



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: March 20, 2023

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

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

SUBJECT: Performance Audit of Costs Incurred by Insight Systems Corporation for Fiscal Years 2018 and 2019 (3-000-23-016-1)

This memorandum transmits the final audit report on the incurred cost submission (ICS) prepared by Insight Systems Corporation for the fiscal years (FY) ended December 31, 2018, and December 31, 2019. 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 audit firm Tichenor & Associates, LLP 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 whether the costs claimed in the FY 2018 and FY 2019 ICS were accurate, allowable, allocable, and reasonable in accordance with the Insight Systems Corporation's USAID contracts and applicable Government acquisition regulations.¹

The audit objective was to determine whether the costs claimed in the FY 2018 and FY 2019 ICS were accurate, allowable, allocable, and reasonable in accordance with the Insight Systems Corporation's USAID contracts and applicable Government acquisition regulations, specifically the Federal Acquisition Regulation (FAR), the USAID Acquisition Regulations (AIDAR), Federal Travel Regulations (FTR) and/or the Department of State Standard Travel Regulations (DSSR), and Buy-American Act for the Contracting Officer to execute the finalization of allowable contract costs and indirect rates for the FY with Insight Systems Corporation. To answer the audit objective, the audit firm reviewed the costs reported as incurred by Insight Systems Corporation for FY 2018 and FY 2019 for accuracy, allowability, allocability, and reasonableness. The audit firm audited \$17,423,357 in USAID incurred costs for the FY ended

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.

December 31, 2018, and December 31, 2019.

The audit firm concluded that Insight Systems Corporation has prepared its FY 2018 and FY 2019 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 are appropriate for the Contracting Officer's use in executing the finalization of allowable costs and indirect rates for the FY with Insight Systems Corporation except for the noted exceptions resulting from the audit firm's testing of fringe benefit and overhead pool costs. The audit firm questioned \$2,140,605 in indirect costs (\$2,140,605 ineligible) composed of \$1,598,522 in Fringe Benefit pool costs, and \$542,084 in Overhead pool costs. In addition, the audit firm noted that Insight Systems Corporation may have over-billed USAID \$826,767 for FY 2018 and \$1,028,374 for FY 2019. The audit firm did not question any direct costs.

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").