



MEMORANDUM

DATE: December 29, 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, 2019 (3-000-21-002-T)

This memorandum transmits the final audit report on PATH for the fiscal year ended December 31, 2019. 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, 2019 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. To answer the audit objectives, the audit firm

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.

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 \$66,944,485 of which the U.S. Agency for International Development's (USAID) audited expenditures of Federal Awards were \$60,605,572 for fiscal year ended December 31, 2019.

The audit firm expressed unmodified opinions on the financial statements and on compliance for the major federal programs except for \$48,378 in total direct questioned costs (\$48,378, ineligible). 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 *Government Auditing Standards*. However, the audit firm identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items (Findings 2019-001 and 2019-002) that they consider to be significant deficiencies that is required to be reported in accordance with the Uniform Guidance. In addition, although we are not making recommendation for significant deficiencies 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.

To address the issues identified in the report, we recommend that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division:

Recommendation I. Determine the allowability of \$48,378 in ineligible direct questioned costs on page 39 of the audit report and recover any amount that is unallowable.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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