



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** June 14, 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 Howard Delafield International, LLP. for Fiscal Year Ended December 31, 2020 (3-000-24-042-1)

This memorandum transmits the final performance audit report on incurred costs submission (ICS) for Howard Delafield International, LLP (HDI) for Fiscal Year (FY) Ended December 31, 2020. 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 Tichnor & 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 HDI, in its FY 2020 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 perform an audit of the HDI's FY 2020 Incurred Cost Submission (ICS). Specifically, Tichenor audited the FY 2020 ICS to determine whether costs claimed were allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR), and to examine HDI'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 Requirement, 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 designed its testing procedures to review the incurred costs reported by HDI for FY 2020 and reconciled it to its general ledger, and other records and documentation

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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.

to determine its adequacy for audit purposes. Further, Tichenor reviewed applicable rules, regulations, guidance, and HDI's policies and procedures regarding claimed direct and indirect cost. Tichenor examined USAID Auditable Dollar Value of \$1,055,365 for FY 2020.

Tichenor concluded that HDI prepared its FY 2020 Incurred Cost Submissions in accordance with applicable Government acquisition regulations of the FAR, the AIDAR, and the DSSTR 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 HDI. Tichenor did not identify any 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 HDI for the period of January 1, 2020 through December 31, 2020.

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).