



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: August 30, 2024

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

FROM: David A. McNeil /s/
Director

SUBJECT: Single Audit of National Democratic Institute for International Affairs for the
Year Ended September 30, 2020 (3-000-24-070-T)

This memorandum transmits the final audit report on the single audit of National Democratic Institute for International Affairs (NDI) for the year ended September 30, 2020. The audit report was obtained from the Federal Audit Clearinghouse. NDI contracted with the independent audit firm BDO USA, LLP (BDO) to conduct the audit. BDO stated that it performed its audit in accordance with U.S. Government accounting standards issued by the Comptroller General of the United States and in accordance with Title 2 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 NDI's schedule of expenditures for 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) express an opinion on the September 30, 2020 financial statements; (2) obtain reasonable assurance about whether NDI's combined financial statements are free from material misstatement; and (3) express an opinion on compliance for each of NDI's major Federal programs based on its audit of the types of compliance requirements described in the Office of Management and Budget Compliance Supplement that could have a direct and material effect on NDI's major Federal program for the year ended September 30, 2020. To answer the audit objectives, BDO: (1) obtained evidence about the amounts and disclosures in the financial statements; (2) evaluated the appropriateness of

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.

accounting policies used and the reasonableness of significant accounting estimates made by management, and evaluated the overall presentation of the financial statements; and (3) considered NDI's internal control over financial reporting and performed tests of NDI's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. NDI's audited expenditures of Federal awards was \$110,136,774, of which the U.S. Agency for International Development's (USAID) audited expenditures amounted to \$67,155,193.

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. Additionally, BDO did not find any material weaknesses on internal control over the major Federal USAID program. However, BDO identified two significant deficiencies in internal control over the major Federal USAID program that was required to be reported in accordance with 2 CFR 200.516(a). There were no questioned costs associated with the two significant deficiencies. Although we are not making a recommendation for the two 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 NDI addressed the issues noted. BDO submitted a management letter stating it did not identify any deficiencies in internal control that it considered to be material weaknesses.

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.