



MEMORANDUM

DATE: February 25, 2018

TO: USAID/Afghanistan Mission Director, Herbert Smith

FROM: RIG/Frankfurt Audit Manager, Rob Mason /s/

SUBJECT: Audit of Costs Incurred by JHPIEGO, Under HEMAYAT Program in Afghanistan, Cooperative Agreement AID-306-A-15-00002, January 7 to June 30, 2015 (Report No. 8-306-18-003-N)

This memorandum transmits the final audit report on the schedule of costs incurred by JHPIEGO, under HEMAYAT Program in Afghanistan, Cooperative Agreement AID-306-A-15-00002, January 7 to June 30, 2015. USAID/Afghanistan contracted with the independent certified public accounting firm, Castro & Company, LLC, to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.¹

The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. The audit firm is responsible for the enclosed auditor's report and the conclusions stated in it. We do not express an opinion on the auditee's schedule of costs incurred; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the Guidelines. Although the Guidelines were issued for the purpose of financial audits of foreign recipients, the procedures and examples illustrated in the Guidelines were applicable to this audit.

² 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.

The audit objectives were to (1) express an opinion on whether the schedule of cost for the period from January 7 to June 30, 2015 was fairly presented, in all material respects (2) evaluate auditee's internal control; (3) determine whether the auditee complied, in all material respects, with the agreement's terms (including cost sharing/counterpart contribution) and applicable laws and regulations; (4) verify that the correct indirect cost rate(s) have been applied in accordance with the terms of the award and the negotiated indirect cost agreement; and (5) determine if auditee has taken adequate corrective action on prior audit recommendations. To answer the audit objectives, the auditor performed the subject financial audit that covered \$1,021,367 in USAID funds from January 7 to June 30, 2015.

The auditors expressed an unmodified opinion on the schedule of costs incurred and did not identify any questioned costs. The auditors did not identify any material internal control weaknesses or any material instances of noncompliance with the agreement terms and applicable laws and regulations.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to our staff and the audit firm's staff during the engagement.

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").