



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** May 19, 2022

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division, Supervisory Auditor, Eleanor C. Jefferson

**FROM:** Director of External Financial Audits Division (IG/A/EFA), David A. McNeil /s/

**SUBJECT:** Examination Report of Incurred Costs Claimed on Flexibly Priced Contracts by The Manoff Group, Inc. for the Fiscal Year Ended December 31, 2018 (3-000-22-024-I)

This memorandum transmits the final examination report for The Manoff Group Inc.'s (TMG) incurred costs claimed on flexibly priced contracts for the fiscal year (FY) ended December 31, 2018. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit, and Support Division contracted with the independent certified public accounting firm of Booth Management Consulting, LLC (BMC) to conduct the examination. The audit firm stated that it performed its examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in generally accepted government auditing standards. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by TMG on in-scope contracts and subcontracts for the fiscal year ended December 31, 2018, are allowable, allocable and reasonable in accordance with contract terms; Part 31 of the Federal Acquisition Regulation (FAR); Agency for International Development Acquisition Regulation (AIDAR); Department of State Standardized Regulation (DSSR); and 2 Code of Federal Regulations (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable.<sup>1</sup>

The examination's objective was to express an opinion on whether the costs claimed by TMG on in-scope contracts and subcontracts for the fiscal year ended September 30, 2018, are allowable, allocable, and reasonable in accordance with contract terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. To answer the examination's objective, BMC designed its testing procedures to evaluate the internal control environment surrounding TMG's subcontract management process and to verify that TMG had adequate controls in place

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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 examination 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 examination performed.

for monitoring subcontractor costs. Its examination included the reconciliation of the adjusted total costs booked to date and the cumulative amount billed, by contract or subcontract and reporting any over/under-billings. The audit firm examined USAID incurred costs of \$1,960,029 for the fiscal year ended December 31, 2018.

BMC's examination disclosed submitted amounts that do not materially comply with contract terms pertaining to accumulating and billing incurred amounts. As a result, BMC expressed a qualified opinion stating that, except for the instances of noncompliance due to questioned costs of \$6,522, costs claimed by TMG on in-scope contracts and subcontracts for FY 2018 are allowable, allocable, and reasonable in accordance with contract terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as applicable. The audit firm's examination did not disclose any findings that are required to be reported under *Government Auditing Standards*. Since the direct questioned costs (\$6,522, ineligible) did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division determine the allowability of the \$6,522 of ineligible direct questioned costs and recover any amount determined to be unallowable.

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").