



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: September 6, 2024

TO: Sheree F. Marshall
Supervisory Auditor
USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch

FROM: David A. McNeil /s/
Director
External Financial Audits Division

SUBJECT: Single Audit of Catholic Relief Services-United States Conference of Catholic Bishops and Affiliates for the Year Ended September 30, 2022
(3-000-24-071-T)

This memorandum transmits the final audit report on the single audit of Catholic Relief Services-United States Conference of Catholic Bishops and Affiliates (CRS) for the year ended September 30, 2022. The audit report was obtained from the Federal Audit Clearinghouse. CRS contracted with the independent audit firm BDO USA, LLP (BDO) to conduct the audit. BDO stated that it performed its audit in accordance with U.S. Government accounting standards issued by the Comptroller General of the United States and in accordance with Title 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. BDO is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CRS's schedule of expenditures of Federal awards; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

BDO's audit objectives were to: (1) obtain reasonable assurance about whether CRS's consolidated financial statements are free from material misstatement; (2) consider CRS's internal control over financial reporting to design audit procedures; and (3) express an opinion on compliance with the types of compliance requirements described in the Office of Management and Budget Compliance Supplement that could have a direct and material effect on

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.

each of CRS's major Federal programs for the year ended September 30, 2022. To answer the audit objectives, BDO: (1) identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and designed and implemented audit procedures responding to those risks; (2) obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of CRS's internal control; (3) evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the consolidated financial statements; and (4) concluded whether, in BDO's judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CRS's ability to continue as a going concern for a reasonable period of time. CRS's audited expenditures of Federal awards was \$773,586,741, of which the U.S. Agency for International Development's (USAID) audited expenditures amounted to \$684,550,766.

BDO expressed an unmodified opinion on the financial statements and on compliance for major Federal programs. Further, BDO reported that it did not find any material weaknesses in internal control over financial reporting and internal control over major Federal programs. BDO did, however, identify four significant deficiencies in internal control over financial reporting and internal control over major Federal programs, which were required to be reported in accordance with 2 CFR 200.516(a). Additionally, BDO reported questioned costs amounting to \$1,029 associated with expenditures incurred after the end of the period for three USAID grants. Because the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch determine the allowability of the \$1,029 in questioned costs and recover any amount determined to be unallowable. Finally, we are not making a recommendation for the four significant deficiencies noted in the report. However, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch determine whether CRS addressed the issues noted. BDO issued a management letter dated April 17, 2023, to CRS.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.