



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: March 6, 2025

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 Audit Division

SUBJECT: Single Audit of Family Health International for the Year Ended September 30,
2022 (3-000-25-026-T)

This memorandum transmits the final audit report on the single audit of Family Health International for the year ended September 30, 2022. The audit report was obtained from the Federal Audit Clearinghouse. FHI contracted with the independent audit firm Ernst & Young LLP (E&Y) to conduct the audit. E&Y stated that it performed its audit in accordance with U.S. Government auditing 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. E&Y is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on FHI's schedule of Federal awards expenditures; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

E&Y's audit objectives were to: (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report including E&Y's opinion; (2) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks; (3) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances; (4) evaluate the appropriateness of accounting policies used and the

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.

reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; (5) audit FHI's compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of FHI's major federal programs for the year ended September 30, 2022; and (6) obtain reasonable assurance about whether material noncompliance with the compliance requirements, whether due to fraud or error, and express an opinion on FHI's compliance. To answer the audit objectives, E&Y: (1) audited FHI's consolidated financial statements comprising the consolidated statements of FHI's financial position as of September 30, 2022, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes; (2) issued a report dated May 15, 2023, on E&Y's consideration of FHI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters; and (3) performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. FHI's audited expenditures of federal awards was \$724,026,382, of which the U.S. Agency for International Development's audited expenditures amounted to \$561,577,809.

E&Y expressed an unmodified opinion on the financial statements and on compliance for major programs. Further, E&Y reported that it did not find any deficiencies in internal control it considered to be material weaknesses and significant deficiencies in internal control over financial reporting and on internal control over major programs. E&Y did, however, report one other matter pertaining to the Federal Funding Accountability and Transparency Act, which was required to be reported in accordance with 2 CFR 200.516(a). There were no questioned costs associated with this other matter. We are not making a recommendation for the other matter noted in the report. Notwithstanding, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch, determine whether FHI addressed the other matter 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"). 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.