



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

### MEMORANDUM

**DATE:** August 1, 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 International Business & Technical Consultants, Inc. for Fiscal Years Ended December 31, 2021, and December 31, 2022 (3-000-25-013-1)

This memorandum transmits the final performance audit report on incurred costs submission (ICS) for International Business & Technical Consultants, Inc. (IBTCI) for fiscal years (FY) ended December 31, 2021, and 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 IBTCI in the FY 2021 & FY 2022 ICS are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.<sup>1</sup>

The audit objective were to express an opinion on management's assertion that (1) all costs included in the proposal ICE MODEL IBTCI 2021 final to establish final indirect costs rates for Year Ending December 31, 2021 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 FAR or its supplements, and (1) all

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<sup>1</sup> 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.

costs included in the proposal IBTCI ICE 2022 Final to establish final indirect cost rates for 1/1/2022 – 12/31/2022 are allowable in accordance with the cost principles of the 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. Tichenor examined the Contractor's compliance with their U.S. Government contract/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 Regulation (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 with the Contractor. To answer the audit's objective, Tichenor reviewed IBTCI's FY 2021 & 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 IBTCI's policies and procedures regarding claimed direct and indirect cost. Tichenor examined USAID Auditable Dollar Value of \$14,816,233 for FY 2021 and \$9,034,465 for FY 2022.

Tichenor disclosed two internal control deficiencies; Finding 2021/2022-001: inadequate Preparation & Review of the FY 2021 and FY 2022 ICS and Finding 2021/2022-002: failure to utilize current Negotiated Indirect cost Rate Agreement (NICRA) Provisional Billing Indirect Rates when billing on cost type and T&M contracts. Tichenor concluded, except for the two findings, IBTCI has prepared its FY 2021 and 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 questioned costs and adjustments of the proposed direct amounts for contract reimbursement on select unsettled flexibly priced contracts in the ICS submitted by IBTCI for the period January 1, 2021, through December 31, 2022. However, Tichenor's procedures resulted in no questioned costs or associated impact adjustments, described in the findings above, of the proposed indirect amounts for contract reimbursement on select unsettled flexibly priced contracts in the ICS submitted by IBTCI for the period January 1, 2021, through December 31, 2022. During Tichenor's review, Tichenor noted that IBTCI misclassified amounts being claimed under flexibly priced government contracts as allowance costs which were in fact identified as ODC and as a result, Tichenor has questioned \$3,193,373 of claimed allowance costs and corresponding adjusted upward claimed ODC costs by the amount of \$(3,193,373). In addition, although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division, Contract Audit Management Branch determine if IBTCI addressed the issue noted.

To address the issue identified in the report, we recommend that USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division, Contract Audit Management Branch:

**Recommendation 1.** Verify that IBTCI 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.<sup>2</sup>

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<sup>2</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).