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

MEMORANDUM

DATE: October 24, 2022

TO: USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division Contract Audit Management, Supervisory Auditor, Eleanor C. Jefferson

FROM: Director of External Financial Audits Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Performance Audit of Costs Incurred by Democracy International, LLC for the Fiscal Year Ended December 31, 2019 (3-000-23-001-I)

This memorandum transmits the final audit report on Democracy International, LLC's (DIL) incurred cost submission for the fiscal year ended December 31, 2019. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit, and Support Division Contract Audit Management contracted with the independent certified public accounting firm of Tichenor & Associates, LLP to conduct the audit. The audit firm stated that it performed its audit in accordance with Government Auditing Standards issued by the Comptroller General of United States. 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 by DIL on incurred cost submissions for the fiscal year ended December 31, 2019 are allowable, allocable, and reasonable in accordance with the Federal Acquisition Regulation (FAR), Agency for International Development Acquisition Regulation (AIDAR), and Department of State Standard Travel Regulation (DSSR) and audit requirements for Federal awards, as applicable.[1]

The audit objective was to determine whether the costs claimed by DIL for the fiscal year ended December 31, 2019 are allowable, allocable, and reasonable in accordance with the auditee's USAID contracts and applicable Government acquisition regulations, specifically the FAR; AIDAR; DSSR; and Buy-American Act so the Contracting Officer can execute the finalization of allowable contract costs and indirect rates for fiscal year end with the auditee. To answer the audit's objective, Tichenor & Associates, LLP tested the significant claimed cost elements: labor, overseas direct labor and fringe, consultants, subcontract, travel, other direct cost, fringe benefits, overhead pool costs and reviewed subcontractor invoices and verified that hours and hourly rates charged agreed to subcontract agreements and amounts recorded and claimed. The audit included the reconciliation of the booked to billed costs and the cumulative amount billed, by contract award number and reported any differences. The audit firm audited USAID incurred costs of $ 13,181,787 for the fiscal year ended December 31, 2019.

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[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.

Tichenor & Associates, LLP concluded that the auditee prepared its FY 2019 incurred cost submission in accordance with applicable Government acquisition regulations of the FAR, the AIDAR, and the DSSR regarding accuracy, allowability, allocability, and reasonableness of incurred costs that are appropriate for the Contracting Officer's use in executing the finalization of allowable costs and indirect rates for the fiscal year with the auditee. Tichenor & Associates, LLP audit did not disclose any findings that are required to be reported under government auditing standards. There were no questioned costs.

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").