



MEMORANDUM

DATE: April 3, 2019

TO: USAID/Management/Office of Acquisition and Assistance Cost Audit and Support Division, Branch Chief, David A. McNeil

FROM: Deputy Assistant Inspector General for Audit, Alvin Brown/s/

SUBJECT: Examination of Costs Claimed for The Louis Berger Group, Inc. Integrated Development Segment for the Fiscal Years Ended June 30, 2009 and 2010 (3-000-19-014-I)

This memorandum transmits the final examination report on the examination of costs claimed for The Louis Berger Group, Inc. Integrated Development Segment (LBGID) on in-scope contracts and subcontracts for the fiscal years (FYs) ended June 30, 2009 and 2010 are allowable, allocable and reasonable in accordance with contract terms; Part 31 of the Federal Acquisition Regulation (FAR); Agency for International Development Acquisition Regulations (AIDAR); Department of State Standardized Regulations (DSSR); and 2 Code of Federal Regulations (CFR) 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit, and Support Division contracted with Kearney & Company to conduct the examination. The contract required the audit firm to perform the examination in accordance with generally accepted government auditing standards.

The audit firm states that it performed its examination in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in generally accepted government auditing standards. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed on in-scope contracts and subcontracts for each FY is allowable, allocable and reasonable in accordance with contract terms; Part 31 for the FAR; AIDAR; DSSR; and 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.¹

The examination's objectives were to express an opinion on whether the costs claimed by LBGID on in-scope contracts and subcontracts for the two FYs ended September 30, 2010 are allowable, allocable, and reasonable in accordance with contract terms; Part 31 of the FAR; AIDAR, DSSR, and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable.

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the examination report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the examination performed.

The audit firm expressed an adverse opinion that costs claimed by LBGID on in-scope contracts and subcontracts for the FYs ended June 30, 2009 and 2010 are not allowable, allocable, and reasonable in accordance with contract terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable, in all material respects. The audit firm did not render an opinion on the effectiveness of the contractor's accounting systems and related internal controls. The auditor's examination disclosed one finding, consisting of an instance of material non-compliance with laws, regulations, or contract terms required to be reported under generally accepted government auditing standards. The audit firm questioned \$1,145,539 in unsupported direct costs and indirect costs of \$60,535, composed of \$46,619 in overhead pool costs, and \$13,916 G&A pool costs applicable to USAID.

To address the issues identified in the audit report, we recommend that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division:

Recommendation 1. Determine the allowability of \$1,145,539 in unsupported direct questioned costs detailed on pages 1 and 12 of the audit report and recover any amounts unallowable.

Recommendation 2. Verify that The Louis Berger Group, Inc. Integrated Development Segment corrects Finding # 1 detailed on page 10 through 12 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision. We appreciate the assistance extended to audit staff during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addresses because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").