepared the SPFS on the accrual basis of accounting. Under the accrual basis of accounting, the lease payments made in advance should have been recorded as prepaid expenses, then subsequently recognized monthly throughout the period of the lease. The lease expense would then have been charged to the Contract monthly. No costs were questioned as the entire rent was incurred.

**Status:** Checchi disagreed with the finding as it was the standard practice in Afghanistan for landlords to require upfront payment of all rent due for the entire rental period and concluded that the criteria cited in the report was invalid. Based on our testing for this engagement, this issue was not repeated. As such, we concluded that Dexis had taken adequate corrective action on this finding.

**Finding 2017-3:** Misclassified Expenses: Checchi misclassified \$14,343 of travel expenses and reported those expenses as other direct costs on the SPFS. No costs were questioned as a result of this finding, as the costs were adequately supported, allowable, and allocable to the Contract.

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
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(ADALAT) Program

For the period May 1, 2021 through February 28, 2022

### Status of Prior Audit Findings (Continued)

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**Status:** Checchi disagreed with the finding as it was Checchi's practice to categorize all out-of-pocket costs associated with specific conferences and events, including travel costs, as Program Activities under the other direct cost line item. Checchi also stated that categorizing all out-of-pocket costs associated with specific events, including travel costs, as Program Activities does not conflict with FAR 31.201-2(d) and is a reasonable exercise of Checchi's discretion. Based on our testing for this engagement, this issue was not repeated. As such, we concluded that Dexis had taken adequate corrective action on this finding.

**Finding 2017-4:** Subcontractor's Fraudulent Time Reported and Billed: Checchi self-reported a fraudulent incident by one of its monitoring and verification subcontractors in July 2016. During the two option years, the subcontractor billed at a rate for services significantly greater than the actual compensated labor rate. Checchi identified a total of \$89,494 in excess billings to USAID as a result of this incident and immediately credited the amount to USAID in August 2016. Checchi also terminated its subcontract on July 4, 2016. No costs were questioned as Checchi self-reported the fraudulent activity and immediately credited USAID on its next billing for the amount of the fraud.

**Status:** Checchi disagreed with the conclusion that the facts leading Checchi to self-report a subcontractor's fraudulent time and billing constitute an internal control material weakness and do not believe any recommendation is necessary. Based on our testing for this engagement, this issue was not repeated. As such, we concluded that Dexis had taken adequate corrective action on this finding.

**(2) Report: SIGAR Financial Audit Report No. 20-41 of costs incurred under Contract No. AID-OAA-I-13-00034, Order No. AID-306-TO-16-00007 in support of the Afghanistan Development Assistance for Legal Access and Transparency (ADALAT) Program for the period October 1, 2017 through June 30, 2019**

**Finding 2020-01:** Costs Incurred Outside of SPFS Period: Checchi prepared the SPFS on the accrual basis of accounting but recorded four transactions on the cash basis of accounting which overstated costs by \$16,187 for the period reviewed.

**Status:** Checchi provided evidence that the costs incurred prior to the audit period were not previously billed to USAID and stated that the Vice President of Finance would establish procedures to review future statements prior to submission to ensure that costs are reported on the accrual basis of accounting and train staff on the procedures. Based on our testing for this engagement, this issue was not repeated. As such, we concluded that Dexis had taken adequate corrective action on this finding.

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
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For the period May 1, 2021 through February 28, 2022

### Status of Prior Audit Findings (Continued)

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**Finding 2020-02:** Checchi charged airfare for a family member of a female employee to the Contract Task Order. The airfare was for travel solely within Afghanistan. CCCI indicated that USAID had approved similar travel for "mahram" in the past on other projects, but no documentation was provided to support this approval. This resulted in questioned costs of \$600.

**Status:** Checchi stated that a meeting was held on March 7, 2018 with the Contracting Officer Representative and Assistant Contracting Officer Representative (ACOR), and verbally approved that the "mahram" travel costs were allowable. Checchi stated that it would seek prior written approval in the future. Based on our testing for this engagement, this issue was not repeated. As such, we concluded that Dexis had taken adequate corrective action on this finding.

