



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

MEMORANDUM

DATE: September 17, 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 University Research Co., LLC/Center for Human Services for Fiscal Years Ended September 30, 2021, and 2022 (3-000-25-022-I)

This memorandum transmits the final audit report on incurred costs submission (ICS) for University Research Co., LLC/Center for Human Services (URC) for fiscal years (FY) ended September 30, 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 URC in its FYs 2021 and 2022 ICS 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 included in the proposal due on or before March 31, 2022, to establish final indirect cost rates for the year ended September 30, 2021, and in the proposal due on March 31, 2023 for September 30, 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; (2) ascertain that the proposal did not include any costs which are expressly unallowable under

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.

applicable cost principles of the FAR or its supplements; (3) examine URC'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 URC'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 URC's internal control. To answer the audit's objectives, Tichenor (1) reviewed URC's FYs 2021 and 2022 ICS and reconciled it to the general ledger; (2) reviewed applicable rules, regulations, and guidance; (3) reviewed URC's policies and procedures regarding claimed direct and indirect costs; (4) examined, on a test basis, evidence supporting the amounts and disclosures in URC's data and records evaluated; and (5) assessed the accounting principles used and significant estimates made by URC. Tichenor examined USAID allowable costs of \$99,611,882 for FYs 2021 and 2022.

Tichenor concluded that URC prepared its FYs 2021 and 2022 ICSs in accordance with applicable Government acquisition regulations in 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 finalizing of allowable costs and indirect rates for FYs 2021 and 2022. Further, Tichenor identified 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 URC for the period from October 1, 2020, through September 30, 2022. Tichenor did, however qualify its opinion by identifying two internal control significant deficiencies pertaining to the following: (1) Inconsistency Between Fringe Cost Pools Disclosed in Contractor's Cost Accounting Standards Disclosure Statement Revision No. 2 and Fringe Cost Pools Reported in Contractor's FYs 2021 and 2022 ICS; and (2) Improper Recording of Severance Costs to General Ledger Indirect Labor Accounts. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that USAID determine whether URC addressed the issues identified.

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.