



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: May 2, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audits Management Branch, Acting Supervisory Auditor, Maya Cole

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

SUBJECT: Performance Audit of Incurred Costs Submission for Social Impact, Inc. for the Fiscal Years 2018 and 2019 (3-000-23-025-I)

This memorandum transmits the final audit report on incurred costs submission (ICS) for Social Impact, Inc. for fiscal years (FY) 2018 and 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 certified public accounting firm of Tichenor & Associates, LLP (Tichenor) to conduct the audit. Tichenor stated that it performed its audit in accordance with government auditing standards issued by the Comptroller General of United States. Tichenor is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on whether costs claimed by Social Impact, Inc. on the ICS for the FYs 2018 and 2019 are accurate, allowable, allocable, and reasonable in accordance with contract terms and applicable Government acquisition regulations.¹

The audit's objective was to express an opinion on whether the costs claimed by Social Impact Inc on the ICS for FYs 2018 and 2019 determine whether costs claimed were accurate, allowable, allocable, and reasonable in accordance with the auditee's USAID contracts and applicable Government acquisition regulations, specifically the Federal Acquisition Regulation (FAR), the USAID Acquisition Regulations (AIDAR), Federal Travel Regulations 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 the auditee. To answer the audit's objective, Tichenor (a) reviewed the auditee's FY 2018 ICS and FY 2019 ICS and reconciled them to the auditee's general ledger, and other records and documentation provided by the auditee, to determine its adequacy for audit purposes; (b) reviewed the auditee's policies and procedures regarding claimed direct and indirect costs; and (c) documented the results of testing, including schedules presenting

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.

accepted indirect rates, allowable costs, and cumulative allowable costs. Tichenor examined total USAID incurred costs of \$64,641,440 in FYs 2018 and 2019.

Tichenor concluded that except for one finding, Social Impact, Inc. has prepared its FY 2018 ICS and FY 2019 ICS in accordance with the applicable regulations set forth in the FAR, the AIDAR, FTR and/or the DSSR, Buy-American Act, and USAID contracts which relate to accuracy, allowability, allocability, and reasonableness of incurred costs and are appropriate for the contracting officer's use in executing the finalization of allowable contract costs and indirect rates for the FY with the auditee. Tichenor did not identify any questioned costs. The finding Tichenor identified noted that Social Impact, Inc.'s accounting system did not provide adequate controls to require documented approval of journal entries. Also, based on the results of the reconciliation Social Impact, Inc. may have overbilled USAID \$91,221 during FY 2018 and overbilled USAID \$1,593,522 during FY 2019.

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").