**Finding 2020-03:** Approval for International Travel not Requested Timely: There were three (3) transactions that represented international travel for which prior approval from the USAID COR was not requested at least three weeks prior to travel. However, the COR did approve requests for all three transactions after the request was submitted. As such, there were no questioned costs associated with this finding as the COR did approve the international travel after the request was submitted and before the travel occurred.

**Status:** Checchi stated that it would, whenever possible, submit a request for international travel to the COR for approval at least three weeks in advance of travel. Based on our testing for this engagement, this issue was not repeated. As such, we concluded that Dexis had taken adequate corrective action on this finding.

**Finding 2020-04:** Approval of Expenses not Consistently Documented: The journal entry edit report was not signed by the reviewer and signature authority for two Home Office transactions in the total amount of \$1,234. Additionally, the journal voucher was not approved for one Security transaction in the amount of \$56,881. There were no questioned costs associated with this finding as the costs were otherwise deemed to be reasonable, allowable, and allocable to the Contract Task Order.

**Status:** Checchi stated that the Vice President of Finance provided further training to all employees to ensure that documentation supporting accounting transactions is initialed by both the preparer/requester and approver as required. Based on our testing for this engagement, this issue was not repeated. As such, we concluded that Dexis had taken adequate corrective action on this finding.

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
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For the period May 1, 2021 through February 28, 2022

### Status of Prior Audit Findings (Continued)

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**(3) Report: USAID Financial Audit Report of costs incurred under Contract No. AID-306-C-12-00012 in support of USAID's Program and Project Offices for Results Tracking, Phase II (SUPPORT II) Program for the period from April 1, 2018 through July 4, 2019**

**Finding 2020-01:** Noncompliance with NTA Salary Scale Guideline Compensation Limit: Checchi did not comply with the required compensation limit established for Cooperating Country National (CCN) employees by the NTA salary scale guideline resulting in ineligible questioned costs of \$14,731.

**Status:** Checchi agreed with the finding concerning the salary of the Regional Manager. Checchi will refund the total direct labor of \$8,413 at the updated provisional indirect rates per our NICRA dated 12/3/19. Checchi also provided training to its in-country staff, so they understand the requirements of the NTA guidelines. Based on our testing for this engagement, this issue was not repeated. As such, we concluded that Dexis had taken adequate corrective action on this finding.

**(4) Report: USAID Performance Audit Report on the Adequacy of the Accounting System Administration for Contract No. AID-OAA-E-12-00370, Call Order No. AID-OAA-BC-15-00011**

**Finding #1:** Missing Controls over Accounting System Compliance Reviews: Checchi did not periodically review the accounting system for compliance with its established policies, procedures, and accounting practices.

**Status:** Checchi stated that annually and in the event of a significant change to their business, Checchi will review the accounting system for compliance with its established policies, procedures, and accounting practices. The Vice President of Finance will conduct the review with support from the accounting staff, and the findings will be reviewed and approved by the President of the Company. The findings of each review will be documented in writing and included in the Company's corporate files. A description of the procedure is to be added to the Accounting Policies and Procedures Manual. Based on our testing for this engagement, we concluded that Dexis had taken adequate corrective action on this finding.

**Finding #2:** Insufficient Policies and Procedures: Checchi did not provide requested policies and procedures such as:

- The existence and periodic meetings of a Board of Directors
- Maintenance and annual up-keep of an organizational chart
- New contracts are signed by an appropriate official
  - Project codes are created for new contracts
  - Projects are set up in the system to meet specific requirements (i.e. setting up provisional rates, ceilings, and funding limitations)

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
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For the period May 1, 2021 through February 28, 2022

### Status of Prior Audit Findings (Continued)

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- How employees obtain access to charge codes
- How unallowables are coded in the general ledger
- Compliance with NICRA rates and indirect rate ceilings
- Obtaining and processing of field office monthly expenses
- The inclusion of accounts and elements in cost pools and allocation bases
- Reconciliation of sub-ledgers process
- Adjustment of the entry process to include preparer and approval processes
- Maintenance of Generally Accepted Accounting Principles (GAAP) and Cost Accounting Standards (CAS) compliance
- Month-end close process
- Compliance with NICRA rates and indirect rate ceilings
- Timely disclosure of violations of Federal law; conflicts of interest, bribery, or gratuity; or violations of the civil False Claims Act in connection with Government contracts to the Office of Inspector General (OIG).

