



MEMORANDUM

DATE: June 25, 2020

TO: USAID/Afghanistan Mission Director, Peter Natiello

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Audit Director, David Thomanek /s/

SUBJECT: Audit of the Fund Accountability Statement of DT Global, Inc., Strengthening Watershed and Irrigation Management Program in Afghanistan, Contract AID-306-C-17-00001, October 1, 2018 to September 30, 2019 (8-306-20-036-N)

This memorandum transmits the final report on the audit of the fund accountability statement of DT Global, Inc., Strengthening Watershed and Irrigation Management Program in Afghanistan, Contract AID-306-C-17-00001, from October 1, 2018 to September 30, 2019. USAID/Afghanistan contracted with the independent certified public accounting firm CliftonLarsonAllen LLP to conduct the audit. The audit firm stated that it performed its audit in accordance with Generally Accepted Auditing Standards issued by the Comptroller General of the United States and USAID Financial Audit Guide. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the auditee's fund accountability; internal control effectiveness; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement presents fairly, in all material respects, the funds received and costs incurred and commodities directly procured by USAID for the period audited; (2) evaluate and obtain a sufficient understating of the auditee's internal controls, assessing control risk; and (3) determine whether the auditee complied, in all material respects, with the contract terms and applicable laws and regulations that have a direct and material effect on the fund accountability statement.

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.

To answer the audit objectives, the audit firm performed the subject audit that covered \$ 11,654,343 for the period from October 1, 2018 to September 30, 2019.

The auditors expressed an unmodified opinion on the fund accountability statement and identified ineligible questioned cost of \$6,527. The auditors did not identify any material internal control weakness, but identified two material instance of noncompliance. Since the questioned costs 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/Afghanistan determine the allowability of the \$6,527 in questioned costs and recover any amount determined to be unallowable. Further the audit firm issued a management letter.

During our desk review, we noted a minor issue which the audit firm will need to address in future audit reports. We presented this issue in a memo to the controller, dated June 25, 2020. Please note that pages 18 and 22 of the audit report include personally identifiable information.

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

Recommendation I: Verify that DT Global Inc. corrects the two instances of material noncompliance detailed on pages 18 to 22 of the audit report.

We appreciate the assistance extended during the engagement.

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").