



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

MEMORANDUM

DATE: May 23, 2024

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

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

SUBJECT: Single Audit of Population Services International for the Year Ended December 31, 2020 (3-000-24-040-T)

This memorandum transmits the final audit report on the single audit of Population Services International (PSI) for the Year Ended December 31, 2020. The audit report was obtained from PSI. PSI contracted with the independent audit firm BDO USA, LLP (BDO) to conduct the audit. BDO stated it performed its audit in accordance with U.S. Government accounting standards issued by the Comptroller General of the United States and Title 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. BDO is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PSI's schedule of expenditure of Federal awards, the effectiveness of its internal control, or its compliance with the awards, laws, and regulations.¹

BDO's audit objectives were to: (1) audit PSI's consolidated financial statements comprising the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements; (2) obtain reasonable assurance about whether PSI's consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes BDO's opinion; and (3) audit PSI's compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of PSI's major federal programs for the year ended December 31, 2020. To answer the audit objectives, BDO: (1) identified and assessed the risks

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.

of material misstatement of the consolidated financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks, including examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements; (2) obtained an understanding of internal control relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PSI's internal control; (3) evaluated the appropriateness of PSI's accounting policies and the reasonableness of PSI's significant accounting estimates, as well as evaluated the overall presentation of PSI's consolidated financial statements; and (4) concluded whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PSI's ability to continue as a going concern for a reasonable period of time. PSI's audited expenditures of Federal awards was \$183,209,605, of which the U.S. Agency for International Development's (USAID) audited expenditures amounted to \$156,445,172.

BDO expressed an unmodified opinion on the financial statements and on compliance for major Federal programs. Further, BDO reported that it did not find any material weaknesses or significant deficiencies in internal control over financial reporting and did not find any material weaknesses in internal control over major programs. However, BDO identified seven significant deficiencies in internal control over major programs, which were not required to be reported in accordance with 2 CFR 200.516(a). The seven significant deficiencies were associated with USAID, US Department of Health and Human Services, and US Department of Defense awards. Of the seven significant deficiencies, two were repeat findings from two previous years and one was a partial repeat finding from the previous year. Finally, BDO did not identify any questioned costs. Although we are not making a recommendation for the seven significant deficiencies noted in the report, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch determine whether PSI addressed the issues noted.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.