



## MEMORANDUM

**DATE:** March 9, 2021

**TO:** USAID/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 International Relief and Development Holdings, Inc., and Affiliates, for the Fiscal Year Ended 2016 (3-000-21-005-T)

This memorandum transmits the final audit report on International Relief and Development Holdings, Inc. (IRD Holdings) and Affiliates 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 December 31, 2016. IRD Holdings contracted with the independent certified public accounting firm Deloitte & Touche 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 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 IRD Holdings and Affiliates' financial statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.<sup>1</sup>

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 IRD Holdings and Affiliates complied with the

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<sup>1</sup> 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.

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 procedures to obtain audit evidence about the amounts and disclosures in the financial statements; performed tests of IRD Holdings and Affiliates' internal control and compliance; and examined evidence about IRD Holdings and Affiliates' compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs. IRD Holdings and Affiliates' audited expenditures of federal awards were \$71,352,282 of which the U.S. Agency for International Development's (USAID) audited expenditures were \$64,035,469 for the 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 identified deficiencies in internal control over financial reporting which they considered to be significant deficiencies and a material weakness. The audit firm found no instances of noncompliance that are required to be reported under generally accepted government auditing standards. The audit firm did not identify any significant deficiencies or material weaknesses in internal control over compliance. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that the USAID's 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's Office of Acquisition and Assistance, Cost, Audit and Support Division:

**Recommendation 1.** Verify that International Relief and Development Holdings, Inc. and Affiliates corrects the material weakness in internal control detailed on page 31 of the audit report.

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

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").