



## MEMORANDUM

**DATE:** March 27, 2020

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

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

**SUBJECT:** Examination of Axios International, Inc.'s Indirect Cost Rate Proposals and Related Books and Records for Reimbursement for the Fiscal Year Ended December 31, 2016 (3-000-20-020-1)

This memorandum transmits the final audit report on the examination of certified indirect cost rate proposals and related books and records for reimbursement of Axios International, Inc. (Axios) for the fiscal year (FY) ended December, 2016. 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 examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in 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 allowability, allocability, and reasonableness in accordance with award terms; the Federal Acquisition Regulation (FAR); Agency for International Development Acquisition Regulations (AIDAR); Department of State Standardized Regulations (DSSR); and 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, of the direct and indirect costs claimed in the certified final indirect cost rate proposals for awards in the FY ended December 31, 2016 by Axios.<sup>1</sup>

The objective of this examination was to determine the allowability of direct and indirect costs

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<sup>1</sup> 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 contracting officer determined indirect cost rates for the fiscal year ended December 31, 2016. To answer the examination objective, BMC evaluated the contractor's internal controls, assessed control risk, and determined the extent of audit testing needed based on the control risk assessment; examined on a test basis, evidence supporting the amounts and disclosures in the data and records evaluated; assessed the accounting principles used and significant estimates made by the contractor; and evaluated the overall data and records presentation. Testing covered direct labor cost, indirect labor cost, subcontract cost, direct travel cost, fringe cost, overhead expenses, and general and administrative expenses. Additionally, as directed by the USAID contract with BMC, testing covered the special audit requirements for expenses of specific concern to USAID: consultants, subcontractors, staff and consultant limitations, and Buy-American requirements. BMC's examination included performing reconciliations between costs booked to billed costs which revealed no unreconciled differences. The audit firm examined USAID incurred costs of \$545,496 for the FY ended December 31, 2016.

The audit firm stated that Axios' claimed indirect rates as well as claimed direct costs are acceptable as proposed. The audit firm did not question any costs or identify any findings.

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").