



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: May 6, 2024

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

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

SUBJECT: Performance Audit of Incurred Costs for Abt Associates, Inc. for the Fiscal Years Ended March 29, 2019 and March 30, 2018 (3-000-24-035-I)

This memorandum transmits the final audit report on incurred cost submission for Abt Associates, Inc. (ABT) for the Fiscal Years (FY) Ended March 29, 2019 and March 30, 2018. The U.S. Agency for International Development (USAID) contracted with the independent audit firm of Brown & Company CPAs and Management Consultants, PLLC (Brown) to conduct the audit. Brown stated that it performed its audit in accordance with government auditing standards issued by the Comptroller General of United States. Brown is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by ABT, in its FYs 2018 and 2019 incurred cost submission, are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.¹

The audit objectives were to determine whether the costs claimed by ABT's in-scope contracts and subcontracts for FYs 2018 and 2019 are allowable, allocable, and reasonable in accordance with contract 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. To answer the audit's objectives, Brown (1) performed a reconciliation between the adjusted total costs booked to date and the cumulative amount billed, by contract, for FYs 2018 and 2019 and reporting any over/under billings; (2) determined whether contract limitations were applicable; (3) determined whether the cumulative amount billed for each contract, as of the end of the fiscal year under review, exceeded the total funded value on the contract at that point in time; (4) performed procedures on a test basis to obtain reasonable assurance that the direct costs

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.

billed to ABT by the subcontractors and claimed as Other Direct Costs in ABT's Incurred Cost Proposals are allowable, allocable, and reasonable, in all material respects; and (5) performed a risk and materiality assessment of ABT using procedures from newly enacted guidance developed by a Department of Defense Procurement Panel. Brown examined USAID Auditable Dollar Values of \$297,398,480 for FY 2018 and \$311,323,798 for FY 2019.

Brown concluded that ABT's costs claimed for in-scope contracts and subcontracts for FYs 2018 and 2019 are allowable, allocable, and reasonable in accordance with contract terms, Part 31 of the FAR, AIDAR, DSSR, and 2 CFR 200. Brown did not identify any direct or indirect questioned costs. Finally, Brown did not note any instances of material non-compliance with laws, regulations, or contract terms required to be reported under Government Auditing Standards during the FYs 2018 and 2019 audit.

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 oinotice_ndaa5274@usaid.gov.