



MEMORANDUM

DATE: January 13, 2020

TO: USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division, Branch Chief, David McNeil

FROM: Acting Director of External Financial Audits Division, Steven Shea/s/

SUBJECT: Examination of Costs Claimed for Rivera Consulting Group, Inc. for the Fiscal Years Ended December 31, 2013 and 2014 (3-000-20-006-I)

This memorandum transmits the final audit report on the examination of costs claimed for Rivera Consulting Group, Inc. (Rivera) on in-scope contracts and subcontracts for each of the fiscal years (FY) ended December 31, 2013 and 2014. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost Audit and Support Division contracted with the independent certified public accounting firm of Booth Management Consulting LLC (BMC) to conduct the examination. The audit firm states that it performed its examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in generally accepted government auditing standards. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion that costs claimed by Rivera on in-scope contracts and subcontracts for the two years ended December 31, 2013 and 2014 are allowable, allocable, and reasonable in accordance with award terms; Part 31 of the Federal Acquisition Regulation (FAR); Agency for International Development Acquisition Regulations (AIDAR); Department of State Standardized Regulations (DSSR); and 2 Code of Federal Regulations (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable.¹

The objective of this examination was to express an opinion on whether the cost claimed by Rivera on in-scope contracts and subcontracts for each of the years ended December 31, 2013 and 2014 are allowable, allocable and reasonable in accordance with contract terms; Part 31 of the FAR, AIDAR, DSSR, and 2 CFR 200, as applicable. To answer the examination's objective, BMC designed its testing procedures to evaluate the internal control environment surrounding Rivera's subcontract management process to verify that Rivera had adequate controls in place for monitoring subcontract costs. Its examination included performing a reconciliation between the adjusted total costs booked to date and the cumulative amount billed, by contract, 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.

reporting any over/under billings. The audit firm examined USAID incurred costs of \$1,884,058 for the two years ended December 31, 2013 and 2014.

BMC expressed a qualified opinion that costs claimed by Rivera in-scope contracts and subcontracts for the two FYs ended December 31, 2013 and 2014 are allowable, allocable, and reasonable in accordance with contract terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. BMC's examination disclosed that Rivera did not provide adequate supporting documentation and questioned \$88,933 of indirect G&A pool costs. The audit firm did not question any direct costs. The audit firm did not review Rivera's accounting system to determine if it is adequate for accumulating and billing costs on government contracts.

We appreciate the assistance extended during the engagement.

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").