



MEMORANDUM

Date: February 12, 2020

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

FROM: Acting Director of External Financial Audits Division, Steven Shea/s/

SUBJECT: Single Audit of Plan International, Inc. for the Fiscal Year Ended June 30, 2017 (3-000-20-007-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, 2017. The audit report was obtained from the Federal Audit Clearinghouse. PII contracted with PricewaterhouseCoopers LLP (PwC) to conduct the Title 2 CFR Part 200 audit. PwC states it performed its audit in accordance with generally accepted government auditing standards except that the audit firm did not fully satisfy the continuing professional education requirements set forth in generally accepted government auditing standards and did not have an external quality review as required by generally accepted government auditing standards. PwC conducted its audit in accordance with Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The audit firm 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.¹

The audit's objectives were to: (1) express an opinion on whether the financial statements as of June 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 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. To

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.

answer the audit objectives, the audit firm performed tests of PII's compliance with specific provisions of laws, regulations, contracts, and grant agreements, and other matters. PII's audited expenditures were \$22,397,129, and the U.S. Agency for International Development's (USAID) audited expenditures were \$21,754,891 for the fiscal year ended June 30, 2017.

The audit firm expressed unmodified opinions on the financial statements, the schedule of expenditures of federal awards, and the report on compliance with requirements that could have a direct and material effect on each major program. The audit report disclosed nine findings. Finding 2017-001 is a material weakness in internal control over financial reporting and findings 2017-002 through 2017-004 are significant deficiencies in internal control over financial reporting. Finding 2017-009 is an instance of noncompliance with requirements that could have a direct and material effect on each major program. Findings 2017-005 through 2017-008 are significant deficiencies in internal control over compliance. PwC did not question any costs. Although we are not making a recommendation for the significant deficiencies in the report on internal control over financial reporting and in the report on internal control over compliance, as well as, the instance of noncompliance with requirements that could have a direct and material effect on each major program, we suggest that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division determine if the recipient addressed the issues noted.

To address the material weakness 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 material weakness in internal control over financial reporting detailed on page 40 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").