



MEMORANDUM

DATE: November 20, 2020

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: Examination of Panagora Group, LLC for the Certified Final Indirect Cost Rate Proposals and Related Books and Records for Reimbursement for the Fiscal Year Ended December 31, 2017 (3-000-21-004-I)

This memorandum transmits the final examination report on Panagora Group, LLC (Panagora) on in-scope contracts and subcontracts for the year ended December 31, 2017. 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 Booth Management Consulting, LLC (BMC) to conduct the examination. The audit firm stated that it performed its examination in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in 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 whether costs claimed by Panagora on in-scope contracts and subcontracts for the year ended December 31, 2017 are allowable, allocable and reasonable in accordance with award terms; Part 31 of the Federal Acquisition Regulation (FAR); Agency for International Development Acquisition Regulation (AIDAR); Department of State Standardized Regulation (DSSR); and 2 Code of Federal Regulations (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable.¹

The examination's objective was to express an opinion on whether the costs claimed by Panagora on in-scope contracts and subcontracts for the year ended December 31, 2017 are allowable, allocable, and reasonable in accordance with award terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. To answer the examination's objective, BMC designed its testing procedures to evaluate the internal control environment surrounding

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.

Panagora's subcontract management process and to verify that Panagora had adequate controls in place for monitoring subcontractor costs. Its examination included the reconciliation of the adjusted total costs booked to date and the cumulative amount billed, by award or subaward and reporting any over/under-billings. The audit firm examined USAID incurred costs of \$1,057,983 for the year ended December 31, 2017.

BMC expressed a qualified opinion due to submitted amounts that did not materially comply with contract terms pertaining to accumulating and billing incurred amounts. In BMC's opinion, except for the instances of non-compliance mentioned previously, Panagora's fiscal year 2017 submitted amounts on unsettled flexibly priced contracts comply, in all material respects, with contract terms pertaining to accumulating and billing incurred amounts. The audit firm identified \$331 in indirect questioned General & Administrative pool costs. BMC's examination did not disclose any findings and direct questioned costs that are required to be reported under government auditing standards.

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").