



MEMORANDUM

DATE: April 3, 2019

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

FROM: Deputy Assistant Inspector General for Audits, Alvin Brown/s/

SUBJECT: Performance Audit Over the Adequacy of Insight Systems Corporation's Accounting System (3-000-19-013-1)

This memorandum transmits the final audit report over the adequacy of Insight Systems Corporation's accounting system. 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 firm stated the contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states 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 over the adequacy of Insight Systems Corporation's administration of its accounting system¹.

The objectives of the audit were to conclude on whether Insight Systems Corporation has established an adequate accounting system to: (1) adequately accumulate, segregate, and identify costs under U.S. Government awards; and (2) allow for the proper differentiation between direct costs, indirect costs, and unallowable costs in compliance with applicable Government regulations.

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.

The audit firm concluded that Insight Systems Corporation'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. The audit firm identified one finding that is required to be reported under generally accepted government auditing standards. Insight Systems Corporation has several control gaps that collectively increase risk to information safeguarding, which is part of a sound internal control environment.

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

Recommendation I: Verify that Insight Systems Corporation, corrects Finding #1, page 7 through 8 of the 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

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").