



MEMORANDUM

DATE: May 8, 2018

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

FROM: Director of External Financial Audits, Abdoulaye Gueye /s/

SUBJECT: Title 2 CFR Part 200 Audit of the IntraHealth International, Inc. for the Fiscal Year Ended June 30, 2016 (3-000-18-022-T)

This memorandum transmits the final audit report on IntraHealth International, Inc. for the fiscal year Ended June 30, 2016. The audit report was obtained from the Federal Audit Clearinghouse. Gelman, Rosenberg & Freedman performed the Title 2 U.S. Code of Federal Regulations (CFR) Part 200 audit.

Gelman, Rosenberg & Freedman states 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 IntraHealth International, Inc.'s financial statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

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 IntraHealth International, Inc. 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 IntraHealth International, Inc.'s audited expenditures were \$54,961,604 and the U.S. Agency for

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.

International Development's (USAID) audited expenditures were \$44,440,190 for the fiscal year ended June 30, 2016.

Gelman, Rosenberg & Freedman expressed unmodified opinions based on their work, 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 over financial reporting and internal control over compliance. Finding 2016-001 is an instance of noncompliance with other matters and for each major federal program. Gelman, Rosenberg & Freedman 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 1.

Verify that IntraHealth International, Inc. corrects the significant deficiency in internal over financial reporting and internal control over compliance detailed on pages II-1 and III-2 of the audit report.

Recommendation 2.

Verify that IntraHealth International, Inc. corrects the instance of noncompliance with other matters and on each major federal program detailed on pages II-2 and III-2 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.

Attachment: As stated

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