



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: October 17, 2024

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

FROM: David A. McNeil /s/
Director
External Financial Audits Division

SUBJECT: Audit of Incurred Costs for Kimetrica, LLC, for Fiscal Year Ended December 31, 2021 (3-000-25-004-1)

This memorandum transmits the final audit report on incurred costs submission (ICS) for Kimetrica, LLC, (Kimetrica) 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 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 Kimetrica in its FY 2021 ICS are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.¹

The audit objectives were to determine whether: (1) Kimetrica's costs claimed in in-scope contracts and subcontracts for FY 2021 are allowable, allocable, and reasonable in accordance with contract 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; (2) all costs Kimetrica included in the incurred cost proposal to establish final indirect cost rates for FY 2021 were allowable in accordance with the cost principles of the FAR and its supplements applicable to the contracts to which the final indirect cost rates applied; and (3) all significant deficiencies in

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.

internal control, considered to be material weaknesses; instances of fraud or noncompliance with provisions of laws or regulations that have a material effect on Kimetrica's assertion and any other instances that warrant the attention of those charged with governance, noncompliance with provisions of contracts or grant agreements that have a material effect on Kimetrica's assertion; and abuse that has a material effect on Kimetrica's assertions are reported. To answer the audit's objectives, Tichenor (1) reviewed Kimetrica's FY 2021 ICS and reconciled it to Kimetrica's general ledger, and other records and documentation provided to determine its adequacy for audit purposes; (2) reviewed applicable rules, regulations, and guidance; (3) reviewed Kimetrica's policies and procedures regarding claimed direct and indirect costs; (4) obtained an understanding of Kimetrica's internal controls, assessed control risk, and determined the extent of examination testing needed based on the control risk assessment; and (5) assessed the accounting principles used and significant estimates made by Kimetrica. Tichenor examined claimed and allowable costs of \$7,985,974 for FY 2021.

Based upon the examination procedures performed and the results obtained, Tichenor concluded that Kimetrica 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 FY under review. Further, 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 FY 2021 ICS submitted by Kimetrica for the period of January 1, 2021, through December 31, 2021. Tichenor did, however, note a material weakness in Kimetrica's internal controls, specifically, inadequate preparation and review of the ICS against which no questioned costs were associated.

To address the material weakness identified in the report, we recommend that USAID/Bureau for Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audit Management Branch:

Recommendation I. Verify that Kimetrica, LLC, corrects the one material weaknesses in internal control detailed on pages 8 and 9 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.