



## MEMORANDUM

**DATE:** August 14, 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 Costs Claimed for Kimetrica, LLC for the Two Fiscal Years Ended December 31, 2016 and 2017 (3-000-20-066-1)

This memorandum transmits the final examination report on the examination of costs claimed for Kimetrica, LLC (Kimetrica) on in-scope awards and sub awards for each of the fiscal years (FY) ended December 31, 2016 and 2017. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost Audit and Support Division contracted with the independent certified public accounting firm of Brown & Company CPAs and Management Consultants, PLLC (Brown & Company) to perform the examination in accordance with generally accepted government auditing standards and to determine whether costs claimed are allowable, allocable, and reasonable in accordance with award 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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. The audit firm states that it conducted 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 that costs claimed by Kimetrica on in-scope awards and sub-awards for each of the years ended December 31, 2016 and 2017, are allowable, allocable, and reasonable in accordance with award terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable, in all material respects.<sup>1</sup>

The examination's objective was to express an opinion on whether the cost claimed by Kimetrica on in-scope awards and subawards for each of the years ended December 31, 2016

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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 2017, are allowable, allocable and reasonable in accordance with contract terms; Part 31 of FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. To answer the objective, Brown & Company designed its testing procedures to evaluate the internal control environment surrounding Kimetrica subcontract management process and to determine whether Kimetrica had adequate controls in place for monitoring subcontract costs. The audit firm also obtained an understanding of internal controls, assessed control risk, and determined the extent of testing needed based on the control risk assessment. The audit firm audited \$7,302,936 of Kimetrica's incurred costs for the two years ended December 31, 2016 and 2017.

Brown & Company expressed an unmodified opinion that costs claimed by Kimetrica on in-scope awards and sub awards for the two FYs ended December 31, 2016 and 2017 are allowable, allocable, and reasonable in accordance with award terms; Part 31 of the FAR; AIDAR; DSSR; and 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable, in all material respects. In addition, the audit firm questioned USAID direct questioned costs of \$10,492 (\$10,492 unsupported) and identified two significant deficiencies and instances of noncompliance in two findings. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID's Office of Acquisition and Assistance, Cost Audit and Support Division determine the allowability of the \$10,492 in questioned costs and recover any amount determined to be unallowable. Brown & Company also questioned \$20,102 in indirect pool costs consisting of \$1,845 in fringe, \$1,850 in overhead, and \$16,407 in G&A pool costs. Although we are not making a recommendation for the significant deficiencies or instances of noncompliance noted in the report, we suggest that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division determine if the recipient addressed the issues noted.

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").