



MEMORANDUM

DATE: June 2, 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 FHI 360 Under Multiple Awards in Afghanistan, October 1, 2019 to September 30, 2020 (8-306-21-033-N)

This memorandum transmits the final audit report of the fund accountability statement of FHI 360 under the following awards:

| Award Name (Type) | Award Number | Period | Sub- implementer |
|---|------------------------|---|-----------------------------|
| The Goldozi Project (cooperative agreement) | 72030618CA00006 | October 1, 2019 to September 30, 2020 | n/a |
| Initiative for Hygiene, Sanitation, and Nutrition (IHSAN) Program (contract) | AID-306-C-16- 00007 | October 1, 2019 to September 11, 2020 | 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 issued by the Comptroller General of the United States and USAID's 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 awards, 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 auditee complied with the awards terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit the covered \$17,576,701 for the period from October 1, 2019 to September 30, 2020.

The auditors expressed an unmodified opinion on the fund accountability statement and identified \$34,447 in ineligible questioned costs. The audit firm did not identify any material weaknesses in internal control but identified two material instances of non-compliance. Further, the audit firm issued a management letter.

During our desk review, we noted issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller dated June 2, 2021.

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

Recommendation 1: Determine the allowability of \$34,447 in ineligible questioned costs on page 23 of the audit report and recover any amount that is unallowable.

Recommendation 2: Verify that FHI 360 corrects the two material instances of noncompliance detailed on pages 23 to 26 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").

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.