



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 2, 2022

TO: USAID/Afghanistan Mission Director, Sean Callahan

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

SUBJECT: Financial and Closeout Audits of the Schedule of Expenditures of USAID Awards for Multiple Contracts in Afghanistan Managed by DAI Global LLC, December 1, 2018, to March 31, 2021 (5-306-23-001-N)

This memorandum transmits the final audit report on the schedule of expenditures of the following USAID awards managed by DAI Global LLC. (DAI):

Award Name	Award No.	Audited Period
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	AID-306-C-14-00016	December 1, 2019 to March 31, 2021 (Closeout Audit)
Afghanistan Buy-In Blended Finance Program (INVEST)	AID-OAA-C-17-00090	December 1, 2018 to September 27, 2020 (Annual Audit)

USAID/Afghanistan contracted with the independent auditor CliftonLarsonAllen LLP to conduct the audit. The audit firm stated 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 DAI's schedule of expenditures of USAID awards, the effectiveness of DAI's internal control, or its compliance with the award, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether the schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate DAI's internal controls relevant to the awards; (3) determine whether DAI complied with awards terms and applicable laws and regulations; and (4) assess whether DAI had taken adequate corrective actions on prior-year audit recommendations. The audit covered revenues and costs each amounting to \$19,311,544 for the audited period.

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items that need clarification or issues that require management attention. Desk reviews are limited to review of the audit report itself and exclude 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 firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred and reimbursed for the audited period. The audit firm reported ineligible questioned costs totaling \$224,063, four instances of material noncompliance, and no material weaknesses in internal control. Further, the audit firm reported that prior year findings had been resolved.

There are two issues that the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the mission controller dated November 2, 2022.

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

Recommendation 1. Determine the allowability of \$224,063 in ineligible questioned costs detailed on pages 24-29 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that DAI Global LLC has corrected the four instances of material noncompliance detailed in findings 1 and 2 on pages 21-29 of the audit report.

We ask you to provide 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").