



MEMORANDUM

DATE: January 21, 2021

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

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

SUBJECT: Performance Audit Report on Management Science for Health's Accounting System Administration (3-000-21-014-I)

This memorandum transmits the final report on the performance audit of Management Science for Health's (MSH) Accounting System Administration for the period January 2020 to July 2020. 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 audit in accordance with 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 the adequacy of MSH's accounting system, or its compliance with applicable Federal laws and regulations.¹

The audit objectives were to evaluate whether MSH established an adequate accounting system and whether the accounting system:

- Complies with applicable Federal laws and regulations,
- Ensures adequate segregation of cost billing and reporting purposes,
- Adequately accumulates, segregates, and identifies costs under U.S. Government awards, and
- Allows for the proper segregation between direct, indirect, and unallowable costs in compliance with applicable Government regulations.

To answer the audit objectives, BMC conducted its performance audit from July through September 2020 in Columbia, Maryland in the following three phases:

1. Planning – Assessed the design of MSH's policies and key internal controls relating to the accounting system administration criteria.
2. Internal Controls and Testing – Tested the implementation of MSH's policies and key

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.

internal controls.

3. Wrap-Up and Reporting – Concluded on the adequacy of the accounting system administration as a result of the audit procedures performed.

BMC concluded that MSH's accounting system administration is designed to adequately accumulate, segregate, and identify costs under U.S. Government awards, as well as allows for the proper differentiation between direct costs, indirect costs, and unallowable costs in compliance with applicable Government regulations. The audit firm identified one significant deficiency due to a lack of a policy and procedures for internal audits or management review. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division determine if the recipient addressed the issues noted.

OIG does not routinely distribute independent public accounting reports beyond the immediate addresses 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").