



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: March 5, 2024

TO: USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division/Contract Audit Management Branch, Sheree. F. Marshall, Supervisory Auditor

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

SUBJECT: Performance Audit of Incurred Costs for Financial Markets International for the Fiscal Year Ended December 31, 2020 (3-000-24-024-I)

This memorandum transmits the final audit report on incurred costs claimed on cost-type contracts by Financial Markets International (FMI) for the Fiscal Year (FY) Ended December 31, 2020. FMI contracted with the independent audit firm of Brown & Company CPAs and Management Consultants, PLLC (Brown) to conduct the audit. Brown stated that it performed its audit in accordance with government auditing standards issued by the Comptroller General of United States. Brown is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by FMI, in its FY 2020 incurred cost submission, are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.¹

The audit objectives were to determine whether the costs claimed by FMI's in-scope contracts and subcontracts for FY 2020 were allowable, allocable, and reasonable in accordance with contract terms, and applicable Government acquisition regulations. To answer the audit's objectives, Brown (1) performed a reconciliation between the adjusted total costs booked to date and the cumulative amount billed, by contract, for FY 2020 and reported any over/under billings; (2) determined whether contract limitations were appropriate; (3) determined whether the cumulative amount billed for each contract, as of the end of the fiscal year under review, exceeded the total funded value on the contract at that point in time; (4) evaluated FMI's internal control environment; and (5) performed a risk and materiality assessment of FMI using procedures from newly enacted guidance developed by a Department of Defense Procurement Panel. Brown examined the U.S. Agency International Development (USAID) Auditable Dollar

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.

Value of \$3,516,326 for FY 2020.

Brown concluded that FMI's costs claimed for in-scope contracts and subcontracts for FY 2020 are allowable, allocable, and reasonable in accordance with contract terms, Part 31 of the FAR, AIDAR, DSSR, and 2 CFR 200. Brown considered all claimed direct and all revised claimed indirect costs acceptable as proposed. Also, Brown did not note any instances of material non-compliance with laws, regulations, or contract terms required to be reported under Government Auditing Standards during the FY 2020 audit.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.