

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

**UKRAINE: Audit of Costs
Incurred by Tetra Tech ES,
Inc., from July 1, 2018, to
December 31, 2022**

Audit Report 3-000-25-001-U
February 18, 2025



Office of Audits, Inspections, and Evaluations



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

MEMORANDUM

DATE: February 18, 2025

TO: USAID/Bureau for Management/Office of Acquisition & Assistance, Director,
Jami J. Rodgers

FROM: Deputy Assistant Inspector General for Audits, Inspections, and Evaluations,
Khadija Walker /s/

SUBJECT: UKRAINE: Audit of Costs Incurred by Tetra Tech ES, Inc., from July 1, 2018, to
December 31, 2022 (3-000-25-001-U)

Enclosed is the final audit report on the claimed costs incurred by Tetra Tech ES, Inc. (Tetra Tech) for USAID Ukraine Activities for the period of July 1, 2018, to December 2022. Tetra Tech's contracted work was to assist USAID/Ukraine Mission achieve broad-based, resilient economic development to sustain Ukrainian democracy. The Competitive Energy Markets Program was to enhance Ukraine's energy security, improve the energy legal and regulatory environment, and increase resilience of the energy supply.¹ The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of Premier Group Services, Inc. (Premier Group) to conduct an incurred cost audit to determine allowability, allocability, and reasonableness of the costs incurred by Tetra Tech. ⁽²⁾ The contract required Premier Group to perform this audit in accordance with generally accepted government auditing standards.

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related audit documentation and discussed the findings with the firm's representatives. The audit firm is responsible for the enclosed report and the conclusions. That said, we found no instances in which the audit firm failed to comply, in all material respects, with applicable standards.

The objectives of the audit were to:

¹ Pursuant to Pub. L. No. 117-263 § 5274, USAID OIG provides nongovernmental organizations and/or businesses specifically identified in this report 30 days from the date of report publication to submit a written response to USAID OIG. Any comments received will be posted on <https://oig.usaid.gov/>. Please direct inquiries to oignotice_ndaa5274@usaid.gov. ⁽²⁾ The contract provided for similar performance audits for a total of 11 different USAID recipients, the results of which are reported and transmitted separately.

1. Express an opinion on whether costs incurred by Tetra Tech under the subject awards for the period audited are fairly presented and in conformity with the terms of regulatory and award requirements and generally accepted accounting principles (GAAP).
2. Identify as unsupported, unreasonable, or ineligible, any questioned costs incurred in implementing the USAID activities for the period audited in conformity with the terms of the regulatory and award requirements and GAAP.
3. Evaluate Tetra Tech's contract bidding and procurement processes to determine whether they complied with all regulatory and award requirements.
4. Evaluate and obtain sufficient understanding of Tetra Tech's internal controls, assess control risk, and identify reportable conditions, including material internal control weaknesses.
5. Perform tests to determine whether Tetra Tech complied in all material respects with regulatory and award requirements related to USAID-funded programs and projects.
6. Determine the extent to which Tetra Tech delivered, accounted for, and made proper disposition of commodities and supplies purchased under the contract or furnished by USAID.
7. Determine the extent to which Tetra Tech requested from USAID the necessary approval for the issuance of subawards according to regulatory and award requirements.
8. Determine whether Tetra Tech has taken corrective actions on prior audit report recommendations.

To answer the audit objectives, Premier Group obtained a sufficient understanding of Tetra Tech's internal control environment, identified significant provision of laws and regulations to design relevant compliance-related procedures, followed up on prior audit recommendations, and examined the following incurred cost elements: Labor, Travel, Other Direct Costs (ODCs), Equipment and Subcontracts. Premier Group conducted interviews and walkthroughs; and reviewed agency actions to address any prior audit recommendations for Tetra Tech's incurred cost audits.

Premier Group concluded that Tetra Tech met requirements under the USAID contract related to all eight of the audit objectives. Specifically, that Tetra Tech complied with the standards set by their awards; that costs incurred were allowable, allocable, and reasonable; and that Tetra Tech's controls were designed and operating effectively.

The audit firm did not identify any material weaknesses in internal control over financial reporting. Additionally, the audit firm found no reportable noncompliance with applicable laws, regulations, and contracts.

