



## MEMORANDUM

**DATE:** October 18, 2021

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

**FROM:** USAID OIG Asia Regional Office USDH NFA Coordinator, James C. Charlifue /s/

**SUBJECT:** Financial Audit of Costs Incurred by DT Global, Inc. Under Multiple USAID Awards in Afghanistan, March 10, 2019, to September 30, 2020 (5-306-22-001-N)

This memorandum transmits the final audit report on DT Global, Inc.'s (DT Global) incurred costs under the following USAID awards:

Award Name (Type)	Award Number	Audited Period
Strengthening Watershed and Irrigation Management (SWIM) Program (Contract)	AID-306-C-17-00001	October 1, 2019, to September 30, 2020
Afghan Urban Water and Sanitation Activity (AUWS) Program (Contract)	306-72030619C00003	March 10, 2019, to September 30, 2019

USAID/Afghanistan contracted with the independent certified public accounting firm CliftonLarsonAllen LLP to conduct the audit. The audit firm stated that it performed its audit in accordance with the generally accepted government auditing standards and USAID Financial Audit Guidelines for Foreign Organizations. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on DT Global's fund accountability statements (FASs); the effectiveness of its internal control; or its compliance with the contract terms and applicable laws and regulations.<sup>1</sup>

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<sup>1</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.

The audit objectives were to (1) express an opinion on whether DT Global's FASs for the periods audited were presented fairly, in all material respects; (2) evaluate DT Global's internal controls; (3) determine whether DT Global complied with contract terms and applicable laws and regulations (including cost-sharing contributions); (4) perform an audit of the indirect cost rate; and (5) determine whether DT Global had taken adequate corrective actions on prior year audit report recommendations. To answer the audit objectives, the audit firm examined the FASs and supporting documents; evaluated the control environment, accounting systems, and control procedures; tested compliance with contract terms and applicable laws and regulations; and assessed the status of prior year audit recommendations. The DT Global contract did not require cost-sharing contributions. Since DT Global is a U.S. organization, the audit of the indirect cost rate was not part of the scope of this audit. Instead, the audit firm recalculated the indirect costs by applying the provisional rates to the appropriate bases and then reconciled the recalculated indirect costs with the indirect costs reported in the FASs. The audit covered program revenues and costs each amounting to \$12,886,655 for the SWIM program from October 1, 2019, to September 30, 2020; and \$1,748,830 for the AUWS program from March 10, 2019, to September 30, 2019.

The audit firm concluded that the FASs presented fairly, in all material respects, program revenues and costs incurred under the contracts for the periods audited. The audit firm reported questioned costs of \$2,003 in the AUWS program's FAS. Further, the audit firm did not identify any material weaknesses in internal control but identified one material instance of noncompliance associated with the questioned costs. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making recommendation on the questioned costs and the related material instance of noncompliance. Nevertheless, we suggest that USAID/Afghanistan determine the allowability of the \$2,003 in questioned costs and recover any amount determined to be unallowable and determine if the contractor addressed the related noncompliance issue.

The audit firm also issued a management letter to the contractor identifying a nonmaterial instance of noncompliance. Finally, the audit firm reported that prior audit recommendations have not been addressed.

There are several issues that the mission and the audit firm will need to address in future audit reports. We provided these issues in a memorandum to the mission controller dated October 18, 2021.

The report does not include any recommendations.

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").