



MEMORANDUM

DATE: June 9, 2021

TO: USAID/Afghanistan Mission Director, Tina Dooley-Jones

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Acting Audit Director, David Clark /s/

SUBJECT: Closeout Audit of the Fund Accountability Statement of International Finance Corporation, Afghanistan Investment Climate Reform Program, Award AID-EGEE-G-15-00001 IFC TF072383, March 27, 2015, to March 26, 2020 (8-306-21-034-N)

This memorandum transmits the final closeout audit of the fund accountability statement of International Finance Corporation, Afghanistan Investment Climate Reform Program, Award AID-EGEE-G-15-00001 IFC TF072383, from March 27, 2015, to March 26, 2020.

USAID/Afghanistan contracted with the independent certified public accounting firm Samson T A and Associates, PLLC to conduct the audit. The audit firm stated that it was engaged to perform the audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. 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, internal control effectiveness or its compliance with the award, laws, and regulations.¹

Please note that the International Finance Corporation refused to provide audit documents and information and failed to comply with USAID's demand for an audit of the program. As a result, the audit firm was unable to determine whether any of the costs incurred, billed, and reimbursed by USAID were allowable, allocable, reasonable, supported; in conformity with the terms of the grant agreement, and in accordance with accounting principles generally accepted in the United States of America.

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.

Because of the significance of this matter, the audit firm said that they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion, and accordingly, disclaimed their opinion on the fund accountability statement and questioned the entire award incurred and billed expenses in the amount of \$6,851,149.

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

Recommendation 1: Determine the allowability of \$6,851,149 in questioned unsupported costs detailed on pages 7-8 of the audit report and recover any amount that is unallowable.

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