On January 13, 2025, the agency provided their official response stating that USAID did not have any comments in reference to the audit report.

We appreciate the assistance provided to our staff and the audit firm's employees during the engagement.



TETRA TECH ES, INC.

1320 NORTH COURTHOUSE ROAD, SUITE 600, ARLINGTON, VA 22201

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)
OFFICE OF INSPECTOR GENERAL (OIG)
INCURRED COST AUDITS OF USAID UKRAINE RESOURCES
CONTRACT NUMBER: GS00F100GA
PERIOD JULY 1, 2018, TO DECEMBER 31, 2022**

DATE: JANUARY 27, 2025

Prepared by

Premier Group Services, Inc.

7404 Executive Place, Suite 325

Lanham, MD 20706

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EXECUTIVE SUMMARY

Mr. David A. McNeil
Director, External Financial Audit Division
U.S. Agency for International Development (USAID)
Office of Inspector General (OIG)
1300 Pennsylvania Avenue, NW
Washington, DC 20523

Dear Mr. McNeil:

This report presents our results of the incurred cost audit of Tetra Tech ES, Inc. for the calendar periods July 1, 2018, to December 31, 2022. Our audit fieldwork was performed between September 15, 2023, and January 27, 2025, and our results, reported herein, are as of January 27, 2025.

Our audit objective was to determine whether the incurred costs from July 1, 2018, to December 31, 2022, were allowable, allocable, and reasonable in accordance with Tetra Tech's contracts with USAID and applicable government acquisition regulations.

We tested the significant claimed cost elements: Labor, Travel, Other Direct Costs (ODCs), Equipment, and Subcontracts. This report summarizes our testing results as per the Federal Acquisition Regulation (FAR), Agency for International Development Acquisition Regulation (AIDAR), Department of State Standardized Regulations (DSSR) for travel-related expenses, 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Task order/Award Terms, and Other relevant regulations/policies.

We conducted this incurred cost audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Incurred Costs:

We identified no questioned costs related to our testing of incurred costs charged to USAID. See Schedule A-1 for direct and indirect costs, by USAID contract, incurred from July 1, 2018, to December 31, 2022.

Reconciliation of Booked to Billed Costs:

This incurred cost audit included performing a reconciliation, by USAID contract, between the total adjusted cumulative allowable costs booked to date and the total cumulative amount billed from July 1, 2018, to December 31, 2022, and reporting any over/under-billing amounts. Based on the results of the reconciliation, Tetra Tech did not overbill or underbill USAID.

Report Schedules:

We have provided the following schedules for further detail:

- Schedule A – Schedule of Allowable Costs by Contract. This schedule summarizes by USAID contract the claimed costs that are considered allowable and reimbursable.
- Schedule B – Reconciliation of Booked to Billed Costs. This schedule summarizes by USAID contract, the total adjusted cumulative cost booked to date, compares it to the cumulative amount billed, and reports any over/under billing amounts.

Allowability, Allocability, and Reasonableness of Incurred Costs

Overall, Tetra Tech has reported its incurred costs in accordance with the applicable regulations set forth in the FAR, the AIDAR, and/or the DSSR, and USAID contracts which relate to allowability, allocability, and reasonableness of incurred costs for the calendar period of July 1, 2018, to December 31, 2022.

Based on the incurred cost audit procedures performed and the results obtained, we have met our audit objective.

Sincerely,



Premier Group Services, Inc.
Lanham, MD
January 27, 2025

BACKGROUND

USAID Overview

The U.S. Agency for International Development (USAID) is an independent Federal agency headquartered in Washington, DC, with presence in 87 countries. Established in November 1961, USAID is the lead Federal agency that works to end extreme global poverty and enable resilient, democratic societies to realize their potential. USAID is headed by an Administrator and receives overall foreign policy guidance from the Secretary of State.

USAID OIG's mission is to safeguard and strengthen U.S. foreign assistance through timely, relevant, and impactful oversight of the entities under their jurisdiction.

