



MEMORANDUM

DATE: June 25, 2018

TO: USAID/Management/Office Acquisition and Assistance/Cost, Audit and Support Division, Branch Chief, David A. McNeil

FROM: Director of External Financial Audits, Abdoulaye Gueye /s/

SUBJECT: Performance Audit Over the Adequacy of Global Business Solutions, Inc.'s Accounting System Administration (3-000-18-041-I)

This memorandum transmits the final audit report over the adequacy of Global Business Solution, Inc.'s (GBSI) accounting system administration. The U.S. Agency for International Development's (USAID) Office of Acquisition and Assistance Cost, Audit and Support Division contracted with Kearney & Company to conduct the audit. The audit required Kearney & Company to perform the audit in accordance with generally accepted government auditing standards.

Kearney & Company states that it performed its audit in accordance with generally accepted government auditing standards. Kearney & Company is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion over the adequacy of GBSI's administration of its accounting system.¹

The objectives of the performance audit were to conclude whether GBSI established an adequate accounting system to:

- adequately accumulate, segregate, and identify costs under U.S. Government awards; and
- allow for the proper differentiation between direct costs, indirect costs, and unallowable costs in compliance with applicable Government regulations.

To answer the audit objectives, Kearney & Company conducted the audit in the following phases:

- I. **Planning** – Assessed the design of GBSI's policies and key internal controls related to accounting system criteria.

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.

2. **Internal Controls and Testing** – Tested the implementation of GBSI’s 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 in the context of the audit objectives.

Kearney & Company concluded that GBSI’s accounting system adequately accumulates, segregates, and identifies 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 and benchmarks. Kearney & Company identified two findings. Findings #1 and #2 disclosed control deficiencies.

To address the issue identified in the report, we recommend that USAID’s Office of Acquisition and Assistance Cost, Audit and Support Division:

Recommendation I.

Verify that Global Business Solutions, Inc. corrects Findings # 1 and # 2 on pages 5 and 6 of the audit report

We ask that you provide your written notification of actions planned or taken to reach a management decision. We appreciate the assistance extended during the engagement.

The 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”).

If you have any questions related to this report, please contact Steve Shea, Assistant Director, at (202) 712-1386 or sshea@usaid.gov.

Attachment: As stated

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