



MEMORANDUM

DATE: September 15, 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 ACDI/VOCA and Affiliates for Fiscal Year Ended December 31, 2016 (3-000-20-016-T)

This memorandum transmits the final audit report on ACDI/VOCA and Affiliates (ACDI/VOCA) under Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* for the fiscal year ended December 31, 2016. ACDI/VOCA contracted with the independent certified public accounting firm RSM US LLP 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 ACDI/VOCA'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*, 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 ACDI/VOCA complied, in all material respects,

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.

with the types of compliance requirements that could have a direct and material effect on each of its 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 ACDI/VOCA's compliance with specific provisions of laws, regulations, contracts, and grant agreements and other matters. ACDI/VOCA's audited expenditures of federal awards were \$121,433,020, of which the U.S. Agency for International Development's (USAID) audited expenditures were \$109,619,694 for the 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 compliance that it considered to be material weaknesses. The audit firm did not question any costs. The audit firm issued a management letter. However, the audit firm identified one finding attributed to USAID. Finding 2016-001 is an instance of noncompliance in the Report on Compliance for Each Major Federal Program under Other Matters and a significant deficiency per the Schedule of Findings and Questioned Costs in internal control over compliance that is required to be reported in accordance with the Uniform Guidance. In addition, although we are not making a recommendation for the instance of noncompliance or 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 issues 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").