



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

MEMORANDUM

DATE: April 17, 2023

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

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

SUBJECT: Performance Audit of Incurred Costs Submission for Energy & Security Group, LLC. for the Fiscal Years 2018 and 2019 (3-000-23-021-I)

This memorandum transmits the final audit report on incurred costs submission (ICS) for Energy & Security Group, LLC (ESG) for fiscal years 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 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 costs claimed by ESG on the ICS for the fiscal years 2018 and 2019 are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations. ¹

The audit's objective was to express an opinion on whether the costs claimed by ESG on the ICS for fiscal years 2018 and 2019 determine whether cost claimed were accurate, allowable, allocable, and reasonable in accordance with the auditee's USAID contracts and applicable Government acquisition regulations, specifically the Federal Acquisition Regulation (FAR), the USAID Acquisition Regulations (AIDAR), 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 with the auditee. To answer the audit's objective, Tichenor & Associates, LLP designed its testing procedures to review the incurred costs reported by ESG for fiscal years 2018 and 2019 and reconciled it to the auditee's general ledger, and other records and documentation provided by the auditee, to determine its adequacy for audit purposes. The audit firm examined total USAID

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.

incurred costs of \$8,357,600 in fiscal years 2018 and 2019.

Tichenor & Associates LLP concluded that ESG prepared its fiscal years 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 of incurred costs and are appropriate for the contracting officer's use in executing the finalization of allowable costs and indirect rates for the fiscal years with the auditee. The audit firm did not identify any questioned costs and did not disclose any findings that are required to be reported under Government Auditing Standards. However, Tichenor & Associates LLP found that the auditee may have overbilled USAID \$13,591 for fiscal year 2018 and underbilled \$77,856 for fiscal year 2019.

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").