



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** September 15, 2022

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

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

**SUBJECT:** Examination Report of Incurred Costs Claimed on Flexibly Priced Contracts for Palladium International, LLC for the Fiscal Year Ended June 30, 2018 (3-000-22-030-1)

This memorandum transmits the final examination report of costs claimed for Palladium International, LLC (PIL) on in-scope contracts and subcontracts for the fiscal year (FY) ended June 30, 2018. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance/Cost Audit and Support Division/Contract Audit Management Branch contracted with the independent certified public accounting firm of Booth Management Consulting, LLC to conduct the audit. The audit firm stated that it performed its audit in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States, 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 is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by PIL on in-scope contracts and subcontracts for the fiscal year ended June 30, 2018, are allowable, allocable, and reasonable in accordance with contract 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.<sup>1</sup>

The examination's objective was to express an opinion on whether the cost claimed by PIL on in-scope contracts and subcontracts for the FY ended June 30, 2018, are allowable, allocable, and

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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.

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 PIL's subcontract management process and to determine whether PIL 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 \$104,477,973 in USAID incurred costs for the FY ended June 30, 2018.

The audit firm expressed an unqualified opinion that costs claimed by PIL on in-scope contracts and subcontracts for the FY ended June 30, 2018, 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 did not note any instances of material non-compliance with laws, regulations, or contract terms required to be reported under Government Auditing Standards during the FY 2018. The audit firm did not question any USAID 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").