

# OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

USAID's Management of Indirect Costs

## Ukraine: Audit of Costs Incurred By Global Communities from January 1, 2018, to December 31, 2022

Audit Report 3-000-25-002-U  
February 21, 2025



Office of Audits, Inspections, and Evaluations



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** February 21, 2025

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

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

**SUBJECT:** Ukraine: Audit of Costs Incurred by Global Communities from January 1, 2018, to  
December 31, 2022 (3-000-25-002-U)

Enclosed is the final audit report on the audit of claimed costs incurred by Global Communities for the period of January 1, 2018, to December 31, 2022.<sup>1</sup> Global Communities' contracted work on the Decentralization Offering Better Results and Efficiency (DOBRE) Program provides technical services to strengthen local governance to deepen democracy, improve conditions for development of communities, and promote stability in Ukraine. The Office of Inspector General (OIG) contracted with the independent certified public accounting and consulting firm of Premier Group Services, Inc. (Premier Group) to conduct a performance audit to determine allowability, allocability, and reasonableness of Global Communities claimed costs incurred. The contract required the audit firm to perform the 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 auditor's 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.

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<sup>1</sup> Pursuant to the 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](mailto:oignotice_ndaa5274@usaid.gov).

The objectives of this audit were to:

1. Express an opinion on whether costs incurred by Global Communities 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 generally accepted accounting principles.
3. Evaluate Global Communities contract bidding and procurement processes to determine whether they complied with all regulatory and award requirements.
4. Evaluate and obtain sufficient understanding of Global Communities internal controls, assess control risk, and identify reportable conditions, including material internal control weaknesses.
5. Perform tests to determine whether Global Communities complied in all material respects with regulatory and award requirements related to USAID-funded programs and projects.
6. Determine to the extent specified herein if Global Communities has delivered, accounted for, and made proper disposition of commodities and supplies purchased under the contract or furnished by USAID.
7. Determine to the extent specified herein if Global Communities has requested from USAID the necessary approval for the issuance of subawards according to regulatory and award requirements.
8. Determine whether Global Communities have taken corrective actions on prior audit report recommendations.

To answer the audit objectives, Premier Group obtained a sufficient understanding of Global Communities internal control environment, identified significant provision of laws and regulations to design relevant compliance-related procedures and examined the following Global Communities incurred cost elements: Personnel, Fringe Benefits and allowances, travel, supplies and other indirect costs. Premier Group conducted interviews and walkthroughs and reviewed agency actions to address any prior audit recommendations for Global Communities incurred cost audits.

The audit firm concluded that Global Communities complied with the standards set by their awards; that costs incurred were allowable, allocable, and reasonable; and that Global Communities controls were designed and operating effectively.

The audit firm did not identify and material weaknesses in internal controls over financial reporting. In addition, the audit firm found no reportable noncompliance with applicable laws,

regulations, contracts, and grant agreements.

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.



**GLOBAL COMMUNITIES**

**8601 GEORGIA AVENUE, SUITE 300, SILVER SPRING, MD. 20910**

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)  
OFFICE OF INSPECTOR GENERAL (OIG)  
INCURRED COST AUDITS OF USAID UKRAINE RESOURCES  
CONTRACT NUMBER: GS00F100GA  
PERIOD JANUARY 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 Global Communities, for the calendar period of January 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 January 1, 2018, to December 31, 2022, were allowable, allocable, and reasonable in accordance with Global Communities' contracts with USAID and applicable government acquisition regulations.

We tested the significant claimed cost elements: Personnel, Fringe Benefits & Allowances, Travel, Transportation and Per Diem, Equipment & Supplies, Contracts & Consultants, Other Direct Costs, and Indirect Costs. 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 found no questioned costs related to our testing of Direct Costs charged to USAID. See Schedule A-1 for direct costs, by USAID contract, incurred from January 1, 2018, to December 31, 2022.

### Reconciliation of Booked to Billed Costs:

This incurred cost audit included performing a reconciliation, by USAID cooperative agreement, between the total adjusted cumulative allowable costs booked to date and the total cumulative amount billed from January 1, 2018, to December 31, 2022, and reporting any over/under-billing

amounts. Based on the results of the reconciliation, Global Communities 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, Global Communities 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.

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.

