



## MEMORANDUM

**DATE:** April 16, 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 by International Relief & Development for Fiscal Year 2016 (3-000-21-033-I)

This memorandum transmits the final report on International Relief & Development (IRD) on in-scope contracts and subcontracts for the fiscal year ended December 31, 2016. 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 Booth Management Consulting, LLC 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 the costs claimed by IRD on in-scope contracts and subcontracts for the year ended December 31, 2016 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.<sup>1</sup>

The examination's objective was to express an opinion on whether the costs claimed by IRD on in-scope contracts and subcontracts for the fiscal year ended December 31, 2016 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*

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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.

*Federal Awards*, as applicable. To answer the examination's objective, the audit firm designed its testing procedures to evaluate the internal control environment surrounding IRD's subcontract management process and to determine whether IRD 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, for fiscal year 2016, and reporting any over/under-billings. The audit firm examined USAID incurred costs of \$9,851,693 for the fiscal year ended December 31, 2016.

The audit firm expressed a qualified opinion because its examination disclosed submitted amounts that do not materially comply with contract terms pertaining to accumulating and billing indirect costs incurred as described in Exhibit E. The audit firm concluded that, except for the instances of noncompliance described in Exhibit E, costs claimed by IRD on in-scope unsettled flexibly-priced contracts and subcontracts for the fiscal year ended December 31, 2016 comply, in all material respects, with contract terms pertaining to accumulating and billing incurred amounts. The audit firm questioned indirect costs of \$1,404 in General & Administrative pool costs. The audit firm did not disclose any findings that are required to be reported under generally accepted government auditing standards.

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").