



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** April 29, 2024

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

**FROM:** Director of External Financial Audit Division (IG/A/EFA), David A. McNeil /s/

**SUBJECT:** Single Audit of Population Services International for the Years Ended December 31, 2019 (3-000-24-032-T)

This memorandum transmits the final audit report on the single audit of Population Services International (PSI) for the year ended December 31, 2019. The audit report was obtained from the Federal Audit Clearinghouse. PSI contracted with the independent audit firm BDO USA, LLP (BDO) to conduct the audit. BDO stated it performed its audit in accordance with U.S. Government accounting standards issued by the Comptroller General of the United States and 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 PSI's schedule of expenditure of Federal awards; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.<sup>1</sup>

BDO's audit objectives were to: (1) express an opinion on the consolidated financial statements; (2) obtain reasonable assurance about whether PSI's combined financial statements are free from material misstatement; 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 each of PSI's major federal programs for the year ended December 31, 2019. To answer the audit objectives, BDO: (1) obtained 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; and (3) tested PSI's compliance with certain provisions of laws, regulations,

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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.

contracts, grant agreements, and other matters which could have a direct and material effect on the determination of financial statement amounts. PSI's audited expenditures of Federal awards was \$199,214,486, of which the U.S. Agency for International Development's (USAID) audited expenditures amounted to \$166,107,574.

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 or significant deficiencies in internal control over financial reporting and did not find any material weaknesses in internal control over major programs. However, BDO identified significant deficiencies in internal control over major programs, which were required to be reported in accordance with 2 CFR 200.516(a). Finally, BDO identified total questioned costs of \$964, which included questioned costs associated with USAID awards. Because the questioned costs associated with USAID awards 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 questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for the four significant deficiencies noted in the report, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch determine whether PSI addressed the four significant deficiencies identified in the audit report.

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).