



## MEMORANDUM

**DATE:** May 21, 2018

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

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

**SUBJECT:** Title 2 CFR Part 200 Audit of Catholic Relief Services – United States Conference of Catholic Bishops, and Affiliates for the Fiscal Year Ended September 30, 2017 (3-000-18-023-T)

This memorandum transmits the final audit report on Catholic Relief Services – United States Conference of Catholic Bishops, and Affiliates for the fiscal year Ended September 30, 2017. The audit report was obtained from the Federal Audit Clearinghouse. RSM US LLP performed the Title 2 U.S. Code of Federal Regulations (CFR) Part 200 audit.

RSM US LLP 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 Catholic Relief Services – United States Conference of Catholic Bishops, and Affiliates' s financial statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.<sup>1</sup>

The audit's objectives were to: (1) express an opinion on whether the financial statements as of September 30, 2017, 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 Catholic Relief Services – United States Conference of Catholic Bishops, and Affiliates 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 Catholic Relief Services – United States Conference of Catholic Bishops, and Affiliates audited expenditures for the fiscal year ended September 30, 2017 were \$539,341,719 and U.S. Agency for International Development's (USAID) audited expenditures were \$462,940,094.

---

<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 exclude review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

RSM US LLP 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 five findings. Findings 2017-001 through 2017-003 are significant deficiencies in the report on internal control over financial reporting. Findings 2017-004 and 2017-005 are significant deficiencies in the report on internal control over compliance and instances of noncompliance in the report on compliance for each major federal program. RSM US LLP questioned \$20,987 in direct unsupported costs applicable to USAID and \$8,304 in questioned costs applicable to the U.S. Department of Labor. A management letter was not 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.**

Determine the allowability of \$20,987 in direct unsupported questioned costs and recover any amount that is unallowable detailed on page 24 of the audit report.

**Recommendation 2.**

Verify that Catholic Relief Services – United States Conference of Catholic Bishops, and Affiliates corrects the three significant deficiencies findings 2017-001 through 2017-003 in the report on internal control over financial reporting and the two significant deficiencies findings 2017-004 and 2017-005 in the report on internal control over compliance detailed on pages 20 through 24 of the audit report.

**Recommendation 3.**

Verify that Catholic Relief Services – United States Conference of Catholic Bishops, and Affiliates corrects the two instances on noncompliance findings 2017-004 and 2017-005 in the report on compliance for each major federal program detailed on page 24 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)

Attachment: As stated

cc: AAudit@usaid.gov  
OIGAuditTracking@usaid.gov  
M/CFO/APC, T. Frakes  
M/OAA/CAS, E. Jefferson  
M/OAA/CAS, Y. Moody-Briscoe  
M/OAA/CAS, L. Brown  
IG/A/EFA, E. Zuber