



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

MEMORANDUM

DATE: February 17, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audit Management Branch, Acting Supervisory Auditor, Sheree F. Marshall

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

SUBJECT: Audit of Incurred Costs Submission for The Pragma Corporation for the Fiscal Year Ended December 31, 2019 (3-000-23-012-1)

This memorandum transmits the final audit report on incurred costs submission (ICS) for The Pragma Corporation (Pragma) for fiscal year (FY) 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 Branch contracted with the independent certified public accounting firm of Tichenor & Associates, LLP (Tichenor), to conduct the audit. Tichenor stated that it performed its audit in accordance with government auditing standards issued by the Comptroller General of United States. Tichenor is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by Pragma on the ICS for the FY ended December 31, 2019, are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.¹

The audit's objective was to express an opinion on whether the costs claimed in the FY 2019 ICS were accurate, allowable, allocable, and reasonable in accordance with Pragma's USAID contracts and applicable Government acquisition regulations. To answer the audit's objective, Tichenor (1) reviewed Pragma's FY 2019 ICS and reconciled it to the Pragma's general ledger, and other records and documentation; (2) reviewed applicable rules, regulations, and guidance; (3) reviewed Pragma's policies and procedures regarding claimed direct and indirect costs; (4) sampled significant cost elements for testing the accuracy, allowability, allocability, and reasonableness of the costs incurred; (5) performed other testing procedures as determined 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.

cost element; (6) documented the results of testing, including schedules presenting accepted indirect rates, allowable costs, and cumulative allowable costs; and (7) summarized Pragma's USAID billings from their billings and reconciled them with the accepted audited FY 2019 costs. The audit firm examined USAID incurred costs of \$16,155,134 for the calendar year ended December 31, 2019.

Tichenor expressed a qualified opinion because Pragma did not use the negotiated indirect cost rate agreement when billing on a cost-type contract. Except for the issue noted, Tichenor stated that Pragma prepared its FY 2019 ICS in accordance with applicable Government acquisitions regulations of the Federal Acquisition Regulation, the Agency for International Development Acquisition Regulation, and the Department of State Standardized Regulations regarding accuracy, allowability, allocability, and reasonableness of incurred costs. Finally, Tichenor did not identify any questioned costs.

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").