Tetra Tech ES, Inc. Overview

Tetra Tech ES, Inc (hereinafter referred to as Tetra Tech) is an international corporation, incorporated in the State of Virginia in Arlington, that specializes in consulting and engineering. Their missions include providing consulting, engineering, program management, and construction management services in the areas of water, environment, infrastructure, resource management, energy, and international development. Specific services for consulting and engineering projects include applied science, information technology, engineering, design, construction management, and operations and maintenance. From July 1, 2018, to December 31, 2022, Tetra Tech had the following USAID contract:

Contract Number	Contract Name	Contract Period	Total Amount Claimed
72012118C00003	Energy Security for Competitive Energy Markets Program in Ukraine	July 1, 2018 – June 30, 2023	\$52,639,954.67

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objectives of the incurred cost audit in detail were to:

- Express opinion on whether costs incurred by Tetra Tech under the subject awards for the period audited are fairly presented and in conformity with the terms of regulatory and award requirements and Generally Accepted Accounting Principles (GAAP) or other comprehensive basis of accounting.
- Identify as unsupported, unreasonable, or ineligible, any questioned costs incurred in implementing the USAID activities for the period audited in conformity with the terms of the regulatory and award requirements and GAAP or other comprehensive basis of accounting (including the cash receipts and disbursements basis and modifications of the cash basis).
- Evaluate Tetra Tech's contract bidding and procurement processes to determine whether they complied with all contract requirements of regulatory and award requirements.

- Evaluate and obtain a sufficient understanding of Tetra Tech’s internal controls, assess control risk, and identify reportable conditions, including material internal control weaknesses.
- Perform tests to determine whether Tetra Tech complied in all material respects with regulatory and award requirements related to USAID-funded programs and projects. All material instances of noncompliance and all indications of illegal acts that have occurred or are likely to have occurred must be identified and reported to OIG.
- Determine to the extent specified herein if Tetra Tech has delivered, accounted for, and made proper disposition of commodities and supplies purchased under the contract or furnished by USAID.
- Determine to the extent specified herein if Tetra Tech has requested from USAID the necessary approval for the issuance of subawards according to regulatory and award requirements.
- Determine whether Tetra Tech has taken corrective actions on prior audit report recommendations.

Scope & Methodology

We conducted our incurred cost audit in accordance with Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Incurred Costs: We examined Tetra Tech’s incurred cost elements: Labor, Travel, Other Direct Costs (ODCs), Equipment, and Subcontracts. We reviewed the FAR, AIDAR, DSSR, 2 CFR 200, Task Order/Award Terms, and Other relevant regulations/policies to ensure that all costs incurred under the USAID contracts were reasonable, allocable, and allowable.

Internal Controls: Through inspection of documents, inquiry of personnel, and observation of procedures, we obtained a sufficient understanding of Tetra Tech and its environment, including its internal control, to assess the risk of material misstatement of the books and records of Tetra Tech, whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures.

Compliance with Laws and Regulations: We identified the significant provisions of laws and regulations to design relevant compliance-related procedures for the audit. We looked at those provisions (a) for which compliance could be objectively determined and (b) that had a direct and material effect on the Activity. Our audit included steps to allow us to detect all material instances of noncompliance, defined as instances that could have a direct and material effect on the incurred costs.

Follow-Up to Prior Audit Recommendations: We inquired of management as to whether or not any prior audit or compliance reviews had been performed with respect to the USAID contracts.

AUDIT RESULTS

Our testing results, by cost element claimed from July 1, 2018 – December 31, 2022, are presented below:

1. Direct Labor:

We reviewed all time and attendance records, payroll, personnel, and/or other records to determine if an employee was a valid employee who worked on the contract/award effort. We compared the total hours charged to each project with the payroll summary to ensure they matched and that the hours were within the approved level of effort (LOE) for each staff member.

We examined whether labor costs, including any changes or overtime, were properly approved and in line with FAR requirements or contract provisions. We also verified that salary rates and increases were approved by the USAID Contracting Officer (CO) when necessary and were supported by payroll records. Additionally, we compared the CO/Agreement Officer (AO)-approved staffing pattern to the staff list from Tetra Tech to ensure staffing changes complied with regulatory and contractual requirements.

From our testing, we found no questioned costs within Direct Labor Costs.

