



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

MEMORANDUM

DATE: May 9, 2023

TO: USAID/Afghanistan Mission Director, Sean Callahan

FROM: USAID OIG Deputy Assistant Inspector General for Audit, Christine M. Byrne /s/

SUBJECT: Audit of USAID Awards Managed by Da Afghanistan Breshna Sherkat in Afghanistan, 2013-2020 (5-306-23-005-N)

This memorandum transmits the final audit report of the following USAID awards managed by Da Afghanistan Breshna Sherkat (DABS):

Award Name (Type)	Award Number	Period	Sub-implementer
Installation of Turbine Generator Unit 2 at Kajaki Dam Hydropower Plant Program (Implementation Letter) (Closeout)	306-IL-15-56-09	April 1, 2013- Dec 31, 2016	n/a
The Power Transmission Expansion and Connectivity Program (Implementation Letter)	306-IL-13-22-7	January 1, 2019- Dec 31, 2020	n/a

USAID contracted with the independent audit firm, CliftonLarsonAllen LLP to conduct the audits. The audit firm stated that it performed its audit in accordance with U.S. Government Auditing Standards and USAID Financial Audit Guide for Foreign Organizations.

The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the awardee's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

The audit objectives were to: (1) express an opinion on whether the schedule of expenditures of USAID awards for the audited period was presented fairly, in all material respects; (2) evaluate the awardee's internal controls; (3) determine whether the awardee complied with the awards' terms and applicable laws and regulations; and (4) determine if corrective actions had been taken on prior audit recommendations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$84,652,188 in USAID costs from April 1, 2013, to December 31, 2020.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues, costs incurred and reimbursed, commodities and technical assistance directly procured by USAID for the period audited and questioned \$724,138 of unsupported costs. The audit firm did not identify any material internal control weaknesses, but identified three instances of material noncompliance. However, since USAID is no longer funding DABS, we are not making the procedural recommendation for the three material instances of noncompliance.

To address the issues identified in the report, we recommend that USAID/Afghanistan:

Recommendation 1. Determine the allowability of the \$724,138 in unsupported questioned costs on pages 21-22 of the audit report and recover any amount that is unallowable.

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

The 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").

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify items that need clarification or issues that require management attention. Desk reviews are limited to review of the audit report itself and exclude review of the auditor's supporting work papers; they are not designed to enable us to directly evaluate the quality of the audit performed.