



MEMORANDUM

DATE: April 17, 2020

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

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

SUBJECT: Incurred Cost Audit Report for Management Systems International for the Fiscal Years Ended September 30, 2016 and September 30, 2017 (3-000-20-024-1)

This memorandum transmits the final audit report on the examination of indirect cost rate proposals and related books and records for reimbursement of Management Systems International (MSI) for the fiscal years (FY) September 30, 2016 (18 months) and September 30, 2017 booked and billed costs. 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 audit. 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 direct and indirect costs claimed in MSI's final indirect cost rate proposals are allowable, allocable and reasonable in accordance with contract/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*, as applicable.¹

The objective of this examination was to express an opinion on whether direct and indirect costs claimed by MSI's final indirect costs rate proposals for FYs 2016 and 2017 are allowable, allocable, and reasonable in accordance with contract/award terms; Part 31 of FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. To answer the objective, the audit firm tested a statistical sample of direct and indirect costs, overhead, subcontract costs, travel and other direct and indirect costs for FYs 2016 and 2017. In addition, BMC addressed specific areas of concern to

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.

USAID, such as consultants, subcontracts, and Buy-American requirements for travel and equipment. The audit firm examined \$494,957,281 of USAID's incurred costs for the two fiscal years ended September 30, 2017.

The audit firm expressed an unmodified opinion that direct and indirect costs claimed in MSI's final indirect costs rate proposals for FYs 2016 and 2017 are allowable, allocable, and reasonable in accordance with contract/award 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, in all material respects. The audit firm did not question any costs.

We appreciate the assistance extended during the engagement.

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").