



MEMORANDUM

Date: September 11, 2020

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

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

SUBJECT: Single Audit of Family Health International for the Fiscal Year Ended September 30, 2016 (3-000-20-014-T)

This memorandum transmits the final audit report on Family Health International (FHI) under Title 2 United States Code of Federal Regulations (CFR) Part 200 for the fiscal year ended September 30, 2016. FHI contracted with the independent certified public accounting firm Ernst & Young LLP (EY) to do the audit. The audit report was obtained from the Federal Audit Clearinghouse. EY performed the Title 2 CFR Part 200 audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and 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 FHI's financial statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations¹.

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 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is fairly stated in all material respects; and (3) describe the scope of testing of internal control and compliance and the results of that testing but not to provide an opinion on its effectiveness. To answer the audit objectives, the audit firm performed tests of FHI's compliance with specific provisions of laws, regulations, contracts, and grant agreements and other matters. FHI's audited expenditures of federal awards were \$599,395,726, of which the U.S. Agency for International Development's (USAID) audited expenditures were \$487,139,237, for the fiscal year ended September 30, 2016.

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.

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. However, the audit firm disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the report's schedule of findings and questioned costs as item 2016-001. Although we are not making recommendation for the noncompliance 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.

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").