



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

MEMORANDUM

DATE: September 8, 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: Performance Audit of Incurred Cost Submission on Energy and Security Group, LLP for Fiscal Year Ended June 30, 2022 (3-000-25-018-I)

This memorandum transmits the final performance audit report on incurred costs submission (ICS) for Energy and Security Group, LLP (ESG) for the fiscal years (FY) Ended June 30, 2022. The U.S. Agency for International Development (USAID)/Management/Office of Acquisition and Assistance/Cost Audit and Support Division contracted with the Tichenor & Associates, LLP (Tichenor) to conduct the audit. Tichenor's responsibility is to express an opinion on ESG management's assertion based on conducting the examination in accordance with attestation standards established by the Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States. Tichenor is responsible for the report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by ESG in the FY 2022 ICS are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable with Government acquisition regulations.¹

On February 21, 2025, Tichenor was informed that ESG could not commit to a FY 2022 ICS examination due to their USAID contracts having been terminated and ESG's plans to furlough and reduce headcount. Tichenor has not received any of the requested documentation needed to be able to perform the examination on ESG's FY 2022 ICS. Because of this limitation, the scope was not sufficient to enable Tichenor to express, and Tichenor does not express an opinion on whether the management of ESG's assertion that (I) All costs included in the ICS

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.

submitted 6/30/2023 to establish final indirect cost rates for the fiscal year ending December 31, 2022 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; and (2) This proposal does not include any costs which are expressly unallowable under applicable cost principles of the FAR or its supplements is fairly stated, in all material respects with FAR, USAID Acquisition Regulations (AIDAR), 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Federal Travel Regulations and/or the Department of State Standard Travel Regulations (DSSR), Buy-American requirements, and U.S. Government contract/award terms.

Due to the insufficient data provided to Tichenor, Tichenor was unable to complete auditing of the various schedules of costs. However, Tichenor noted in; Finding 2022-001: Scope Limitation, Unable to receive Requested Documentation that Tichenor did recommend ESG to make their FY 2022 ICS's examination a priority.

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.