



## MEMORANDUM

**DATE:** May 14, 2020

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division, Acting Supervisory Auditor, Eleanor C. Jefferson

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

**SUBJECT:** Examination of Costs Claimed for Louis Berger Group, Inc. Integrated Development Segment for the Fiscal Years Ended June 30, 2013 and June 30, 2014 (3-000-20-034-1)

This memorandum transmits the final examination report on examination of costs claimed for Louis Berger Group Inc., Integrated Development Segment (LBGID) on in-scope contracts and subcontracts for each of the fiscal years (FY) ended June 30, 2013 and June 30, 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 to conduct the audit. The audit firm stated that it performed the examination in accordance with generally accepted government auditing standards and to determine whether costs claimed are allowable, allocable, and reasonable in accordance with award 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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. The audit firm stated 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 standards. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by LBGID on in-scope contracts and subcontracts for each of the FYs ended June 30, 2013 and 2014, with the exception of the amounts questioned is allowable, allocable, and reasonable in accordance with award terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.<sup>1</sup>

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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.

The examination's objective was to express an opinion on whether the cost claimed by LBGID on in-scope contracts and subcontracts for each of the FYs ended June 30, 2013, and 2014 are allowable, allocable and reasonable in accordance with award terms; Part 31 of the FAR; AIDAR; DSSR; and 2 Code of Federal Regulations (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. To answer the examination's objective Booth Management Consulting, LLC designed its testing procedures to evaluate the internal control environment surrounding LBGID's subcontract management process and to determine whether LBGID had adequate controls in place for monitoring subcontract costs. Its examination included the reconciliation of the adjusted total costs booked to date and the cumulative amount billed, by award or subaward and reporting any over/under-billings. The audit firm audited \$1,045,055,865 in incurred costs for the two FYs ended June 30, 2013, and 2014.

The audit firm expressed an unqualified opinion that costs claimed by LBGID on in-scope contracts and subcontracts for the two FYs ended June 30, 2013, and 2014, with the exception of the amounts questioned, are allowable, allocable, and reasonable in accordance with award 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. The audit firm questioned USAID direct questioned costs of \$2,055 (\$2,055 ineligible). Booth Management Consulting, LLC also questioned indirect costs of \$1,737, composed of \$1,526 in the overhead pool, and \$211 in the G&A pool for inadequate supporting documentation. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division determine the allowability of the \$2,055 in questioned costs and recover any amount determined to be unallowable.

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").