



MEMORANDUM

DATE: March 17, 2021

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, 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 International Resources Group LTD for the Two Fiscal Years Ended December 31, 2016 and September 30, 2017 (3-000-21-025-1)

This memorandum transmits the final examination report on the examination of costs claimed for International Resources Group LTD (IRG) on in-scope awards and subawards for each of the fiscal years (FY) ended December 31, 2016 and September 30, 2017. 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 Brown & Company Certified Public Accountants and Management Consultants, PLLC (Brown & Company). 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 that costs claimed by IRG on in-scope awards and subawards for FY ended December 31, 2016 and September 30, 2017, 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.¹

The examination's objective was to express an opinion on whether the cost claimed by IRG on in-scope awards and subawards awards for the FY ended December 31, 2016 and September 30, 2017, are allowable, allocable, and reasonable in accordance with contract terms; Part 31 of FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit*

¹We 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.

Requirements for Federal Awards. To answer the objective, Brown & Company assessed control risk and included tests of claimed costs to provide a reasonable basis for its opinion. Brown & Company also designed its testing procedures to evaluate the internal control environment surrounding IRG's subcontract management process and to determine whether it had adequate controls in place for monitoring subcontract costs. The audit firm audited \$85,786,444 of IRG's incurred costs for the FYs ended December 31, 2016 and September 30, 2017.

Brown & Company expressed an unmodified opinion that costs claimed by IRG on in-scope awards and subawards for the years ended December 31, 2016, and September 30, 2017, 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 did not disclose any findings or questioned costs.

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").