



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** June 12, 2024

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

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

**SUBJECT:** Performance Audit of Incurred Costs for Development Alternatives, Inc. for Fiscal Year Ended December 31, 2021 (3-000-24-040-1)

This memorandum transmits the final performance audit report on incurred costs submission (ICS) for Development Alternatives, Inc. (DAI) for Fiscal Year (FY) ended December 31, 2021. 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 DAI in its FY 2021 ICS are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.<sup>1</sup>

The audit objective was to determine whether (1) all costs included in this proposal to establish final indirect cost rates for fiscal year ending December 31, 2021 are allowable in accordance with the cost principles, of the Federal Acquisition Regulation (FAR) and its supplements applicable to the contracts to which the final indirect cost will apply; and (2) this proposal does not include any costs which are expressly unallowable under applicable cost principles of the FAR or its supplements: is fairly stated. Tichenor examined the Contractor's compliance with their U.S. Government contract/award terms and applicable Government acquisition regulations, specifically the FAR, the USAID Acquisition Regulations (AIDAR), 2 CFR 200 Uniform Administrative Requirements, Federal Travel Regulations and/or the Department of State Standard Travel Regulation (DSSR), and Buy-American Act for the Contracting Officer to execute the finalization of allowable contract costs and indirect rates for the fiscal year under

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<sup>1</sup> 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.

review with the Contractor. To answer the audit's objective, Tichenor designed its testing procedures to review the incurred costs reported by DAI for FY 2021 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, and DAI's policies and procedures regarding claimed direct and indirect cost. Tichenor examined USAID Auditable Dollar Value of \$468,646,194 for FY 2021.

Tichenor concluded that DAI's costs claimed for in-scope contracts and subcontracts for FY 2021 are allowable, allocable, and reasonable in accordance with contract terms, Part 31 of the FAR, AIDAR, DSSR. Tichenor did not identify any direct or indirect questioned costs. Finally, Tichenor 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 FY 2021 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.<sup>2</sup>

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<sup>2</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).