



**USAID**  
FROM THE AMERICAN PEOPLE

American Council on Education  
Jeffrey Tomitz  
Chief Financial Officer  
1 Dupont Circle, NW, Suite 1B-25  
Washington, DC  
20036

Re: Your October 18, 2011 Appeal of the Agreement Officer's Final Decision under Cooperative Agreement No. 674-A-00-09-00029-00

Dear Mr. Tomitz:

This is the Final Decision by USAID on the referenced Appeal of the Agreement Officer's (AO's) decision. Per 22 CFR 226.90(d), this decision shall be final. I have reviewed the information submitted with your Appeal and concluded that American Council on Education (ACE) must remit payment of (b)(4) to USAID. My decision in this Appeal is explained below.

ACE's fiscal year 2009 A-133 audit questioned (b)(4). Your appeal reports that ACE concurred and, as a result, executed journal entries to credit the questioned amount back to USAID. Subsequently, you explained ACE's attempted corrective action to USAID auditors and provided several documents in an effort to substantiate it. However, the AO found that, "the supporting documentation presented by ACE was inadequate," in that USAID auditors, "were unable to readily determine how the adjustments made by ACE in its internal documents were reflected in the billings to USAID." The AO's final decision then demanded repayment of (b)(4) in questioned costs.

ACE has timely appealed the AO's decision. Although it concurs with the disallowance, your appeal requests that I find ACE previously satisfied the debt with adjusting entries. In support of your appeal, you have presented documentation including an SF-425 financial status report and an internal tracking ledger.

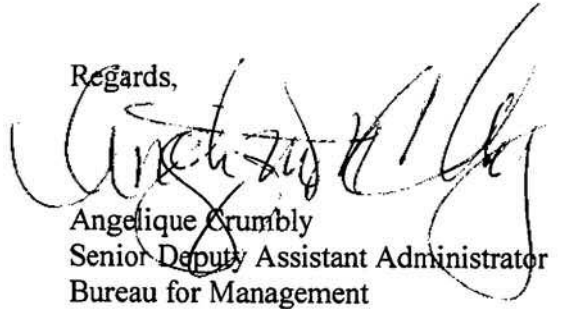
Upon review of this documentation, I decline to overturn the AO's final decision. Though the documents show adjustments to cost categories, they do not demonstrate that the (b)(4) debt has been resolved. As a result, USAID is unable to verify that its funds have been expended only allowed costs, and any additional outlays have been returned. I therefore uphold the AO's demand for payment of (b)(4).

I understand ACE's point, noted in its appeal letter, that it believes it would be required to reverse its earlier journal entry to avoid duplicate payment, and it is duly noted. If

ACE does initiate such a transaction, I suggest that it ensure it can fully document its actions for future audits.

In accordance with 22 C.F.R. 226.90(d), this is the Final Decision of the Senior Deputy Assistant Administrator for Management. Please remit a check to USAID in the amount of (b)(4) within 30 days of receipt of this decision. Please include a copy of this letter with your remittance and reference the agreement number 674-A-00-09-00029-00 on the check remittance stub for our financial management section.

Regards,



Angelique Crumbly  
Senior Deputy Assistant Administrator  
Bureau for Management