2. Travel Costs:

We reviewed vendor invoices, employee expense reports, airline tickets, etc. and verified agreement with amounts recorded and claimed. In addition, we verified that travel expenses were properly approved and were in compliance with Federal Travel Regulations and/or Department of State Standard Travel Regulations (DSSR) requirements.

From our testing, we found no questioned costs within Travel Costs.

3. Other Direct Costs (ODCs):

We reviewed vendor purchase orders, and related vendor invoices and verified agreements with amounts recorded and claimed. In addition, we verified that contract requirements were complied with.

From our testing, we found no questioned costs within Other Direct Costs.

4. Equipment Costs:

We reviewed equipment procured by Tetra Tech, as well as equipment directly procured by USAID for Tetra Tech's use. This included examining vendor purchase orders and related invoices to ensure that the amounts matched what was recorded and claimed. We also checked whether the equipment existed and was used for its intended purpose, according to the contract terms, and whether proper controls were in place to safeguard the equipment. Additionally, we conducted end-use reviews for a sample of commodities based on our assessment of control risks.

From our testing, we found no questioned costs within Equipment Costs.

5. Subcontractor Costs:

We reviewed subcontractor invoices and verified that hours and hourly rates charged agreed to subcontract agreements and amounts recorded and claimed. Additionally, we performed analytical procedures on the claimed amounts to verify their mathematical accuracy, ensure consistency with historical amounts via comparative/trend analysis, and review for unallowable costs via nomenclature reviews. In addition, we verified that subcontractor travel expenses were in compliance with Federal Travel Regulations and/or Department of State Standard Travel Regulations (DSSR).

Additionally, we performed subcontractor-assist audit procedures regarding the following subcontractors:

Subcontractor	Subcontract Amount
Asters Law Firm Attorneys' Partnership	\$18,750
Dla Piper Ukraine Llc	\$100,000
Epra Elektrik Enerji Insaat Ve Ticaret Ltd	\$25,700
Ey Legal Services Limited Liability Company	\$27,839.25
Imprest Ukraine	\$3,947,253.78
Management Systems Int'l	\$7,650.12
Mercados Aires International	\$100,273.15
Spec-Com-Service LLC	\$78,728
Tetra Tech International Inc	\$147,349.12
External Subcontractor	\$68,142.32

These limited procedures included the following:

- Documenting our understanding of Tetra Tech's subcontractor monitoring procedures in effect during the audit year.
- Documenting how Tetra Tech selected the subcontractor for the subaward.
- Requesting the latest audit reports of the subcontractor and noting any audit findings.
- Reviewing the original subcontract agreement in order to determine if the subcontract agreement contains the appropriate flow-down clauses from Tetra Tech's prime contract with USAID.
- Determine whether selected invoices from the subcontractor are in compliance with any indirect rate ceilings in the subcontract.
- Determine whether Tetra Tech verified that the subcontractor has an adequate accounting system.

From our testing and subcontractor assist audit procedures, we found no questioned costs within Subcontractor Costs.

6. Reconciliation of Booked to Billed Costs:

This incurred cost audit included performing a reconciliation, by USAID contract, between the total adjusted cumulative allowable costs booked and the total cumulative amount billed from July 1, 2018, to December 31, 2022 and reporting any over/ under-billing amounts. Based on

the results of the reconciliation, Tetra Tech did not overbill or underbill USAID. See Schedule B for Tetra Tech's billings by USAID contract from July 1, 2018, to December 31, 2022.

Our audit results are summarized in the following reports and schedules:

Incurred Costs: We issued an unqualified opinion on the fairness of the presentation of the Incurred Costs [See Independent Auditor's Report on the Incurred Costs, Page 9].

We determined that an adequate accounting system was in place to account for and classify costs incurred properly.

Internal Controls: Our audit detected no significant deficiencies in Tetra Tech's Internal Control.

Compliance with Laws and Regulations: Our audit detected no instance of non-compliance that is required to be reported.

Follow-Up to Prior Audit Recommendations: We requested copies of prior audits, reviews, and evaluations related to Tetra Tech's work under the contract. Per communication with Tetra Tech and USAID, no prior audit findings could have a material effect on the incurred costs.

