



*Office of Inspector General*

## MEMORANDUM

**DATE:** February 25, 2018

**TO:** USAID/Afghanistan Mission Director, Herbert Smith

**FROM:** RIG/Frankfurt Audit Manager, Rob Mason /s/

**SUBJECT:** Schedule of Costs Incurred Audit of ICF Macro Inc., Under Demographic and Health Surveys Program in Afghanistan, Contract AID-OAA-C-13-00095, September 9, 2013, to December 31, 2015 (Report No. 8-306-18-002-N)

This memorandum transmits the financial audit report on the schedule of costs incurred by ICF Macro Inc., under Demographic and Health Surveys Program in Afghanistan, for the period from September 9, 2013, to December 31, 2015. USAID/Afghanistan contracted with the independent certified public accounting firm, Castro & Company, LLC (Alexandria, Virginia), to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.<sup>1</sup>

The audit firm stated it performed its audit in accordance with generally accepted government auditing standards. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on the ICF Macro's schedule of costs incurred; 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 the schedule of costs incurred for the period audited, was fairly presented, in all material respects; (2) evaluate the auditee's

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<sup>1</sup> On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the Guidelines. Although the Guidelines were issued for the purpose of financial audits of foreign recipients, the procedures and examples illustrated in the Guidelines were applicable to this audit.

<sup>2</sup> 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.

internal control related to the USAID-funded program; (3) determine whether the auditee complied with the contract's terms and applicable laws and regulations; and (4) determine if the auditee has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, the auditor performed the subject financial audit that covered \$3,449,302 for the period from September 9, 2013, to December 31, 2015.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The auditors disclosed no significant deficiencies or material weaknesses in internal control and did not identify any instances of material noncompliance with the agreement terms and applicable laws and regulations.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to our staff and the audit firm's staff during the engagement.

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").