



MEMORANDUM

DATE: August 20, 2020

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

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

SUBJECT: Single Audit of PATH for the Fiscal Year Ended December 31, 2016 (3-000-20-012-T)

This memorandum transmits the final audit report on PATH for the fiscal year ended December 31, 2016. The audit report was obtained from the Federal Audit Clearinghouse. Clark Nuber P.S. performed the Title 2 U.S. Code of Federal Regulations (CFR) Part 200 audit. The audit firm states it performed its audit in accordance with generally accepted government auditing standards and 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 conclusions expressed in it. We do not express an opinion on PATH'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 December 31, 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* 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 the PATH 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 and the results of that testing, but not to express an opinion on its effectiveness.

¹We 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.

To answer the audit objectives, the audit firm performed tests of PATH's compliance with specific provisions of laws, regulations, contracts, and grant agreements and other matters. PATH's audited expenditures of federal awards were \$102,066,829 of which the U.S. Agency for International Development's (USAID) audited expenditures of Federal Awards were \$93,709,572 for fiscal year ended December 31, 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 were material weaknesses. 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. However, the audit firm identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that they consider to be a significant deficiency. In addition, although we are not making recommendation for the significant deficiency noted in the report, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division determine if the recipient addressed the issue noted.

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").