



MEMORANDUM

DATE: May 13, 2020

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Acting Supervisory Auditor, Eleanor C. Jefferson

FROM: Director of External Financial Audits Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Single Audit of Education Development Center, Inc., for the Fiscal Year Ended September 30, 2016 (3-000-20-009-T)

This memorandum transmits the final audit report on Education Development Center, Inc. (EDC) under Title 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for the fiscal year ended September 30, 2016. EDC contracted with the independent certified public accounting firm Grant Thornton LLP (Grant Thornton) to conduct the audit. The audit report was obtained from the Federal Audit Clearinghouse. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and Title 2 CFR 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 EDC'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 September 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 Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, was fairly stated, in all material respects; (3) describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on its effectiveness; and (4) determine whether EDC complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its

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.

major federal programs and describe the scope of testing of internal control over compliance and the results of that testing, but not to express an opinion on its effectiveness. To answer the audit objectives, the audit firm performed tests of EDC's compliance with specific provisions of laws, regulations, contracts, and grant agreements and other matters. EDC's audited expenditures of federal awards were \$115,532,726 of which the U.S. Agency for International Development's (USAID) audited expenditures were \$52,216,160 for the year ended September 30, 2016.

The audit firm expressed unmodified opinions on the financial statements and on compliance for the major federal programs. Additionally, the audit firm concluded the schedule of expenditures of federal awards was fairly stated, in all material respects, in relation to the financial statements as a whole. The audit firm did not identify any deficiencies in internal control over financial reporting that it considered to be material weaknesses, or instances of noncompliance or other matters that were required to be reported under generally accepted government auditing standards. The audit firm did not identify any deficiencies in internal control over compliance that it considered to be material weaknesses. The audit firm did not question any costs.

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").