



# DCAA

DEFENSE CONTRACT AUDIT AGENCY

**Audit Report No. 3141-2014D17740007**

**Chicago Branch Office**

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Oakbrook Terrace, IL 60181-4041

October 2, 2014

## **Independent Audit Report on Advent Business Company, Inc.'s Preadward Accounting System Design**

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## EXECUTIVE SUMMARY

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### ABOUT ADVENT BUSINESS COMPANY, INC.

Advent Business Company, Inc. (Advent) was incorporated by the State of Illinois in 2009. The contractor is a Software Professional Company and provides on-line support at customer locations. Advent has a support team and professional network with ability to scale up operations at short notice based on customer needs and contract requirements. Advent has leased space in Aurora, Illinois to meet its administrative needs. Advent currently has two employees. Contractor Fiscal Year (CFY) 2013 sales were \$200,339, of which \$64,538 (33%) were government sales. Advent's accounting period is from January 1 to December 31. Advent uses QuickBooks software for its financial accounting system.

### ABOUT THIS AUDIT

As requested by Mr. Gary W. Byram, Naval Surface Warfare Center - Procurement Contracting Officer, we examined Advent's accounting system to determine whether the design of the system is acceptable for the award of a prospective contract, in accordance with the criteria set forth in FAR 53.209-1(f), Standard Form 1408 (SF 1408), Pre-award Survey of Prospective Contractor Accounting System.

### WHAT WE FOUND

Advent's accounting system is suitably designed for award of a prospective contract. The accounting system is set up, but not yet in operation. To determine if the accounting system design was properly implemented, we recommend a follow-up audit after contract award.

**REPORT ON ADVENT BUSINESS COMPANY, INC.'S ACCOUNTING SYSTEM DESIGN**

As requested on July 22, 2014, we examined Advent Business Company, Inc.'s (ABC) accounting system design to determine if it complies with FAR 53.209-1(f), Standard Form 1408 (SF 1408), Preaward Survey of Prospective Contractor Accounting System requirements.

**Management's Responsibility**

Advent's management is responsible for establishing and maintaining an acceptable accounting system design for accumulating costs under prospective Government contracts.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the acceptability of the design of the accounting system for the award of a prospective contract based on our examination. We conducted our examination in accordance with Generally Accepted Government Auditing Standards (GAGAS).

GAGAS requires that we plan and perform the examination to obtain reasonable assurance about whether Advent's accounting system design materially complies with the criteria cited above. An examination includes performing procedures to obtain evidence about whether Advent's accounting system design materially complies with the criteria cited above. The nature, timing, and extent of the procedures selected depend on our professional judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error, and involve examining evidence about the accounting system design.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion. Our examination does not provide a legal determination on Advent's compliance with the criteria cited above.

**Unqualified Opinion with Recommendation for Follow-up**

In our opinion, Advent's accounting system design complies in all material respects, with the criteria contained in FAR 53.209-1(f), Standard Form 1408 (SF 1408), with the recommendation that an accounting system audit be performed after contract award. The accounting system is set up, but not yet in operation.

We have completed a Standard Form 1408, Preaward Survey of Prospective Contractor Accounting System (Appendix, page 7).

*EXIT CONFERENCE*

We discussed the results of our examination with Mr. Rajesh Gupta, Advent's President and CEO, in an exit conference held on September 30, 2014. We notified Mr. Gupta that the accounting system is in compliance with FAR 53.209-1(f); however, we recommend a follow-up audit if a contract is awarded, because the system is set up, but not yet in operation. Mr. Gupta concurred with our determination.

**DCAA PERSONNEL**

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General information on audit matters is available at <http://www.dcaa.mil>.

**RELEVANT DATES**

Request for Audit: July 22, 2014  
Entrance Conference: August 19, 2014  
Exit Conference: September 30, 2014  
Requested Due Date: October 21, 2014

**AUDIT REPORT AUTHORIZED BY:**

GORDON H. TRELOAR  
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**AUDIT REPORT DISTRIBUTION**

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**RESTRICTIONS**

1. The contents of this audit report should not be released or disclosed, other than to those persons whose official duties require access in accordance with Department of Defense (DoD) Manual 5200.01, Volume 4 - DoD Information Security Program, February 2012, Enclosure 3, paragraph 2.d. This document may contain information exempt from mandatory disclosure under the Freedom of Information Act. Exemption 4, of the Freedom of Information Act, which addresses proprietary information, may apply.

It is not practical to identify during the conduct of the audit those elements of the data that are proprietary. You should make proprietary determinations in the event of an external request for access. Unauthorized disclosure of proprietary information violates Title 18 United States Code (U.S.C.) 93 §1905 and, if the information is contractor bid or proposal or source selection information, Title 41 U.S.C. 21 § 2102. Any person who unlawfully discloses such information is subject to penalties such as fines, imprisonment, and/or removal from office or employment.

2. Under the provisions of Title 32, Code of Federal Regulations, Part 290.7(b), the Defense Contract Audit Agency will refer any Freedom of Information Act requests for audit reports received to the cognizant contracting agency for determination as to releasability and a direct response to the requestor.
3. The Defense Contract Audit Agency has no objection to the release of this report, at the discretion of the contracting agency, to authorized representatives of Advent.
4. Do not use the information contained in this audit report for purposes other than action on the subject of this audit without first discussing its applicability with the auditor.



**STANDARD FORM 1408**

**The Standard Form 1408 is included as Attachment 1 to this report. Press the paperclip icon on the left side of the Adobe Reader to see the list of attachments and double-click on an attachment to open it.**