



MEMORANDUM

DATE: April 19, 2021

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: Close-out Audit of the Fund Accountability Statement of Palladium International, LLC, Health Sector Resiliency Project in Afghanistan, Contract AID-306-C-15-00009, July 1, 2019 to September 30, 2020 (8-306-21-022-N)

This memorandum transmits the final report on the close-out audit of the fund accountability statement of Palladium International, LLC, Health Sector Resiliency project in Afghanistan, Contract AID-306-C-15-00009, from July 1, 2019 to September 30, 2020. USAID/Afghanistan contracted with the independent certified public accounting firm Samson T A and Associates, PLLC 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 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; and (3) determine whether the auditee

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.

complied, in all material respects, with the award 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 audit that covered \$7,197,672 for the period from July 1, 2019 to September 30, 2020.

The auditors expressed an unmodified opinion on the fund accountability statement and identified \$31,584 of ineligible questioned costs. The auditors identified one material instance of noncompliance pertaining to the auditee not complying with the National Technical Assistance salary scale and guidelines and considered the same instance a material internal control weakness. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID/Afghanistan determine if the recipient addressed the issue noted.

During our desk review, we noted minor issues which the audit firm should address in future audit reports. We presented these issues in a memo to the controller, dated April 19, 2021. Please note that pages 2 and 28 of the audit report include personally identifiable information.

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

Recommendation 1: Determine the allowability of \$31,584 in ineligible questioned costs on page 29 of the audit report and recover any amount that is unallowable.

Recommendation 2: Verify that Palladium International, LLC corrects the material instance of noncompliance detailed on pages 28 and 29 of the audit report.

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

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").