



## MEMORANDUM

**DATE:** July 8, 2020

**TO:** USAID/Afghanistan Mission Director, Peter Natiello

**FROM:** USAID/OIG Middle East and Eastern Europe (M/EE) Regional Office, USDH NFA Coordinator, John Vernon /s/

**SUBJECT:** Audit of Fund Accountability Statement of Tetra Tech, Inc. Under the Engineering Support Program in Afghanistan, Contract 306-AID-306-C-16-00010, July 23, 2018 to September 30, 2019 (8-306-20-041-N)

This memorandum transmits the final report on the audit of the fund accountability statement of Tetra Tech, Inc. under Engineering Support Program in Afghanistan, contract 306-AID-306-C-16-00010, from July 23, 2018 to September 30, 2019. USAID/Afghanistan contracted with the independent certified public accounting firm Castro & Company, LLC 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. 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 statement; internal control effectiveness; or its compliance with the award, laws, and regulations.<sup>1</sup>

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, 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.

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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.

To answer the audit objectives, the audit firm performed the subject audit that covered \$14,762,788 for the period July 23, 2018 to September 30, 2019.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The auditors did not identify any material internal control weaknesses but identified one material instances of non-compliance.

During our desk review, we noted one 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 July 8, 2020. Please note that page 25 of the audit report includes personally identifiable information.

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

**Recommendation I:** Verify that Tetra Tech Inc. corrects the material instance of noncompliance detailed on pages 21 to 23 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. 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").