



## MEMORANDUM

**DATE:** April 28, 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:** Fund Accountability Statement Audit of Chemonics International Inc. Under Multiple Awards in Afghanistan, Year ended 2019 (8-306-21-027-N)

This memorandum transmits the final audit report on Chemonics International Inc. under the following awards:

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Period</b>	<b>Subimplementer</b>
Capacity Building Activity at the Ministry of Education, (Task Order)	AID-306-TO-C-17-00005	January 1, 2019 to December 31, 2019	n/a
Promote-Component 3: Women in Government, (Contract)	AID-306-TO-15-00044	January 1, 2019 to December 31, 2019	n/a

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

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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.

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; (3) determine whether auditee complied with the awards terms and applicable laws and regulations; and (4) determine if the auditee has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$12,682,281 for the year ended 2019.

The audit firm expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The audit firm did not identify any material internal control weaknesses but identified one significant internal control deficiency that it also considered a material instance of noncompliance.

During our desk review, we noted a minor issue which the audit firm should address in future audit reports. We presented this issue in a memo to controller dated April 28, 2021.

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

**Recommendation 1:** Verify that Chemonics International Inc. corrects the material instance of noncompliance detailed on pages 23 to 28 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").