



*Office of Inspector General*

## MEMORANDUM

**DATE:** July 27, 2020

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

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

**SUBJECT:** Audit of the Fund Accountability Statement of DAI Global, LLC, Under Multiple Awards in Afghanistan, 2017-2018 (8-306-20-044-N)

This memorandum transmits the final audit report on DAI Global, LLC incurred costs under the following awards:

Award Name (Type)	Award Number	Period	Sub implementer
INVEST (contract)	306-AID-OAA-C-17-00090	Sep 28, 2017 - Nov 30, 2018	n/a
Regional Agricultural Development Program-North (contract)	306-AID-306-C-14-00002	Jan 1, 2018 - Nov 30, 2018	n/a
Women In Economy (contract)	306-AID-306-TO-15-00062	Jul 1, 2018- Nov 30, 2018	n/a
Strong Hubs for Afghan Hope and Resilience (contract)	306-AID-306-C-14-00016	Dec 1, 2017- Nov 30, 2018	n/a
Musharikat (contract)	306-AID-306-TO-15-00073	Jan 1, 2018 - Nov 30, 2018	n/a
Regional Agricultural Development Program-East (contract)	306-AID-306-C-16-00011	Jan 1, 2018 -Nov 30, 2018	n/a
Agricultural Credit Enhancement II (contract)	306-AID-306-BC-15-00005	Jan 1, 2018 -Nov 30, 2018	n/a

Afghan Value Chains-Livestock (contract)	306-7203618C00011	Jun 6, 2018-Nov 30, 2018	n/a
Afghan Value Chains-High Value Crops (contract)	306-72030618C00013	Aug 2, 2018-Nov 30, 2018	n/a

USAID/Afghanistan contracted with the independent certified public accounting firm Castro and Company, LLC to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted auditing standards and generally accepted government auditing standards. The audit firm is responsible for the enclosed auditor’s report and the conclusions expressed in it. We do not express an opinion on the auditee’s fund accountability statement; the effectiveness of its internal controls; or its compliance with the awards, laws, and regulations.<sup>1</sup>

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statements for the period audited was presented fairly, in all material respects; (2) evaluate the auditee’s internal controls; and (3) determine whether the auditee complied with the awards terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$53,158,111, for the period from September 28, 2017 to November 30, 2018.

The auditors expressed an unmodified opinion on the fund accountability statement and questioned \$1,064 of ineligible costs. The audit firm did not identify any material internal control weaknesses but identified four material instances 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 \$1,064 in questioned ineligible costs and recover any amount determined to be unallowable.

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 letter to the controller dated July 27, 2020. Please note that Appendix (A) of the audit report includes personally identifiable information.

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

**Recommendation I.** Verify that DAI Global, LLC corrects the four material instances of noncompliance detailed on pages 44 to 47 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 to the audit staff during the engagement.

<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.

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”).