Schedule A – Schedule of Allowable Costs by Contract: This schedule summarizes by USAID contract the claimed costs that are considered allowable and reimbursable.

Schedule B – Reconciliation of Booked to Billed Costs: This schedule summarizes by USAID contract, the total adjusted cumulative cost booked to date, compares it to the cumulative amount billed and reports any over/under billing amounts.

NOTIFICATION OF FINDINGS AND RECOMMENDATIONS (NFRs), TETRA TECH'S RESPONSES, AND AUDITOR'S CONCLUSIONS

Based on the results of our testing, no findings were identified within the samples reviewed.

CONCLUSION

We conclude that Tetra Tech has prepared its Incurred Cost Submissions in accordance with applicable Government acquisition regulations of the FAR, the AIDAR, and the DSSR regarding allowability, allocability, and reasonableness of incurred costs. We also determined that Tetra Tech did not over or underbill USAID from FY2018 to FY2022. Based on the incurred cost audit procedures performed and the results obtained, we have met our audit objective.

INDEPENDENT AUDITOR’S REPORT ON THE INCURRED COSTS

Opinion

We have audited the incurred costs of Tetra Tech ES, Inc. (Tetra Tech) for USAID Award number 72012118C00003 which comprises Labor, Travel, Other Direct Costs (ODCs), Equipment, and Subcontracts, for the period of July 1, 2018, to December 31, 2022.

In our opinion, the incurred costs referred to above present fairly, in all material respects, costs reimbursed by the U.S. Agency for International Development (USAID) for the period July 1, 2018, to December 31, 2022, in accordance with the terms of the contract or in conformity with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Incurred Costs section. We are required to be independent of Tetra Tech and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management’s Responsibility for the Incurred Costs

Management is responsible for the preparation and fair presentation of the incurred costs in accordance with the requirements specified by the U.S. Agency for International Development (USAID), and accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of incurred costs that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities for the Audit of the Incurred Costs

Our objectives are to obtain reasonable assurance about whether the incurred costs as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the U.S. Government Auditing Standards issued by the Comptroller General of the United States will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the incurred cost submissions.

In performing an audit in accordance with the generally accepted auditing standards and the Government Auditing Standards, issued by the Comptroller General of the United States, we:

- Plan and perform the audit to obtain reasonable assurance about whether the incurred costs are free of material misstatement.
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the incurred costs, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the incurred costs.
- Obtain an understanding of internal control and perform tests of internal controls in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tetra Tech’s internal control. Accordingly, no such opinion is expressed.
- Perform procedures to determine whether Tetra Tech has complied with applicable laws, regulations, and the terms and conditions of USAID contracts that could have a direct and material effect.
- Follow up on prior audit findings.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the incurred costs.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

We believe that our audit provides a reasonable basis for our opinion.

Other Reports Required by Government Auditing Standards

In accordance with U.S. Government Auditing Standards, we have also issued our reports, dated January 27, 2025, on our consideration of Tetra Tech’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and the terms and conditions of the USAID contracts. Those reports are an integral part of an audit performed in accordance with U.S. Government Auditing Standards and should be read in conjunction with this Independent Auditor’s Report in considering the results of our audit.

Restriction on Use

This report is intended solely for the information, and use of Tetra Tech management, the Government Accountability Office, Congress, and the U.S. Agency for International Development (USAID) and is not intended to be and should not be used by anyone other than these specified parties.

Premier Group Services, Inc.

Lanham, MD

January 27, 2025

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL

We have audited the Tetra Tech ES, Inc. incurred costs (Tetra Tech) for July 1, 2018, to December 31, 2022, and have issued our report thereon dated January 27, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the incurred costs for the period of July 1, 2018, to December 31, 2022, we considered Tetra Tech's internal control over financial reporting by obtaining an understanding of the design effectiveness of Tetra Tech's internal control, determining whether controls had been placed in operation, assessing control risk, and performing tests of Tetra Tech's controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the incurred costs, but not to express an opinion on the effectiveness of Tetra Tech's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tetra Tech's internal control over financial reporting. We limited our internal control testing to those controls necessary to achieve the objectives described in the GAO’s Standards for Internal Controls in the Federal Government.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s incurred costs will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Our audit detected no significant matters involving Tetra Tech’s Internal Control and its operations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the result of that testing and not to provide an opinion on the effectiveness of Tetra Tech’s internal control. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Tetra Tech’s internal control. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

This report is intended solely for the information, and use of Tetra Tech management, the Government Accountability Office, Congress, and the U.S. Agency for International Development (USAID) and is not intended to be and should not be used by anyone other than these specified parties.

