



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** June 24, 2022

**TO:** USAID/Afghanistan Mission Director, Peter Duffy

**FROM:** USDH OIG Asia Regional Office USDH NFA Coordinator, Rhonda M. Horried /s/

**SUBJECT:** Financial Audit of Costs Incurred by Abt Associates, Inc. Under the Sustaining Health Outcomes Through the Private Sector Plus Program in Afghanistan, Cooperative Agreement AID-OAA-A-15-00067, January 1, 2019, to December 31, 2020 (5-306-22-011-N)

This memorandum transmits the financial audit report on the Sustaining Health Outcomes through the Private Sector Plus (SHOPS+) program in Afghanistan, managed by the Abt Associates, Inc. (Abt), for January 1, 2019 to December 31, 2020. USAID/Afghanistan contracted with the independent certified public accounting firm Castro & Company, LLC to conduct the audit. The audit firm stated that it performed its audit in accordance with 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 Abt's schedule of expenditures of USAID awards;<sup>1</sup> the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>2</sup>

The audit objectives were to (1) express an opinion on whether Abt's schedule of expenditures of USAID awards for the audited period was presented fairly, in all material respects; (2) evaluate Abt's internal controls related to SHOPS+; (3) determine whether Abt complied with SHOPS+ agreement terms and applicable laws and regulations (including award requirements for indirect costs and cost-sharing contributions); and (4) determine if corrective actions have been taken on prior audit recommendations.

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<sup>1</sup>The audit firm used "Schedule of Costs Incurred" in the report.

<sup>2</sup> We reviewed the audit 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 audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

To answer the audit objectives, the audit firm reported that it examined the schedule of expenditures of USAID awards and its supporting documents; evaluated Abt's internal controls related to SHOPS+; tested compliance with agreement terms and applicable laws and regulations; and reviewed the actions taken on prior audit recommendations. The audit covered \$3,487,893 in costs incurred for the audited period.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, project revenues and costs incurred under the agreement for the period audited. The audit firm did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. The audit firm indicated that there is a global cost sharing requirement but is not detailed per country, thus, it cannot be evaluated at the individual mission funding level. Hence, review of cost-sharing was not applicable to this audit. Finally, the audit firm reported no prior findings and recommendations related to this audit.

There is one issue that the audit firm will need to address in future audit reports. We presented this issue in a memorandum to the mission controller dated June 24, 2022.

The report does not include any recommendations.

The 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").