



MEMORANDUM

DATE: June 29, 2020

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

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

SUBJECT: Follow-up Performance Audit on the Adequacy of Global Business Solutions, Inc.'s Accounting System (3-000-20-051-I)

This memorandum transmits the final audit report of the follow-up performance audit on the adequacy of the accounting system for Global Business Solutions, Inc. (GBSI). The U.S. Agency for International Development's (USAID) Office of Acquisition and Assistance, Cost, Audit and Support Division contracted with the independent certified public accounting firm Brown & Company CPAs and Management Consultants, PLLC. (Brown & Company) 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 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 benchmarks¹.

The objectives of this follow-up performance audit are to conclude on whether GBSI has followed-up on findings in the performance audit report completed by Kearney & Company, dated February 28, 2018. The objectives of the performance audit dated February 28, 2018, was to conclude on whether GBSI had established an adequate accounting system and, more specifically, whether GBSI's accounting system adequately accumulates, segregates, and identifies

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.

costs under U.S. Government awards and allows for the proper differentiation between direct costs, indirect costs, and unallowable costs in compliance with applicable Government regulations. To answer the audit objectives, the audit firm assessed the adequacy of GBSI's accounting system administration. Brown & Company structured their audit of the adequacy of GBSI's accounting system as shown in Exhibit I of its report, against the evaluation criteria which come from the Code of Federal Regulations, Section 252.242-7006, Accounting System Administration, as industry best practices or benchmarks against which performance is evaluated.

Brown & Company concludes 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.

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").