Premier Group Services, Inc.

Lanham, MD

January 27, 2025

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE

We have audited the incurred costs of Tetra Tech ES, Inc. (Tetra Tech) for the period of July 1, 2018, to December 31, 2022, and have issued our report thereon dated January 27, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards, issued by the Comptroller General of the United States.

The management of Tetra Tech is responsible for complying with laws, regulations, contracts, and grant requirements applicable to its U.S. Agency for International Development (USAID)-funded program. We performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of incurred cost amounts, and certain other laws and regulations specified in the Uniform Guidance 2 CFR 200. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to Tetra Tech.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tetra Tech’s incurred costs are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and significant provisions of contracts, noncompliance with which could have a direct and material effect on the determination of incurred cost amounts, and certain other laws and regulations. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to Tetra Tech. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards or Uniform Guidance 2 CFR 200.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on Tetra Tech’s compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Tetra Tech’s compliance. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

This report is intended solely for the information, and use of Tetra Tech management, the Government Accountability Office, Congress, and the U.S. Agency for International Development (USAID) and is not intended to be and should not be used by anyone other than these specified parties.

Premier Group Services, Inc.

Lanham, MD

January 27, 2025

STATUS OF PRIOR AUDIT FINDINGS

We also requested copies of prior audits, reviews, and evaluations related to Tetra Tech's activities under the USAID contract. Per communication with Tetra Tech, there were no prior audit findings that could have a material effect on the incurred costs.

SUPPLEMENTAL SCHEDULES

Schedule A – Schedule of Allowable Costs by USAID Contract

USAID Contract	Schedule	July 1, 2018, to December 31, 2022 Total Costs	Questioned Costs – Ineligible*	Questioned Costs – Unsupported**	Accepted July 1, 2018, to December 31, 2022 Costs	Finding
72012118C00003	A-1	\$52,639,954.67	-	-	\$52,639,954.67	N/A
Total USAID Contracts					\$52,639,954.67	

Schedule A-1 – Schedule of Allowable Costs – USAID Contract No. 72012118C00003

Contract Number:	72012118C00003
Contract Name:	Energy Security for Competitive Energy Markets Program in Ukraine
Contract Type:	Reimbursement
Funding Amount:	\$170,487,977.61

Cost Element	July 1, 2018, to December 31, 2022 Total Costs	Questioned Costs - Ineligible	Questioned Costs - Unsupported	July 1, 2018, to December 31, 2022 Accepted Costs	Finding
Direct & Indirect Costs					
Labor	\$12,527,283.93	-	-	\$12,527,283.93	
Travel	\$1,464,973.48	-	-	\$1,464,973.48	
Subcontractor	\$21,620,346.27	-	-	\$21,620,346.27	
Equipment	\$4,622,752.85	-	-	\$4,622,752.85	
Other Direct Cost	\$12,404,598.14	-	-	\$12,404,598.14	
Total Costs	\$52,639,954.67			\$52,639,954.67	N/A

* Ineligible costs: Costs that are explicitly questioned because they are unreasonable, prohibited by the FAR or applicable laws and regulations, or not program-related.

** Unsupported costs: Costs that are not backed with adequate documentation or did not have required prior approvals or authorizations.

Schedule B – Reconciliation of Booked to Billed Costs

Contract Number	July 1, 2018, to December 31, 2022 Total Allowable Costs	Less Contract Limitations/Rebates/ Credits	Total Adjusted Allowable Costs	July 1, 2018, to December 31, 2022 Billed Amount	Over/Under
72012118C00003	\$52,639,954.67	-	\$52,639,954.67	\$52,639,954.67	-
Total Costs	\$52,639,954.67		\$52,639,954.67	\$52,639,954.67	-