### Global Communities Overview

Global Communities, hereinafter referred to as Global Communities, is a housing corporation incorporated in the State of Maryland in the USA that specializes in partnering with communities to bring about sustainable and positive changes. Their missions include bringing together local ingenuity and global insights to save lives, advance equity, and secure strong futures. From January 1, 2018, to December 31, 2022, Global Communities had the following USAID contracts:

Contract Number	Contract Name	Period of Performance	Total Amount Claimed
AID-121-A-16-00007	Decentralization Offering Better Results Efficiency (DOBRE)	July 8, 2016, to September 30, 2022	\$67,000,000.00

## OBJECTIVE, SCOPE, AND METHODOLOGY

### Objective

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

- Express opinion on whether costs incurred by Global Communities 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 Global Communities' 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 Global Communities’ internal controls, assess control risk, and identify reportable conditions, including material internal control weaknesses.
- Perform tests to determine whether Global Communities complied in all material respects with regulatory and award requirements related with 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 Global Communities 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 Global Communities has requested from USAID the necessary approval for the issuance of subawards according to regulatory and award requirements.
- Determine whether Global Communities 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 Global Communities’ incurred cost elements: Personnel, Fringe Benefits and allowances, Travel, Transportation and per diem, Equipment and supplies, Contractual, Other Direct Costs. 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 Global Communities and its environment, including its internal control, to assess the risk of material misstatement of the books and records of Global Communities, 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 January 1, 2018, to December 31, 2022, are presented below:

### 1. Personnel

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 Global Communities to ensure staffing changes complied with regulatory and contractual requirements.

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

### 2. Fringe Benefits & Allowances:

We reviewed all records related to fringe benefits, including payroll, personnel files, and other relevant documentation, to determine whether the fringe benefits provided were appropriate for each employee working on the contract/award effort. We compared the fringe benefits allocated to each employee with the payroll summary and benefits records to ensure consistency. Additionally, we verified that the benefits provided were within the approved level of entitlement for each staff member and in compliance with the organization's policies and any applicable regulatory requirements.

From our testing, we found no questioned costs within Fringe Benefits and Allowances Costs.

### 3. Travel, Transportation, and Per Diem Costs:

We reviewed vendor invoices, employee expense reports, airline tickets, etc. and verified agreement with amounts recorded and claimed. Additionally, 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, Transportation, and Per Diem Costs.

### 4. Equipment & Supplies:

We reviewed equipment procured by Global Communities, as well as equipment directly procured by USAID for Global Communities' 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 and Supply 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. Additionally, 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
Association of Amalgamated Territorial Communities	\$121,830.00
Business Initiatives	\$59,279.00
Center of Community Growth	\$52,215.00
Civic Initiatives of Ukraine	\$207,539.00
Center for Political Studies in Ivano-Frankivsk	\$121,389.40
Committee of Voters of Ukraine	\$682,413.00
Dnipro Association of Local Governance	\$58,900.00
Foundation in Support of Local Democracy	\$3,776,700.00
Poltava Regional Charity Fund “Initiative”	\$106,175.00
Institute of Political Education	\$300,500.00
Kyiv Economic Institute	\$14,930.00
Sustainable Development Agency “Khmarocos”	\$89,825.70
Kharkiv University Consortium	\$268,250.00
LASKA	\$417,390.00
National Democratic Institute	\$4,564,793
New Generation	\$373,698.00
Public Organization Foundation of Polish-Ukrainian Cooperation	\$18,695.00
Polissya Foundation for International and Regional Researches	\$158,703.00
Social Boost	\$1,288,439.00
Kivograd Territory of Success	\$48,493.00
Ukraine Crisis Media Center	\$2,922,455.00
Ukraine Centre of Social Partnership	\$309,000.00
Ukraine People’s House in Chernivtsi	\$158,568.00
Ukrainian Women’s Fund	\$488,630.00

These limited procedures included the following:

- Documenting our understanding of Global Communities’ subcontractor monitoring procedures in effect during the audit year.
- Documenting how Global Communities selected the subcontractor for the sub-award.
- 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 Global Communities’ prime contract with USAID.
- Determine whether selected invoices from the subcontractor are in compliance with any indirect rate ceilings in the subcontract.
- Determine whether Global Communities 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. Other Direct Costs:

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

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

#### 7. 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 January 1, 2018, to December 31, 2022, and reporting any over/ under-billing amounts. Based on the results of the reconciliation, Global Communities did not overbill or underbill USAID). See Schedule B for Auditee’s billings by USAID contract from January 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 10].

