



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

MEMORANDUM

DATE: June 14, 2024

TO: USAID/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 Associates in Rural Development, Inc. for Fiscal Year 2021 (3-000-24-041-1)

This memorandum transmits the final audit report on incurred costs submission (ICS) for Associates in Rural Development, Inc (ARD) Fiscal Year (FY) 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 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 JSI's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objective was to express an opinion on Incurred Cost Submission for the year ended September 30, 2021 to establish billing of final indirect costs rates for the year ended September 30, 2021 that are allowable in accordance with the requirements of contracts to which they apply and with costs principles of the USAID applicable to those contract; and to examine the Contractor's compliance with the U.S. Government contract/award terms and applicable Government acquisition regulations, specifically the Federal Acquisition Regulation (FAR), the USAID Acquisition Regulations (AIDAR), 2 CFR 200 Uniform Administrative Requirements, Federal Travel Regulations and/or the Department of State Standard Travel Regulations (DSSTR) and Buy-American Act for the Contracting Officer to execute the finalization of allowable contract costs and indirect rates for the fiscal year under review with the Contractor. To answer the audit's objective, Tichenor reviewed the incurred costs reported by ARD for FY 2021 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 ARD's policies and procedures regarding claimed direct and indirect cost. Tichenor examined USAID Auditable Dollar Value of \$148,100,257 for FY 2021.

Tichenor concluded except for finding 2021-001: inadequate preparation & review of ARD's FY 2021 incurred cost submission, ARD has prepared its FY 2021 ICS in accordance with applicable Government acquisition regulations of the FAR, the AIDAR and the DSSTR regarding accuracy, allowability, allocability, and reasonableness of incurred costs. Tichenor's procedures resulted in no questioned costs or adjustments to the proposed direct and indirect amounts for contract reimbursement on select unsettled flexibly priced contracts in the ICS submitted by ARD for the period of October 1, 2020, through September 30, 2021. However, Tichenor stated that it noted an immaterial impact discrepancy that does not rise to a significant deficiency or material weakness.

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.