



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

MEMORANDUM

DATE: October 16, 2023

TO: USAID/Bureau for Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audit Management Branch, 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 of Macfadden & Associates, Inc., for Fiscal Year Ended December 31, 2020 (3-000-24-008-1)

This memorandum transmits the final performance audit report on incurred costs submissions (ICS) of Macfadden & Associates, Inc., for Fiscal Year (FY) ended December 31, 2020. 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 Brown & Company CPAs and Management Consultants, PLLC (Brown) to conduct the audit. Brown stated that it performed its audit in accordance with government auditing standards issued by the Comptroller General of United States. Brown is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by Macfadden & Associates, Inc. in the FY 2020 ICS are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.¹

The audit's objective was to determine whether the costs claimed by Macfadden & Associates, Inc. on in-scope awards and subawards for FY 2020 are allowable, allocable, and reasonable in accordance with award 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. To answer the audit's objective, Brown (1) identified Government cost-type, flexibly priced, time and material closed contracts and subcontracts for FY 2020; (2) performed a reconciliation between the adjusted total costs booked and the cumulative amount billed for FY 2020 and reported any over/under-billings; (3) determined whether contract limitations were appropriate based on costs claimed; (4) determined whether the cumulative amount billed for each contract, as of the

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.

end of the fiscal year under review, exceeded the total funded value on the contract at that point in time; and (5) performed a risk and materiality assessment of Macfadden & Associates, Inc. using procedures from newly enacted guidance developed by a Department of Defense Procurement Panel. Brown examined USAID incurred costs of \$59,947,622 for FY 2020.

Brown concluded that Macfadden & Associates, Inc.'s costs claimed for in-scope contracts and subcontracts for FY 2020 are allowable, allocable, and reasonable in accordance with contract terms, Part 31 of the FAR, AIDAR, DSSR, and 2 CFR 200. Brown did not identify any direct or indirect questioned costs. Finally, Brown did not note any instances of material non-compliance with laws, regulations, or contract terms required to be reported under Government Auditing Standards during the FY 2020 audit.

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.