



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** June 14, 2024

**TO:** USAID/Bureau for Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audit Management Branch, Supervisory Auditor, Sheree F. Marshall

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

**SUBJECT:** Independent Examination Report on ABT Associates, Inc.'s Incurred Cost Submission for the Fiscal Year Ended March 27, 2020 (3-000-24-043-1)

This memorandum transmits the final independent examination report on incurred costs submission (ICS) for ABT Associates, Inc. (ABT) for the Fiscal Year (FY) Ended March 27, 2020. 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 Brown & Company CPAs and Management Consultants, PLLC (Brown) to conduct the audit. Brown stated that it performed its audit in accordance with government auditing standards issued by the Comptroller General of the United States. Brown is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by ABT in its FY 2020 ICS are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.<sup>1</sup>

The audit objective was to express an opinion on management's assertion that (1) all costs included in the proposal dated February 14, 2022, to establish final indirect cost rates for the fiscal year ended March 27, 2020, are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) and its supplements applicable to the contracts to which the final indirect cost rates will apply; (2) this proposal does not include any costs which are expressly unallowable under applicable cost principles of the FAR or its supplements, and is fairly stated. In addition, we examined the Contractor's compliance with their U.S. Government contract/award terms, and applicable Government acquisition regulations, specifically the Federal Acquisition Regulation (FAR), the USAID Acquisition Regulations (AIDAR), 2 CFR 200 Uniform Administrative Requirements, Federal Travel Regulations and/or the Department of State Standard Travel Regulations (DSSR), and Buy-American Act for the Contracting Officer to

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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.

execute the finalization of allowable contract costs and indirect rates for the fiscal year under review with the Contractor, and (3) examine the Contractor's internal controls to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on management's assertion, but not for the purpose of expressing an opinion on the effectiveness of the Contractor's internal controls. To answer the audit's objective, Brown (1) reviewed ABT's FY 2020 ICS and reconciled it to the Contractor's general ledger, and other records and documentation provided by ABT, to determine its adequacy for audit purposes; (2) reviewed ABT's policies and procedures regarding claimed direct and indirect costs; (3) obtained an understanding of the ABT's internal controls, assessing control risk, and determining the extent of examination testing needed based on the control risk assessment; (4) summarized ABT's billings from their billings data and reconciled them with the recommended audited FY 2020 costs. Brown examined USAID Auditable Dollar Value of \$ 324,784,355 for the period audited.

Brown concluded that, except for the Finding Numbers 2020-001 and 2020-002 noted in the Findings, Recommendations, Contractor's Response and Accountants' Conclusion section of this report, the Contractor has prepared its FY 2020 ICS in accordance with applicable Government acquisition regulations of the FAR, the AIDAR, and the DSSR regarding accuracy, allowability, allocability, and reasonableness of incurred costs and is appropriate for the Contracting Officer's use in executing the finalization of allowable costs and indirect rates for the fiscal year under review with the Contractor. Tichenor's procedures resulted in no questioned costs or adjustments to the proposed direct and indirect amounts for contract reimbursement on select unsettled flexibly priced contracts in the ICS submitted by ABT for the period of March 30, 2019, through March 27, 2020. Finally, Brown considered significant deficiencies the two deficiencies in internal control, described in the Findings, Recommendations, Contractor's Responses, and Accountants' Conclusions section of its report, as items 2020-001 and 2020-002. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that the USAID/Bureau for Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audit Management Branch determine if the recipient addressed the issues noted.

Brown noted some discrepancies that have an immaterial impact on Government Contracts. Brown did not believe these discrepancies rise to the level of a significant deficiency or material weakness, and Brown is therefore not reporting these as findings but rather only as Other Matters.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.<sup>2</sup>

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<sup>2</sup> The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to [oignotice\\_ndaa5274@usaid.gov](mailto:oignotice_ndaa5274@usaid.gov).