



*Office of Inspector General*

February 27, 2018

**MEMORANDUM**

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

**FROM:** Acting Director of External Financial Audit, Abdoulaye Gueye /s/

**SUBJECT:** Title 2 CFR Part 200 Audit of CARE USA and Subsidiaries for the Fiscal Year Ended June 30, 2016  
(3-000-18-011-T)

Audit Report number 3-000-18-011-T for CARE USA and Subsidiaries was originally issued on February 20, 2018. This report is being rescinded at this time. The report issued on February 20, 2018 is being rescinded because it had the statement, "Financial information contained in this report may be privileged or otherwise protected by law from public disclosure. Review by OIG's Office of Legal Counsel is required before public release of any financial information contained in the report. "A subsequent report will be issued without this statement.

This memorandum transmits the final audit report on CARE USA and subsidiaries for the fiscal year ended June 30, 2016. The audit report was obtained from the Federal Audit Clearinghouse. The firm of Ernst & Young LLP performed the Title 2 U.S. Code of Federal Regulations (CFR) Part 200 audit.

Ernst & Young LLP states 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 CARE's financial statements; the effectiveness of its internal control; or its compliance with the awards, laws and regulations.<sup>1</sup>

The audit objectives were to: (1) express an opinion on whether the financial statements as of June 30, 2016 were presented fairly in all material respects; (2) express an opinion on whether the schedule of expenditures of federal awards as required by 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is fairly stated in all material respects; (3) describe the scope of testing of internal control and compliance and the results of that testing and not to provide an opinion on its effectiveness; and (4) determine whether CARE complied in all material respects with the types of compliance requirements that could have a direct and material effect on each of its major federal programs. The schedule of expenditures of federal awards disclosed that CARE's

<sup>1</sup> 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.

audited expenditures for the fiscal year ended June 30, 2016 were \$141,847,271 and the USAID's audited expenditures were \$132,409,194.

Ernst & Young LLP expressed unmodified opinions based on their work, and the work of other auditors, on the financial statements, the schedule of expenditures of federal awards and the report on compliance for each major federal program. The audit report disclosed one finding. Finding 2016-001 is a significant deficiency in internal control for not having sufficient monitoring controls over grants and contracts. Ernst & Young LLP did not identify any questioned costs. A management letter was submitted with the audit report.

To address the issues identified in the report, we recommend that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division:

**Recommendation I.**

Verify that CARE USA has implemented the auditor's recommendation for Findings 2016-001 (see pages 49 through 51 of the audit report).

We ask that you provide your written notification of actions planned or taken to reach a management decision. 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").

If you have any questions related to this report, please contact Steve Shea, assistant director, at (202) 712-1386 or [sshea@usaid.gov](mailto:sshea@usaid.gov).

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