



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 Pragma Corporation's Indirect Cost Rate Proposals and Related Books and Records for Reimbursement for the Fiscal Years Ended December 31, 2015 and 2016 (3-000-21-035-1)

This memorandum transmits the final audit report on the examination of Pragma Corporation's (Pragma) in-scope contracts and subcontracts for the fiscal years ended December 31, 2015 and 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 costs claimed by Pragma on in-scope contracts and subcontracts for the years ended December 31, 2015 and 2016 are allowable, allocable and reasonable in accordance with contract 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 Pragma on in-scope contracts and subcontracts for the years ended December 31, 2015 and 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 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 Pragma's contract and subcontract management process and to verify

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. ")

that Pragma 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 contract or subcontract and reporting any over/under-billings. The audit firm examined USAID incurred costs of \$21,714,629 for the two years ended December 31, 2015 and 2016.

Booth Management Consulting expressed an unqualified opinion, stating that Pragma's FYs 2015, and 2016 submitted amounts on unsettled flexibly priced contracts comply, in all material respects, with contract terms pertaining to accumulating and billing incurred amounts. Booth Management Consulting, LLC's examination did not disclose questioned costs or any findings that are required to be reported under 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").