



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** November 3, 2021

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

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

**SUBJECT:** Performance Audit of the Adequacy of the Accounting System Administration for International Business Initiatives, Corp. (3-000-22-003-I)

This memorandum transmits the final audit report over the adequacy of International Business Initiatives, Corp's (IBI's) accounting system administration. 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 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 (GAGAS). 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 IBI's accounting system, or its compliance with applicable Federal laws and regulations.<sup>1</sup>

The audit's objectives were to evaluate whether IBI established an adequate accounting system and whether the accounting system:

- Complies with applicable Federal laws and regulations,
- Ensures adequate segregation of cost billing and reporting purposes,
- Adequately accumulates, segregates, and identifies costs under U.S. Government awards, and
- Allows for the proper segregation between direct, indirect, and unallowable costs in compliance with applicable Government regulations.

To answer the audit objective, the audit firm also used the requirements contained in: (a) the Code of Federal Regulations (CFR), Section 252.242-7006, *Accounting System Administration*; (b) USAID Acquisition Regulations (AIDAR); and (c) Federal Acquisition Regulation (FAR). In addition, BMC conducted its fieldwork from August 1 through August 30, 2021 in Columbia, Maryland in three phases:

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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.

1. Planning – Assessed the design of IBI's policies and key internal controls relating to the accounting system criteria.
2. Internal Controls and Testing – Tested the implementation of IBI's policies and key internal controls.
3. Wrap-Up and Reporting – Concluded on the adequacy of the accounting system, as a result of the audit procedures performed and within the context of the audit objectives.

BMC concluded that IBI's accounting system administration adequately accumulate, segregate, and identify costs under U.S. Government awards. IBI's accounting system allows for the proper differentiation between direct costs, indirect costs, and unallowable costs in compliance with applicable Government regulations. BMC further concluded that the cost accounting system is adequate in all significant respects.

OIG does not routinely distribute independent public accounting reports beyond the immediate addresses 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").