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 Global Communities’ 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 Global Communities’ work under the contract. Per communication with Global Communities 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), GLOBAL COMMUNITIES’ RESPONSES, AND AUDITOR’S CONCLUSIONS**

Based on the results of our testing, no exceptions were noted among the samples reviewed.

### **CONCLUSION**

We conclude that Global Communities 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 Global Communities did not over or underbill USAID from FY2018 to FY2022. From our testing, we found no questioned costs. 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 Global Communities for USAID Award Number AID-121-A-16-00007, which comprise Personnel, Fringe Benefits and allowances, Travel, Transportation and per diem, Equipment and supplies, Contractual, and Other Direct Costs, for the period of January 1, 2018, to December 31, 2022.

In our opinion, the incurred costs referred to above presents fairly, in all material respects, costs reimbursed by the U.S. Agency for International Development (USAID) for the period January 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 Global Communities 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 Global Communities' internal control. Accordingly, no such opinion is expressed.
- Perform procedures to determine whether Global Communities 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 Global Communities' 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 Global Communities 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 Global Communities incurred costs for January 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 January 1, 2018, to December 31, 2022, we considered Global Communities' internal control over financial reporting by obtaining an understanding of the design effectiveness of Global Communities' internal control, determining whether controls had been placed in operation, assessing control risk, and performing tests of Global Communities' 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 Global Communities' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Global Communities' 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 Global Communities' 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 Global Communities' internal control. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Global Communities' 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 Global Communities 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 Global Communities for the period of January 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 Global Communities 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 Global Communities.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Global Communities’ 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 Global Communities. 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 Global Communities’ compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Global Communities’ 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 Global Communities 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 Global Communities' activities under the USAID contract. Per communication with Global Communities, 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	JANUARY 1, 2018, TO DECEMBER 31, 2022, Total Costs	Questioned Costs – Ineligible*	Questioned Costs – Unsupported**	Accepted JANUARY 1, 2018, TO DECEMBER 31, 2022, Costs	Finding
AID-121-A-16-00007	A-1	\$66,353,377.59	-	-	\$66,353,377.59	N/A
Total USAID Contracts		\$66,353,377.59	-	-	\$66,353,377.59	

### Schedule A-1 – Schedule of Allowable Costs – USAID Contract No. AID-121-A-16-00007

Contract Number: AID-121-A-16-00007

Contract Name: Decentralization Offering Better Results and Efficiency

Contract Type: Cooperative Agreement

Funding Amount: \$67,000,000.00

Cost Element	JANUARY 1, 2018, TO DECEMBER 31, 2022, Total Costs	Questioned Costs - Ineligible	Questioned Costs - Unsupported	JANUARY 1, 2018, TO DECEMBER 31, 2022, Accepted Costs	Finding
<b>Direct Costs</b>					
Personnel	\$10,203,630.17	-	-	\$10,203,630.17	
Fringe Benefits & Allowances	\$3,728,880.32	-	-	\$3,728,880.32	
Travel, Transportation, and Per Diem	\$1,347,851.88	-	-	\$1,347,851.88	
Equipment & Supplies	426,526.33	-	-	426,526.33	
Subcontractor	\$23,528,725.66	-	-	\$23,528,725.66	
Other Direct Costs	\$27,117,763.33	-	-	\$27,117,763.33	
<b>Total Direct Costs</b>	<b>\$66,353,377.59</b>			<b>\$66,353,377.59</b>	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	JANUARY 1, 2018, TO DECEMBER 31, 2022, Total Allowable Costs	Less Contract Limitations/Rebates/Cr edits	Total Adjusted Allowable Costs	JANUARY 1, 2018, TO DECEMBER 31, 2022, Billed Amount	Over/Under
AID-121-A-16-00007	\$66,353,377.59	-	\$66,353,377.59	\$66,353,377.59	-
Total Costs	\$66,353,377.59	-	\$66,353,377.59	\$66,353,377.59	-