



MEMORANDUM

DATE: May 07, 2019

TO: USAID/Afghanistan Mission Director, Peter Natiello

FROM: UDAID OIG Middle East and Eastern Europe Regional Office, USDH NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Financial Audit of Costs Incurred by Internews Network, Inc., Under the Rasana (Media) Program in Afghanistan, Cooperative Agreement AID-306-A-17-00001, March 29, to December 31, 2017 (8-306-19-015-N)

This memorandum transmits the final audit report on the financial audit of costs incurred by Internews Network Inc., under the Rasana (Media) program in Afghanistan, Grant AID-306-A-17-00001, for the period from March 29, to December 31, 2017. The agency contracted with the independent certified public accounting firm Conrad LLP to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states 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 the Internews Network Inc.'s schedule of costs incurred; the effectiveness of its 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 costs incurred for the period audited, was presented fairly, in all material respects; (2) evaluate the Internews Network Inc.'s internal controls; (3) determine whether Internews Network, Inc. complied with award terms and applicable laws and regulations; and (4) determine whether the auditee has taken corrective action on prior audit recommendations. To answer the audit objectives,

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.

the audit firm performed the subject audit that covered \$1,390,789 for the period from March 29, to December 31, 2017.

The auditors expressed an unmodified opinion on the schedule of costs incurred, but identified \$2,531 in ineligible questioned costs. The auditors did not identify any significant deficiency or material weakness in internal control. The auditors identified one instance of material noncompliance related to the lack of evidence to support Internews' exemption from the Cooperating Country Nationals requirements. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Afghanistan determine the allowability of the \$2,531 in questioned costs and recover any amount determined to be unallowable.

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

Recommendation I. Verify that Internews Network Inc. corrects the one instance of material noncompliance detailed on pages 21 – 25 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended during the engagement.

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").