



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 14, 2025

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

FROM: David A. McNeil /s/
Director
External Financial Audits Division

SUBJECT: Performance Audit of Associates in Rural Development, Inc., for Fiscal Year Ended September 30, 2022 (3-000-25-008-I)

This memorandum transmits the final audit report on incurred costs submission (ICS) for Associates in Rural Development, Inc., (ARD) Fiscal Year (FY) ended September 30, 2022. 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 audit firm Tichenor and Associates, LLP (Tichenor) to conduct the Audit. Tichenor stated that it performed its audit in accordance with Generally Accepted Government Auditing Standards, issued by the Comptroller General of United States. Tichenor is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by ARD in its FY 2022 ICS are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.¹

The audit objective was to express an opinion on ICS for the year ended September 30, 2022, to establish billing of final indirect costs rates for the year ended September 30, 2022, are allowable in accordance with the requirements of contracts to which they apply and with costs principles of the USAID applicable to those contracts; and to examine the ARD's compliance with the U.S. Government contract/award terms and applicable Government acquisition regulations, specifically the Federal Acquisition Regulation (FAR), the USAID Acquisition Regulations (AIDAR), 2 Code of Federal Regulations (CFR) 200 Uniform Administrative

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.

Requirements, Federal Travel Regulations and/or the Department of State Standard Travel Regulations (DSSTR) and Buy-American Act for the Contracting Officer to execute the finalization of allowable contract costs and indirect rates for the fiscal year under review with ARD. To answer the audit's objective, Tichenor reviewed ARD's FY 2022 incurred costs and reconciled it to its general ledger, and other records and documentation to determine its adequacy for audit purposes. Further, Tichenor reviewed applicable rules, regulations, guidance, and ARD's policies and procedures regarding claimed direct and indirect cost. Tichenor examined USAID costs of \$167,466,886 for ARD's FY 2022.

Tichenor concluded that ARD has prepared its FY 2022 ICS in accordance with applicable Government acquisition regulations of the FAR, the AIDAR and the DSSTR regarding accuracy, allowability, allocability, and reasonableness of incurred costs. 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 ARD for the period of October 1, 2021, through September 30, 2022.

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.²

² 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.