



MEMORANDUM

DATE: May 10, 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 Creative Associates International, Inc. Under Afghan Children Read Program in Afghanistan, Task Order AID-306-TO-16-00003, October 1, 2018 to September 30, 2019 (8-306-21-028-N)

This memorandum transmits the final report on the audit of the fund accountability statement of Creative Associates International, Inc. under Afghan Children Read program in Afghanistan, task order AID-306-TO-16-00003, for the period from October 1, 2018 to September 30, 2019. 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 the 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 auditee's fund accountability statement; the effectiveness of its internal control; 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

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.

performed the subject financial audit the covered \$15,154,502 for the period from October 1, 2018 to September 30, 2019.

The audit firm expressed an unmodified opinion on the fund accountability statement and questioned \$50,275—\$14,909 unsupported and \$35,366 ineligible. The auditors did not identify any material weaknesses in internal control but identified three material instances 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 the controller dated May 10, 2021.

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

Recommendation 1. Determine the allowability of \$50,275 in questioned costs (\$35,366 ineligible and \$14,909 unsupported) on pages 13 and 19 to 33 of the report and recover any amount that is unallowable.

Since the auditee has no other current awards with USAID/Afghanistan, USAID/OIG ME/EE regional office is not including a procedural recommendation regarding the material instances of noncompliance. However, if USAID/Afghanistan considers future awards to the auditee, it should ensure that adequate policies and procedures are established and implemented to address this finding, as identified on pages 19 to 33 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”).