**Status:** Checchi stated the following:

- Checchi's practice is to have an annual board meeting approximately three to four months after the end of the fiscal year. Checchi retains the minutes of all Board of Directors meetings in the corporate files. Checchi will include a description of this practice in a new Corporate Policies and Procedures Manual.
- Checchi will include a requirement in the new Corporate Policies and Procedures Manual to update our organizational chart annually and whenever there are significant changes in the organizational structure (i.e., change in an officer of the Company). All updates will show the date that the chart was updated.
- Checchi's policy is that only officers or directors of the Company may sign new contracts. The new Corporate Policies and Procedures Manual will include a description of this policy.
- The Vice President of Finance (VPF) is responsible for setting up project codes. Codes will be communicated to project staff by email or memo. A description of this policy will be included in the Accounting Policies and Procedures Manual.
- The VPF is responsible for ensuring that projects are set up in the system to meet contract requirements. A description of this policy will be included in the Accounting Policies and Procedures Manual.

(Continued)

## **Dexis Consulting Group**

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
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### **Status of Prior Audit Findings** (Continued)

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- The VPF is responsible for giving employees access to charge codes. Charge codes will be communicated to the appropriate employees by email or memo. A description of this policy will be included in the Accounting Policies and Procedures Manual.
- The VPF is responsible for implementing the company's current policy for determining how unallowables are coded to the general ledger. A description of this policy and coding procedures will be included in the Accounting Policies and Procedures Manual.
- Checchi's compliance with the NICRA rates and indirect rate ceilings is the responsibility of the VPF. When reviewing all contract billings, the VPF reviews the indirect rates to make sure they are consistent with the Company's NICRA rates and do not exceed any indirect rate ceilings. After completing his review, the VPF initials the invoice, indicating his approval. A description of this policy and coding procedures will be included in the Accounting Policies and Procedures Manual.
- A description of Checchi's existing procedures for processing monthly field office expenses will be added to the Accounting Policies and Procedures Manual. Evidence of the preparation, processing, and approval of all monthly field office expenses will be attached to the monthly field office expense report.
- A description of accounts and elements in cost pools and allocation bases will be added to the Accounting Policies and Procedures Manual.
- A description of Checchi's procedures for the reconciliation of sub-ledgers will be added to the Accounting Policies and Procedures Manual. Checchi's VPF will initial his approval of the reconciliation of the sub-ledgers on a monthly basis.
- A description of Checchi's procedures for preparing and approving adjusting entries will be added to the Accounting Policies and Procedures Manual. Checchi's accountant and VPF will indicate that they have prepared and approved the entries, respectively, by initialing the monthly general journal.
- It is Checchi's policy to prepare the accounting records in accordance with GAAP principles and CAS compliance standards. We note that criterion 18 directly addresses this issue and that Checchi met all four sub-criteria. Nevertheless, Checchi will describe the following procedures in the Accounting Policies and Procedures Manual. On a quarterly basis, the VPF prepares and certifies that the financial statements are prepared in accordance with GAAP. The VPF will also certify that the financial statements comply with CAS.

(Continued)

## Dexis Consulting Group

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
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For the period May 1, 2021 through February 28, 2022

### Status of Prior Audit Findings (Continued)

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- A description of Checchi's procedures for month-end close and year-end close will be added to the Accounting Policies and Procedures Manual. The VPF will provide evidence that this process has been completed by initialing his approval on the final G/L for the month or year-end.
- See response above to bullet item "Compliance with Negotiated Indirect Cost Rate Agreement (NICRA) rates and indirect rate ceilings."
- Checchi will document its policies and procedures for timely disclosure of violations to the OIG and/or other appropriate authority in the new Corporate Policies and Procedures Manual.

Based on our testing for this engagement, we concluded that Dexis had taken adequate corrective action on this finding.

**Finding #3:** Lack of Information System (IS) Safeguards: Checchi does not always document the extent to which the IS safeguards operate or that Checchi management performs its own internal reviews to validate the safeguards continue to operate as intended. Checchi does not have formal policies and procedures over the design and implementation of IS safeguards.

