



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: September 28, 2022

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

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

SUBJECT: Performance Audit of the Adequacy of the Accounting System for Panagora Group, Inc. (3-000-22-033-1)

This memorandum transmits the final audit report on the Performance Audit of the Adequacy of the Accounting System for Panagora Group, Inc. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit, and Support Division, Contract Audit Management Branch contracted with the independent audit firm Tichenor & Associates, LLP 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 on Panagora Group, Inc.'s accounting system; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objective was to determine whether Panagora Group, Inc.'s Accounting System meets the requirements of 48 CFR 252.242-7006 *Accounting System Administration* which requires an accounting system to:

- Adequately accumulate, segregate, and identify costs under U.S. Government awards, and
- Allow for the proper segregation between direct, indirect, and unallowable costs in compliance with applicable Government regulations.

To answer the audit objectives, the audit firm used the requirements contained in: (a) the Code of Federal Regulations 48 (CFR), Section 252.242-7006, *Accounting System Administration*, and (b) Federal Acquisition Regulation (FAR). In addition, Tichenor & Associates, LLP conducted

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.

this performance audit between February 7, 2022, and February 25, 2022 in the following phases:

- Assessed risk and reviewed Panagora Group, Inc.'s policies and procedures and key internal controls relating to the accounting system criteria,
- Tested the implementation of policies and compliance with the criteria 48 CFR 252.242-7006, and
- Concluded on the adequacy of the accounting system as a result of audit procedures performed and within the context of the audit objectives.

In Tichenor & Associates, LLP's opinion, Panagora Group, Inc.'s accounting system administration is designed to adequately accumulate, segregate, and identify 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.

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"),