



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: June 27, 2024

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

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

SUBJECT: Independent Examination Report on John Snow, Inc.'s Incurred Cost Submission for Fiscal Year Ended December 31, 2021 (3-000-24-046-I)

This memorandum transmits the final independent examination report on John Snow, Inc.'s (JS) Incurred Cost Submission (ICS) for Fiscal Year (FY) Ended December 31, 2021. 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 certified public accounting firm of Tichenor & Associates, LLP (Tichenor) to conduct the audit. Tichenor stated that it performed its audit in accordance with government auditing standards issued by the Comptroller General of the United States. Tichenor is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by JS in its FY 2021 ICS are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.¹

The audit objective was to express an opinion on management's assertion that (1) All costs included in the proposal for John Snow Inc. and JSI Research & Training Institute Inc dated June 29, 2022 to establish final indirect cost rates for January 1, 2021 to December 31, 2021 are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) and its supplements applicable to the contracts to which the final indirect cost rates will apply; (2) This proposal does not include any costs which are expressly unallowable under applicable cost principles of the FAR or its supplements is fairly stated. In addition, Tichenor examined the Contractor's compliance with their U.S. Government contract/award terms, and applicable Government acquisition regulations, specifically the Federal Acquisition Regulation (FAR), the USAID Acquisition Regulations (AIDAR), 2 CFR 200 Uniform Administrative Requirements, Federal Travel Regulations and/or the Department of State Standard Travel Regulations (DSSR),

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.

and Buy-American Act for the Contracting Officer to execute the finalization of allowable contract costs and indirect rates for the fiscal year under review with the Contractor; and (3) examined the Contractor's internal controls to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on management's assertion, but not for the purpose of expressing our opinion on the effectiveness of the Contractor's internal control. To answer the audit's objective, Tichenor (1) reviewed JS's FY 2021 ICS and reconciled it to the Contractor's general ledger, and other records and documentation provided by JS to determine its adequacy for audit purposes; (2) reviewed JS's policies and procedures regarding claimed direct and indirect costs; (3) obtained an understanding of the JS internal controls, assessing control risk, and determining the extent of examination testing needed based on the control risk assessment (4) summarized JS's billings from their billings data and reconciled them with the recommended audited FY 2021 costs. Tichenor examined USAID's total costs of \$ 68,014,126 for the period audited.

Tichenor concluded that the Contractor has prepared its FY 2021 ICS in accordance with applicable Government acquisition regulations of the FAR, the AIDAR, and the DSSR regarding accuracy, allowability, allocability, and reasonableness of incurred costs and is appropriate for the Contracting Officer's use in executing the finalization of allowable costs and indirect rates for the fiscal year under review with the Contractor. Tichenor's procedures resulted in no questioned costs or adjustments to the proposed direct and indirect amounts for contract reimbursement on select unsettled flexibly priced contracts in the ICS submitted by JS for the period of January 1, 2021, through December 31, 2021.

Tichenor noted that \$46,827 in Direct Unbillable (i.e. Unallowable) costs were incorrectly included in amounts appearing in the total Current Year Claimed "Allowable" Cost column of Schedule I of the Contractor's FY 2021 Incurred Cost Submission. Given that this discrepancy has an immaterial impact on Government Contracts, Tichenor does not believe this discrepancy rises to the level of a significant deficiency or material weakness, and Tichenor is therefore not reporting this as a finding but rather only as an "Other Matters" issue.

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.