



MEMORANDUM

Date: March 19, 2019

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

FROM: Director of External Financial Audits, Donell Ries /s/

SUBJECT: OMB Circular A-133 Audit of Plan International, Inc. for the Fiscal Year Ended June 30, 2014 (3-000-19-005-T)

This memorandum transmits the final audit report on Plan International, Inc. (PII) under United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, for the fiscal year (FY) ended June 30, 2014. The audit report was obtained from the Federal Audit Clearinghouse. PricewaterhouseCoopers LLP of the United Kingdom performed the OMB Circular A-133 audit.

The audit firm states it performed its audit in accordance with generally accepted government auditing standards except that the audit firm did not satisfy the continuing professional education requirements and did not have an external quality control review because no such program is offered in the United Kingdom. The audit firm conducted its audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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.¹

The audit objectives were to: (1) express an opinion on whether the financial statements as of June 30, 2014, were presented fairly in all material respects; (2) express an opinion on whether the schedule of expenditures of federal awards as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is fairly stated in all material respects; (3) describe the scope of testing of internal control and compliance and the results of that testing

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.

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 federal programs. PII's audited expenditures were \$29,485,695, of which \$28,852,603 consisted of U.S. Agency for International Development's (USAID) expenditures for the FY ended June 30, 2014.

The audit firm expressed unqualified opinions, on the financial statements, the schedule of expenditures of federal awards, and the report on compliance for each major program. The audit report disclosed two findings. Finding 2014-001 Section II – Financial Statement Findings is a material weakness on internal control over financial reporting. Findings 2014-001 and 2014-002 Section III – Federal Award Findings and Questioned Costs are instances of noncompliance that could have a direct and material effect on each major program and are required to be reported by OMB Circular A-133. The audit firm questioned ineligible direct costs of \$2,613.

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 \$2,613 in ineligible direct questioned costs detailed in Section III, Federal Award Findings and Questioned Costs, on pages 19 and 20 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Plan International, Inc. corrects the material weakness in internal control over financial reporting detailed in on page I I, and Section II, Financial Statement Findings, on page 18 of the audit report.

Recommendation 3. Verify that Plan International, Inc. corrects the two instances of noncompliance with requirements that could have a direct and material effect on each major program detailed on page 14, and Section III, Federal Award Findings and Questioned Costs, on pages 19 and 20 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").