



## MEMORANDUM

**DATE:** April 22, 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:** Audit of Fund Accountability Statement of The Asia Foundation Under Multiple Awards in Afghanistan, 2018-2020 (8-306-21-024-N)

This memorandum transmits the final audit report on The Asia Foundation fund accountability statements under the following awards:

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Period</b>	<b>Sub-implementer</b>
AUAF-Financial and Business Management Activity (Contract)	AID-306-C-17-00014	October 1, 2018 to March 31, 2020	n/a
Survey of the Afghanistan People (Grant)	AID-306-G-12-00003	October 1, 2018 to September 30, 2019	n/a
Strengthening Education in Afghanistan II (Cooperative Agreement)	AID-306-A-14-00008	October 1, 2018 to September 30, 2019	n/a

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 U.S. Government Auditing Standards and USAID's 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 statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were mainly to: (a) express an opinion on whether the fund accountability statement for the period audited was presented fairly, in all material respects; (b) evaluate the auditee's internal controls; and (c) determine whether the auditee complied with awards terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit the covered \$11,806,991 for the period from October 1, 2018 to March 31, 2020.

The audit firm expressed an unmodified opinion on the fund accountability statement and identified \$66,509 in total questioned costs (\$56,199 ineligible and \$10,310 unsupported). The audit firm did not identify any material internal control weaknesses but identified two instances of material noncompliance. We are not making a recommendation for the significant deficiency noted in the report, but we suggest that USAID/Afghanistan determine if the awardee addressed the issue noted. The audit firm issued a management letter.

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 22, 2021.

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

**Recommendation 1.** Determine the allowability of \$66,509 in questioned costs (\$56,199 ineligible and \$10,310 unsupported) on pages 16 and 22 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that The Asia Foundation corrects the two instances of material noncompliance detailed on pages 28 to 39 of the audit report.

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

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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.