



## **MEMORANDUM**

**Date:** October 11, 2018

**TO:** USAID/Management/Office 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 Plan International, Inc. for the Fiscal Year Ended June 30, 2016 (3-000-19-001-T)

This memorandum transmits the final audit report on Plan International, Inc. (PII) under Title 2 United States Code of Federal Regulations (CFR) Part 200 for the fiscal year ended June 30, 2016. The audit report was obtained from the Federal Audit Clearinghouse. PricewaterhouseCoopers LLP performed the Title 2 CFR Part 200 audit.

PricewaterhouseCoopers LLP states it performed its audit in accordance with auditing standards generally accepted in the United States and in accordance with standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (GAGAS) except that the audit firm did not fully satisfy the continuing professional education requirements set forth in GAGAS and did not have an external peer review since no such program is offered in the United Kingdom. In addition, PricewaterhouseCoopers LLP conducted its audit in accordance with Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. PricewaterhouseCoopers LLP is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PII'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 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 controls and compliance and the results of that testing and not to provide an opinion on its effectiveness; and (4) determine whether PII complied in all material respects with the types of compliance requirements that could have a direct and material effect on each of its major programs.

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<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.

PII's audited expenditures were \$13,804,015, and USAID audited expenditures were \$13,610,351 for the fiscal year ended June 30, 2016. The auditors did not issue a management letter.

PricewaterhouseCoopers 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 program. The audit report disclosed thirteen findings. Findings 2016-001 through 2016-004 are material weaknesses in internal control over financial reporting; Findings 2016-005 through 2016-007 are significant deficiencies in internal control over financial reporting; Findings 2016-008 through 2016-010 are material weaknesses in internal control over compliance; and Findings 2016-011 through 2016-013 are instances of noncompliance with other matters in compliance with requirements that could have a direct and material effect on each major program. PricewaterhouseCoopers LLP did not question any costs.

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 Plan International, Inc. has corrected the four material weaknesses and three significant deficiencies in internal control over financial reporting and the three material weaknesses in internal control over compliance detailed on pages 39 through 47 of the audit report.

**Recommendation 2:**

Verify that Plan International, Inc. has corrected the three instances of noncompliance with requirements that could have a direct and material effect on each major program detailed on pages 47 through 50 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

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