



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

MEMORANDUM

DATE: August 14, 2025

TO: Kenneth Jackson
USAID/Deputy Administrator for Management and Resources

Douglas A. Pitkin
USAID/Acting Chief Financial Officer

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

SUBJECT: Audit of Incurred Costs for Jefferson Consulting Group, LLC, for Fiscal Years Ended December 31, 2021, and 2022 (3-000-25-016-1)

This memorandum transmits the final audit report on incurred costs submissions (ICS) for Jefferson Consulting Group, LLC, for fiscal years ended December 31, 2021, and 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 certified public accounting firm of Tichenor & Associates, LLP, (Tichenor) to conduct the audit. Tichenor stated that it performed its audit in accordance with 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 Jefferson Consulting Group, in its FYs 2021 and 2022 ICSs are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.¹

Tichenor's audit objectives were to: (1) determine whether all costs were included in the proposal to establish final indirect cost rates for the period ended December 31, 2021, and 2022, and were 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 applied; (2) ascertain that the proposal did not include any costs which are expressly

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.

unallowable under applicable cost principles of the FAR or its supplements; (3) examine Jefferson Consulting Group's compliance with the U.S. Government contract or award terms, and applicable Government acquisition regulations, specifically the FAR, the USAID acquisition regulations (AIDAR), 2 Code of Federal Regulations (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 execute the finalization of allowable contract costs and indirect rates for the fiscal year under review; and (4) examine Jefferson Consulting Group's internal controls to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing Tichenor's opinion on management's assertion, but not for the purpose of expressing Tichenor's opinion on the effectiveness of Jefferson Consulting Group's internal control. To answer the audit's objectives, Tichenor: (1) reviewed Jefferson Consulting Group's FYs 2021 and 2022 ICSs and reconciled it to the general ledger; (2) reviewed applicable rules, regulations, and guidance; (3) reviewed Jefferson Consulting Group's policies and procedures regarding claimed direct and indirect costs; (4) examined, on a test basis, evidence supporting the amounts and disclosures in Jefferson Consulting Group's data and records evaluated; and (5) assessed the accounting principles used and significant estimates made by Jefferson Consulting Group. Tichenor examined USAID allowable costs of \$8,124,392 for FY 2021 and \$5,169,990 for FY 2022.

Tichenor concluded that Jefferson Consulting Group prepared its FY 2021 and FY 2022 ICSs 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 did, however, identify the following questioned costs: (1) \$572,474 of claimed general and administrative taxes and licenses costs described in Finding No. 2021/2022-001: Lack of Sufficient Supporting General Ledger Transaction data for the period January 1, 2021, through December 31, 2022. Tichenor classified Finding No. 2021/2022-001 as a material weakness. (2) Jefferson Consulting Group claimed executive compensation costs that exceeded the reasonableness thresholds totaling \$197,526, of which \$37,943 impacted direct labor and the remainder \$159,583 was associated with Jefferson Consulting Group's indirect cost pools described in Finding No. 2021/2022-002: Unreasonable Amount of Claimed Executive Compensation Costs for the period January 1, 2021, through December 31, 2022. Tichenor classified Finding No. 2021/2022-002 as a significant deficiency. We are not making a recommendation for the significant deficiency noted in the report. Notwithstanding, we suggest that USAID determine whether Jefferson Consulting Group addressed the issue.

To address the material weakness and direct questioned cost identified in the report, we recommend that USAID:

Recommendation 1. Determine the allowability of \$37,943 in direct questioned costs identified on page 10 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Jefferson Consulting Group, LLC, corrects the one material weaknesses in internal control detailed on pages 9 and 10 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach

management decision.

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.