



MEMORANDUM

DATE: January 22, 2020

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

FROM: Acting Director of External Financial Audits Division, Steven Shea/s/

SUBJECT: Examination of Costs Claimed for Crown Agents, USA, Inc. for the Fiscal Years Ended December 31, 2014 and 2015 (3-000-20-011-I)

This memorandum transmits the final audit report on the examination of costs claimed for Crown Agents, USA, Inc. (CA) on in-scope awards and subawards for the fiscal years (FY) ended December 31, 2014 and 2015. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost Audit and Support Division contracted with the independent certified public accounting firm of Kearney & Company, P.C. (Kearney & Company) to audit in accordance with generally accepted government auditing standards and determine whether cost claimed are allowable, allocable and reasonable in accordance with the award terms; Part 31 of the Federal Acquisition Regulation (FAR); Agency for International Development Acquisition Regulation (AIDAR); Department of State Standardized Regulation (DSSR); and 2 Code of Federal Regulations (CFR) 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, as applicable. Kearney & Company states that it performed the 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. Kearney & Company is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by CA on in-scope awards and subawards for the FYs ended December 31, 2014 and 2015, are allowable, allocable, and reasonable in accordance with award 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 respects¹.

The objective of this examination was to express an opinion on whether the costs claimed by

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 audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

CA on in-scope awards and subawards for each of the years ended December 31, 2014 and 2015 are allowable, allocable, and reasonable in accordance with award 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. To answer the audit objective, Kearney & Company designed its testing procedures to evaluate the internal control environment surrounding CA's subcontract management process and to verify that CA had adequate controls in place for monitoring subcontract costs. Kearney & Company performed testing procedures to determine whether costs billed to CA by its subcontractors and claimed as subcontractor costs in CA's incurred costs proposals (ICP) are allowable, allocable, and reasonable, in all material respects. Kearney & Company also evaluated the claimed costs report in the ICPs for compliance with the applicable requirements contained in the FAR, AIDAR, DSSR, and other specific contract provisions. The audit firm examined USAID's incurred costs of \$4,886,895 for the two years ended December 31, 2014 and 2015.

Kearney & Company expressed an unmodified opinion that costs claimed by CA on in-scope awards and sub awards for the two years ended December 31, 2014 and 2015 were allowable, allocable, and reasonable in accordance with award 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. Kearney & Company's examination did not disclose any findings to be reported under attestation standards established by the AICPA and the standards applicable to attestation engagements contained in generally accepted government auditing standards. Kearney did not question any examined direct costs.

We appreciate the assistance extended during the engagement.

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