



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 12, 2024

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Supervisory Auditor, Sheree F. Marshall

FROM: Director of External Financial Audit Division, David A. McNeil /s/

SUBJECT: Independent Audit Report John Snow International Research & Training Institute, Inc's Compliance with Cost Accounting Standards and Federal Acquisition Practices (3-000-24-003-D)

This memorandum transmits the final audit report on John Snow International Research & Training Institute, Inc.'s (JSI R&T) compliance with cost accounting standards (CAS) and federal acquisition regulations (FAR). The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit and Support Division contracted with the Defense Contract Audit Agency (DCAA) to conduct the audit. DCAA stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). DCAA is responsible for enclosed report and the conclusions expressed in it. We do not express an opinion on JSI R&T's compliance with CAS and FAR.¹

The objectives of this audit were to examine the JSI R&T Segment Disclosure Statement Revisions 2 and 3 that were both effective January 1, 2022. DCAA reviewed the segment disclosure statements for adequacy and evaluated the revised significant cost accounting practices for compliance with CAS and FAR Part 31, as applicable. To answer the audit objectives, DCAA determined if the disclosed cost accounting principles for (1) changes to the composition of the Overhead Homogeneous Pool; (2) changes to the composition of the allocation base for the Overhead Homogeneous Pool; (3) changes to the composition of the Fringe Homogeneous Pool; (4) changes to the composition of the allocation base for the Fringe Homogeneous Pool; and (5) treatment for charging and crediting vacation, holiday, and sick pay comply with the CAS and FAR Part 31.

DCAA's examination identified eight instances of material noncompliance with CAS and FAR Part 31. As a result, DCAA issued an adverse opinion, stating that JSI R&T Segment disclosed

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.

cost accounting practices that do not materially comply with CAS and FAR Part 31.

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

Recommendation I. Verify that John Snow International Research & Training Institute, Inc. corrects the eight instances of material noncompliance with cost accounting standards and Federal Acquisition Regulation, Part 31, detailed on pages 4 and 5 of the audit report.

We ask that you provide your written notification 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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.