



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: August 25, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audit Management Branch, Acting Supervisory Auditor, Maya Cole

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

SUBJECT: Performance Audit of Jefferson Consulting Group for Fiscal Year 2018 and 2019 (3-000-23-051-1)

This memorandum transmits the final audit report on incurred costs submission (ICS) for Jefferson Consulting Group for Fiscal Year (FY) 2018 and 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 audit firm Tichenor and 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 Jefferson Consulting Group in the FY 2018 and 2019 ICS are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.¹

The audit objective was to perform an audit of the Jefferson Consulting Group's FYs 2018 and 2019 Incurred Cost Submission (ICS). Specifically, Tichenor audited the FYs 2018 and 2019 ICS to determine whether costs claimed were accurate, allowable, allocable, and reasonable in accordance with the Jefferson Consulting Group's US Government flexibly priced contracts and applicable Government acquisition regulations, specifically the Federal Acquisition Regulation (FAR), the USAID Acquisition Regulations (AIDAR), Federal Travel Regulations and/or the Department of State Standard Travel Regulations (DSSR), and Buy-American Act for the Contracting Officer to execute the finalization of allowable contract costs and indirect rates for the fiscal year with the Jefferson Consulting Group. To answer the audit objectives, Tichenor designed its testing procedures to review the incurred costs reported by Jefferson Consulting Group for FYs 2018 and 2019 and reconciled it to its general ledger, and other records and

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.

documentation to determine its adequacy for audit purposes. Further, Tichenor reviewed applicable rules, regulations, guidance, and Jefferson Consulting Group's policies and procedures regarding claimed direct and indirect costs. Tichenor examined Total USAID Flexibly Priced Contracts of \$23,220,654 for FYs 2018 and 2019.

Tichenor identified two findings, finding 2018/2019-001: Incurred Cost Submission Preparation and Review, and Finding 2018/2019-002: Inadequate Supporting Documentation for Bonus Transactions. Tichenor has concluded that Jefferson Consulting Group has prepared its FYs 2018 and 2019 Incurred Cost Submissions in accordance with applicable Government acquisition regulations of the FAR, the AIDAR, and the DSSR regarding accuracy, allowability, allocability, and reasonableness of incurred costs and are appropriate for the Contracting Officer's use in executing the finalization of allowable costs and indirect rates for the fiscal year with the Jefferson Consulting Group. Tichenor identified indirect questioned costs of \$1,215,932 (\$30,336 in unallowable bonus costs in FY 2018 Consulting Overhead pool, \$345,139 in unallowable bonus costs in FY 2018 JCG-JS Site Overhead pool, \$58,136 in unallowable bonus costs in FY 2018 JCG-JS client site Overhead pool, \$122,589 in unallowable bonus costs in FY 2018 G&A Expense pool, \$38,358 in unallowable bonus costs in FY 2019 consulting overhead pool, \$380,439 in unallowable bonus costs in FY 2019 JCG-JS Site overhead pool, \$80,956 in unallowable bonus costs in FY 2019 JCG-JS client site overhead pool, and \$159,979 in unallowable bonus costs in FY 2019 G&A Expense pool). USAID indirect costs questioned on USAID contracts for FY 2018 were \$356,969, and for FY 2019 were \$337,220. Further, Tichenor noted that Jefferson Consulting Group may have over-billed USAID by as much as \$206,278 through FY 2019.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.