



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: September 5, 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 Palladium International, LLC. for Fiscal Year 2019 (3-000-23-054-I)

This memorandum transmits the final audit report on incurred costs submission (ICS) for Palladium International, LLC. for Fiscal Year (FY) 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 Palladium International, LLC. in the FY 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 Palladium International, LLC.'s FY 2019 Incurred Cost Submission (ICS). Specifically, Tichenor audited the FY 2019 ICS to determine whether costs claimed were accurate, allowable, allocable, and reasonable in accordance with the Palladium International, LLC.'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 Palladium International, LLC. To answer the audit objectives, Tichenor designed its testing procedures to review the incurred costs reported by Palladium International, LLC. for FY 2019 and reconciled it to its general ledger, and other records and documentation to determine its adequacy for audit purposes. Further, Tichenor reviewed applicable rules, regulations, guidance,

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.

and Palladium International LLC.'s policies and procedures regarding claimed direct and indirect costs. Tichenor examined Total USAID Flexibly Priced Contracts of \$119,139,874 for FY 2019.

Tichenor has concluded that Palladium International LLC. has prepared its FY 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 Palladium International LLC. Tichenor did not identify any questioned costs. Further, Tichenor noted Palladium International LLC. may have under-billed USAID \$1,270,380 for 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.