



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

MEMORANDUM

DATE: September 11, 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 Costs for Chemonics International, Inc. for Fiscal Year Ended December 31, 2022 (3-000-25-020-I)

This memorandum transmits the final performance audit report on incurred costs submission (ICS) for Chemonics, Inc. (Chemonics) for fiscal year (FY) ended December 31, 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 stated that it conducted the audit in accordance with generally accepted government audit standards (GAGAS). Tichenor is responsible for the report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by Chemonics in the 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 (1) express an opinion on management's assertion; (2) examined Chemonics compliance with their 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 Requirement, 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 the allowable contract costs and indirect rates for the fiscal year under review with the Contractor; (3) examined Chemonics' internal controls to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing

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.

our opinion on management assertion, but not for the purpose of expressing an opinion on the effectiveness of Chemonics's internal control. To answer the audit's objective, Tichenor reviewed Chemonics' FY 2022 ICS 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 Chemonics's policies and procedures regarding claimed direct and indirect cost. Tichenor examined USAID expenditures of \$64,338,155 for FY 2022.

Tichenor has concluded that Chemonics has prepared its FY 2022 ICS 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 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 the Contractor for the periods of January 1, 2022, through December 31, 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.