



MEMORANDUM

DATE: August 10, 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: Examination of Costs Claimed by IOS Partners, Inc., LLC for the Year Ended December 31, 2016 (3-000-20-064-I)

This memorandum transmits the final examination report on costs claimed by IOS Partners, Inc. (IOS) on in-scope awards and subawards for the year ended December 31, 2016. 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 Brown & Company CPAs and Management Consultants, PLLC (Brown & Company) 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 the costs claimed by IOS on in-scope awards and subawards 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*, as applicable.¹

The examination objective was to express an opinion on whether the costs claimed by IOS on in-scope awards and subawards for the year ended December 31, 2016 are allowable, allocable, and reasonable in accordance with award terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR

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.

200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. To answer the examination objective the audit firm performed a reconciliation of the adjusted total costs booked to date and the cumulative amount billed, by award or subaward, for each of the year ended December 31, 2016 and reporting any over/under-billings. The audit firm designed its testing procedures to evaluate the internal control environment surrounding IOS's subcontract management process and to determine whether IOS had adequate controls in place for monitoring subcontract costs. The audit firm examined USAID incurred costs of \$925,734 for the fiscal year ended December 31, 2016.

The audit firm expressed an unmodified opinion that costs claimed by IOS on in-scope awards and subawards for the year ended December 31, 2016 are allowable, allocable, and reasonable in accordance with 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 examined direct costs or recommend changes to the indirect cost rates. In addition, the audit firm's examination did not disclose any findings.

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")