



MEMORANDUM

DATE: November 26, 2019

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Branch Chief, David A. McNeil

FROM: Acting Director of External Financial Audits Division, Steven Shea/s/

SUBJECT: Performance Audit Report on the Adequacy of Integra Government Services International, LLC's Accounting System Administration (3-000-20-003-1)

This memorandum transmits the final audit report on the adequacy of the accounting system administration for Integra Government Services International, LLC (Integra). The U.S. Agency for International Development's (USAID) Office of Acquisition and Assistance, Cost, Audit and Support Division contracted with the independent certified public accounting firm Booth Management Consulting, LLC (BMC) 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 the adequacy of Integra's accounting system; the effectiveness of its internal controls; or its compliance with award terms, and applicable Federal laws and regulations.¹

The audit objectives were to conclude on whether Integra has established an adequate accounting system and determine whether Integra's accounting system (1) adequately accumulates, segregates, and identifies costs under U.S. Government awards and (2) allows for the proper differentiation between direct costs, indirect costs, and unallowable costs, in compliance with applicable government regulations. To answer the audit objectives, the audit firm assessed the adequacy of Integra's accounting system administration. BMC structured its assessment of the accounting system using the 18 criteria listed in Code of Federal Regulations (CFR), Section 252.242-7006, *Accounting System Administration*, as shown in Exhibit I of its audit report, and concluded on the adequacy of the accounting system as a result of audit procedures performed based on the context of the audit objectives, from January 2018 through December 2018.

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.

The audit firm concluded that Integra’s accounting system, and related internal control policies and procedures, are adequate for accumulating and billing costs under Government contracts. However, BMC identified in its evaluation criteria, for determination of an adequate accounting system, that Integra did not meet CFR Section 252.242-7006, *Accounting System Administration*, (c) “System criteria 8,” for not having adequate General Accounting System policies and procedures.

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

Recommendation I. Verify that Integra Government Services International, LLC corrects Finding No. 1, detailed on pages 7 through 9 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended during the engagement.

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”).