**Status:** Checchi stated the following:

- Checchi will develop a checklist for periodic review of users' roles to identify segregation of duties and document the requirement for the review in the Accounting Policies and Procedures Manual.
- Cecchi will develop a checklist for periodic review over access levels and privileges within the accounting system and document the requirement for the review in the Accounting Policies and Procedures Manual.
- Checchi will require all Checchi accounting system users to change their passwords every 60 days. The administrator will verify and document that users have changed their passwords. This procedure will be added to the Accounting Policies and Procedures Manual.

Based on our testing for this engagement, we concluded that Dexis had taken adequate corrective action on this finding.

(Continued)

**Dexis Consulting Group**

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
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For the period May 1, 2021 through February 28, 2022

**Dexis Consulting Group's Responses to Audit Findings**

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Included on the following pages are Dexis's responses received to the findings identified in this report.

(Continued)



January 17, 2023

Sam Perera, CPA, CFE, CITP, CGMA  
 Partner  
 Conrad LLP  
 23161 Lake Center Drive  
 Suite 200  
 Lake Forest, CA 92630

Subject: Financial Audit of Revenues Received and Costs Incurred Under Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007 Awarded by the United States Agency for International Development's Mission in Afghanistan Supporting the Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) Program for the Period May 1, 2021 through February 28, 2022

Dear Sir or Madam:

We confirm receipt of the Draft Report on the Financial Audit of Revenue and Costs incurred on the above reference contract, prepared by Conrad LLP. Listed below are our responses to the findings and questioned costs in the draft report.

**1. Finding Number 2022-01: Non-compliance and Internal Control – Significant Deficiency (questioned costs \$4,581).**

Recommendation (1): Dexis agrees with the recommendation of returning the funds. Since it is impractical to go back and verify the accuracy of the early submissions and approvals of timesheets for ADALAT where Afghanistan offices were closed, Dexis will return the \$4,581 questioned costs.

Recommendation (2): Dexis agrees with the recommendation and will implement the policy where applicable. The time keeping in our field offices outside the United States, is done locally and in strict coordination between the employees and their supervisors. Any early submission and/or approval of timesheets would involve a close visibility of the employee work by their supervisors. As a general procedure, and if necessary, only half a day in advance is considered a valid early submission and approval of timesheets assuring that the work is performed as stated.

**2. Finding Number 2022-02: Non-compliance and Internal Control – Significant Deficiency (questioned costs \$6,300).**

Recommendation (1): Dexis agrees with the recommendation and will return \$6,300 questioned costs.

Recommendation (2): Dexis agrees with the recommendation. This policy is already in place at Dexis Interactive. The ADALAT Program was a legacy contract from the former company

Checchi, which was acquired by Dexis. Dexis Interactive has Field Accounting Manual and Procurement Policies and Procedures that are implemented in all field offices. This assures the Procurement Activity follows clear processes and provides open and efficient selection of vendors.

**3. Finding Number 2022-03: Non-compliance and Internal Control – Significant Deficiency (no questioned costs).**

Recommendation: Dexis appreciates the recommendation. This policy is already in place at Dexis Interactive. STEP is incorporated in Dexis Interactive's Travel Policies and guidance to travelers.

Thank you.

Sincerely,



Elena Dixon (Jan 17, 2023 16:30 EST)

Elena Dixon  
Interim Chief Financial Officer

**Dexis Consulting Group**

Financial Audit of Revenue Received and Costs Incurred Under  
Contract No. AID-OAA-I-13-00034, Task Order No. AID-306-TO-16-00007  
Awarded by the United States Agency for International Development's mission in Afghanistan  
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For the period May 1, 2021 through February 28, 2022

**Auditor's Rebuttal to Dexis Consulting Group's Responses to Audit Findings**

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Dexis agreed with all three findings and recommendations. As such, no rebuttal necessary.

(Continued)

## SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

## Obtaining Copies of SIGAR Reports and Testimonies

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## To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: [www.sigar.mil/fraud](http://www.sigar.mil/fraud)
- Email: [sigar.pentagon.inv.mbx.hotline@mail.mil](mailto:sigar.pentagon.inv.mbx.hotline@mail.mil)
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

## SIGAR's Mission

Public Affairs Officer

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