



MEMORANDUM

DATE: June 4, 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 AECOM International Development, Inc. for the Three Years Ended September 27, 2013; October 3, 2014; and January 2, 2015 (3-000-20-037-1)

This memorandum transmits the final report on AECOM International Development, Inc. (AECOM) on in-scope awards and subawards for each of the three years ended September 27, 2013; October 3, 2014; and January 2, 2015. 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 Kearney & Company, P.C. to conduct the examination. 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 auditing 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 AECOM on in-scope awards and subawards for each of the years ended September 27, 2013; October 3, 2014; and January 2, 2015 is 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.¹

The examination's objective was to express an opinion on whether the costs claimed by AECOM on in-scope awards and subawards for each of the years ended September 27, 2013;

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.

October 3, 2014; and January 2, 2015 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. To answer the examination's objective, Kearney & Company, P.C. designed its testing procedures to evaluate the internal control environment surrounding AECOM's subcontract management process and to verify that AECOM had adequate controls in place for monitoring subcontractor 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 examined USAID incurred costs of \$123,642,875 for the three years ended September 27, 2013; October 3, 2014; and January 2, 2015.

Kearney & Company, P.C. expressed an unmodified opinion that costs claimed by AECOM on in-scope awards and subawards for the three years ended September 27, 2013; October 3, 2014; and January 2, 2015 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. In addition, the audit firm identified one subcontractor, Nathan Associates, Inc. (Nathan), whose costs incurred were material to AECOM's fiscal years 2013, FY 2014, and FY 2015 incurred cost proposals. Kearney previously conducted examinations of Nathan's 2013 through 2015 costs claimed and incorporated the results of all three years into their examination report. As a result, the audit firm questioned USAID direct questioned costs of \$111,241 (\$111,241 unsupported). Kearney & Company, P.C.'s examination did not disclose any findings that are required to be reported under government auditing standards.

To address the issues identified in the audit report, we recommend that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division:

Recommendation 1. Determine the allowability of \$111,241 in USAID's unsupported direct questioned costs and recover any amount that is unallowable detailed on pages 5 and 6 of the report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addresses 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").