



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 9, 2022

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 of the Adequacy of the Accounting System Administration for Knowesis, Inc. (3-000-22-012-1)

This memorandum transmits the final report on the Performance Audit of the Adequacy of the Accounting System Administration for Knowesis, Inc.'s (Knowesis). 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 Knowesis' accounting system administration; the effectiveness of its internal controls; or its compliance with applicable Federal laws and regulations.¹

The audit objectives were to evaluate whether Knowesis has 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
- Allows for the proper segregation between direct, indirect, and unallowable costs in compliance with applicable Government regulations.

To answer the audit objectives, the audit firm used the requirements contained in: (a) the Code of Federal Regulations (CFR), Section 252.242-7006, Accounting System Administration; (b) USAID Acquisition Regulations (AIDAR); and (c) Federal Acquisition Regulation (FAR). In addition, BMC conducted this performance audit from August 23, 2021, through September 23,

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.

2021, in Columbia, Maryland in the following phases:

- 1. Planning-Assessed the design of Knowesis' policies and key internal controls relating to the accounting system criteria.
- 2. Internal Controls and Testing-Tested the implementation of Knowesis' policies and key internal controls.
- 3. Wrap-up and Reporting-Concluded on the adequacy of the accounting system as a result of audit procedures performed and within the context of the audit objectives.

BMC concluded that Knowesis' 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.

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").