



MEMORANDUM

DATE: January 23, 2020

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Branch Chief, David A. McNeil

FROM: Acting Director of External Financial Audits Division, Steven Shea/s/

SUBJECT: Single Audit of The Nature Conservancy, for the Fiscal Year Ended June 30, 2018 (3-000-20-006-T)

This memorandum transmits the final audit report on The Nature Conservancy and its chapters and affiliates (TNC) for the fiscal year ended June 30, 2018. TNC contracted with the independent certified public accounting firm PricewaterhouseCoopers LLP to conduct the audit. The audit report was obtained from the Federal Audit Clearinghouse. The audit firm states it performed the audit in accordance with generally accepted government auditing standards and in accordance with Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on TNC's financial statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

The audit's objectives were to: (1) express an opinion on whether the financial statements as of June 30, 2018, were presented fairly, in all material respects; (2) express an opinion on whether the schedule of expenditures of federal awards as required by Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was fairly stated in all material respects; (3) describe the scope of testing of internal control over TNC's financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of TNC's internal control or on compliance; and (4) determine whether TNC complied in all material respects with the types of compliance requirements that could have a direct and material effect on each of its major programs. To answer the audit objectives, the audit firm performed tests of TNC's compliance with specific provisions of laws, regulations, contracts, and grant agreements, and other matters. TNC's total audited

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.

expenditures were \$64,953,393 and the U.S. Agency for International Development's (USAID) audited expenditures were \$11,438,559 for the year ended June 30, 2018.

The audit firm expressed an unmodified opinion on the financial statements and on the compliance with requirements that could have a direct and material effect on each major federal program. The audit firm determined that the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to consolidated financial statements as a whole. The audit firm did not identify any deficiencies in internal control that were considered material weaknesses. The audit firm identified in the report on compliance with requirements that could have a direct and material effect on each major federal program two instances of noncompliance. In addition, the audit firm identified in the report on internal control over compliance a significant deficiency. Although, we are not making a recommendation for instances of noncompliance in the report on compliance with requirements that could have a direct and material effect on each major federal program or on the significant deficiency noted in the report on internal control over compliance, we suggest that USAID's Office of Acquisition and, Cost Audit and Support Division determine if the recipient addressed the issues noted. There were no questioned costs identified.

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").