



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

Date: December 7, 2021

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

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

SUBJECT: Single Audit of Management Sciences for Health, Inc. and Subsidiaries for the Fiscal Year Ended June 30, 2017 (3-000-22-003-T)

This memorandum transmits the final audit report on Management Sciences for Health, Inc. and Subsidiaries (MSH) under Title 2 United States Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for the fiscal year ended June 30, 2017. MSH contracted with the independent certified public accounting firm BDO USA, LLP to conduct the audit. The audit report was obtained from the Federal Audit Clearinghouse. BDO USA, LLP performed the Title 2 CFR Part 200 audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MSH's financial statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

The audit objectives were to: (1) express an opinion on whether the financial statements as of June 30, 2017 were presented fairly, in all material respects; (2) express an opinion on whether the schedule of expenditures of federal awards as required by 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is fairly stated in all material respects; (3) describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on its effectiveness; and (4) determine whether MSH complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs and describe the scope of testing of internal control over compliance and the results of that testing, but not to express an opinion on its effectiveness. To answer the audit objectives, the audit firm performed tests of MSH's

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.

compliance with specific provisions of laws, regulations, contracts, and grant agreements and other matters. MSH's audited expenditures of federal awards were \$207,179,185 of which the U.S. Agency for International Development's (USAID) audited expenditures were \$201,500,734 for the fiscal year ended June 30, 2017.

The audit firm expressed unmodified opinions on the financial statements and on compliance for the major federal programs. The audit firm questioned costs of \$50,000 (\$50,000, Ineligible) (Finding 2017-003). Additionally, the audit firm concluded the schedule of expenditures of federal awards was fairly stated, in all material respects, in relation to the financial statements as a whole. The audit firm did not identify any deficiencies in internal control over financial reporting that it considered to be material weaknesses, or instances of non-compliance or other matters that were required under Government Auditing Standards. However, the audit firm did identify one significant deficiency in internal control over financial reporting as item (Finding 2017-001); one significant deficiency in internal control over compliance, (Finding 2017-005); and four instances of non-compliance, (Findings 2017-002 through 2017-005) that are required in accordance with the Uniform Guidance. Although, we are not making recommendations for the two significant deficiencies and the four instances of non-compliance, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division determine if the recipient addressed the issues noted. MSH was issued a management letter.

To address the issues identified in the report, we recommend that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division:

Recommendation I: Determine the allowability of \$50,000 in ineligible direct questioned costs on page 35 of the audit report and recover any amount that is unallowable.

We ask that you provide written notice of actions planned or taken to reach management decision.

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”).