



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

MEMORANDUM

DATE: March 29, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audit Management Branch, Acting Supervisory Auditor, Sheree F. Marshall

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

SUBJECT: Audit of Incurred Costs Submission by Social Solutions International, Inc. for the Fiscal Years Ended December 31, 2017, 2018, and 2019 (3-000-23-020-1)

This memorandum transmits the final audit report on incurred costs submissions (ICS) prepared by Social Solutions International, Inc. (SSI) for fiscal years (FY) ended December 31, 2017, 2018, and 2019. 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 to conduct the audit. The audit firm stated that it performed its audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether the costs claimed by SSI for the FYs ended December 31, 2017, 2018, and 2019 ICS were accurate, allowable, allocable and reasonable in accordance with contract terms and applicable Government acquisition regulations, specifically: the Federal Acquisition Regulation (FAR); Agency for International Development Acquisition Regulation (AIDAR); Federal Travel Regulations (FTR); Department of State Standardized Regulation (DSSR); and Buy-American Act, as applicable.¹

The audit's objective was to determine whether the costs claimed by SSI FYs ended December 31, 2017, 2018, and 2019 ICS, were accurate, allowable, allocable, and reasonable in accordance with contract terms; FAR; AIDAR; FTR; DSSR; and Buy-American Act. To answer the audit's objective, Tichenor & Associates, LLP. designed its testing procedures to review the incurred costs reported by SSI for FYs 2017, 2018, and 2019 for accuracy, allowability, allocability, and reasonableness. Tichenor & Associates, LLP. also reviewed staff and consultant salary limitations; Buy-American Act for travel and equipment purchases; and executive compensation. The audit firm audited USAID incurred costs of \$190,869,886 for the FYs ended December 31,

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.

2017, 2018, and 2019.

Tichenor & Associates, LLP. stated that except for the findings noted on pages 14 to 30 of the report, SSI prepared its FYs 2017, 2018, and 2019 incurred costs submission in accordance with applicable Government acquisitions regulations of the FAR, the AIDAR, and the DSSR regarding accuracy, allowability, allocability, and reasonableness. The audit firm identified indirect questioned costs of \$94,771 (\$1,702 in overhead pool costs; and \$93,069 in G&A pool costs), and direct questioned costs of \$506,911 (ineligible \$422,138, and unsupported \$84,773). The audit did not disclose any findings that are required to be reported under Government Auditing Standards.

To address the issues 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. Determine the allowability of \$506,911 (\$422,138 ineligible, and \$84,773 unsupported) on page 2 of the audit report and recover any amount that is unallowable.

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").