



MEMORANDUM

DATE: August 17, 2020

TO: USAID/Afghanistan Mission Director, Tina Dooley-Jones

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 Chemonics International Under Multiple Awards in Afghanistan, 2015-2018 (8-306-20-049-N)

This memorandum transmits the final audit report on the fund accountability statement of Chemonics International under the following awards:

Award Name (Type)	Award Number	Period	Sub implementer
Women In Government (task order)	AID-306-TO-15-00044	Jan 1, 2018 - Dec 31, 2018	n/a
Capacity Building Activity at the Ministry of Education (contract)	AID-306-C-17-00005	Jan 1, 2018 - Dec 31, 2018	n/a
Famine Early Warning System (task order)	AID-OAA-TO-16-00015	Dec 5, 2017 - Dec 31, 2018	n/a
Family Planning Health Commodities for USAID Health Programs (task order)	AID-OAA-TO-15-00010	Apr 20, 2015 - Dec 31, 2018	n/a

USAID/Afghanistan contracted with the independent certified public accounting firm Crowe LLP to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Government 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; internal control effectiveness; or its compliance with the awards, 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; and (3) determine whether the auditee complied, in all material respects, with the contracts terms and applicable laws and regulations that have a direct and material effect on the fund accountability statement. To answer the audit objectives, the audit firm preformed the subject financial audit that covered \$18,491,847 for the period from April 20, 2015 to December 31, 2018.

The auditors expressed an unmodified opinion on the fund accountability statement and identified \$970 of unsupported questioned costs. The auditors did not identify any material internal control weakness but identified one 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 \$970 in questioned costs and recover any amount determined to be unallowable.

During our desk review, we noted minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the mission controller, dated August 17, 2020.

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

Recommendation I: Verify that Chemonics International corrects the instance of material noncompliance detailed on page 19 of the audit report.

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

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.