



MEMORANDUM

DATE: April 26, 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 the Fund Accountability Statement of American University of Afghanistan, Support to the American University of Afghanistan Project, Cooperative Agreement AID-306-A-13-00004, July 1, 2019 to May 31, 2020 (8-306-21-025-N)

This memorandum transmits the final audit report on the fund accountability statement of American University of Afghanistan, Support to the American University of Afghanistan project, cooperative agreement AID-306-A-13-00004, from July 1, 2019 to May 31, 2020.

USAID/Afghanistan contracted with the independent certified public accounting firm CliftonLarsonAllen LLP to conduct the audit. The audit firm stated that it performed the audit in accordance with U.S. Government Auditing Standards and USAID Financial Audit Guide for Foreign Organizations. 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 controls; 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 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 award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$15,779,658, from July 1, 2019 to May 31, 2020.

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.

The audit firm expressed an unmodified opinion on the fund accountability statement and concluded that it presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm identified \$7,856 of ineligible questioned costs and \$53,977 of ineligible cost share contribution. The audit firm identified one material internal control weaknesses related to control over billing and financial reporting and one material instance of noncompliance with the agreement's terms, conditions and applicable laws, and regulations.

During our desk review, we noted an issue which the audit firm will need to address in future audit reports. We presented this issue in a letter to the controller dated April 26, 2021.

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

Recommendation 1. Determine the allowability of \$61,833 in total ineligible questioned costs (\$7,856 related to the fund accountability statement and \$53,977 related to the cost share contribution) detailed on pages 27 to 35 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that American University of Afghanistan corrects the one material weakness in internal control detailed on pages 31 to 35 the audit report.

Recommendation 3. Verify that American University of Afghanistan corrects the one instance of material noncompliance detailed on pages 27 to 30 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”).