



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** November 18, 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 Pathfinder International and Subsidiaries for the Fiscal Year Ended June 30, 2021 (3-000-25-015-T)

This memorandum transmits the final audit report on the single audit of Pathfinder International and Subsidiaries (Pathfinder) for the fiscal year ended June 30, 2021. The audit report was obtained from the Federal Audit Clearinghouse. Pathfinder contracted with the independent audit firm RSM US LLP to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards, and the requirements of Title 2 Code of Federal Regulations (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 Pathfinder's financial statements; Pathfinder's schedule of expenditures of federal awards; 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 consolidated financial statements as of June 30, 2021 and 2020, was presented fairly, in all material respects; (2) obtain reasonable assurance about whether Pathfinder's consolidated financial statements are free from material misstatement; (3) consider Pathfinder's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements; (4) express an opinion on compliance for each of Pathfinder's major federal programs based on the audit of the types of compliance requirements described in the Office of Management and Budget

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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.

(OMB) Compliance Supplement that could have a direct and material effect on Pathfinder's major federal programs for the fiscal year ended June 30, 2021; (5) obtain reasonable assurance about whether noncompliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Pathfinder's major federal programs occurred for the fiscal year ended June 30, 2021; and (6) consider Pathfinder's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. To answer the audit objectives, the audit firm (1) performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements; (2) evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and evaluated the overall presentation of the financial statements; (3) considered Pathfinder's internal control over financial reporting; (4) performed tests of Pathfinder's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters; (5) examined, on a test basis, evidence about Pathfinder's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Pathfinder's major federal programs; and (6) considered Pathfinder's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and tested and reported on internal control over compliance in accordance with Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Pathfinder's audited expenditures of federal awards was \$72,879,793, of which the U.S. Agency for International Development's (USAID) audited expenditures amounted to \$72,201,163 for the fiscal year ended June 30, 2021.

The audit firm concluded the financial statements presented fairly, in all material respects, the financial position of Pathfinder as of June 30, 2021, and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America except for one material weakness in internal control over financial reporting. The results of the audit firm's tests disclosed no instances of noncompliance or other matters that are required to be reported under generally accepted government auditing standards. Further, the audit firm concluded that Pathfinder complied, in all material respects, with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Pathfinder's major federal programs for the year ended June 30, 2021. The audit firm identified \$1,389,642 in questioned costs for federal awards (\$1,389,642 unsupported); one material weakness in internal control over compliance; and an instance of noncompliance which is required to be reported in accordance with Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

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

**Recommendation 1.** Determine the allowability of \$1,389,642 in questioned costs

(\$1,389,642 unsupported) on page 34 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that Pathfinder corrects the one material weakness in internal control detailed on page 34 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”). 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.<sup>2</sup>

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<sup>2</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).