

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 22-06 Financial Audit

USAID's Technical Assistance to the Afghanistan Urban Water Supply and Sewerage Corporation: Audit of Costs Incurred by DT Global Inc.

**In accordance with legal requirements, SIGAR has redacted certain information deemed
proprietary or otherwise sensitive from this report.**



NOVEMBER
2021

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT THE AUDIT REVIEWED

On March 7, 2019, the U.S. Agency for International Development (USAID) awarded a \$43.3 million cost-plus-fixed-fee contract to AECOM International Development to provide technical assistance to the Afghan government and the Afghanistan Urban Water Supply and Sewerage Corporation to increase access to urban water and sanitation services for residents in six Afghan cities. The period of performance for the contract is from March 10, 2019, through March 9, 2024. USAID modified the contract three times, including once to reflect the name change of the contractor from AECOM International Development to DT Global Inc.; however, the contract's total funding and period of performance remained unchanged. Although the contract ends in March 2024, USAID paused reconstruction funding for Afghanistan following the collapse of the Afghan government in August 2021. These events raise doubt about whether contract performance will run beyond that date.

SIGAR's financial audit, performed by Crowe LLP (Crowe), reviewed \$ [REDACTED] in total costs charged to the contract from October 1, 2019, through September 30, 2020. The objectives of the audit were to (1) identify and report on material weaknesses or significant deficiencies in DT Global's internal controls related to the contract; (2) identify and report on instances of material noncompliance with the terms of the contract and applicable laws and regulations, including any potential fraud or abuse; (3) determine and report on whether DT Global has taken corrective action on prior findings and recommendations; and (4) express an opinion on the fair presentation of DT Global's Special Purpose Financial Statement (SPFS). See Crowe's report for the precise audit objectives.

In contracting with an independent audit firm and drawing from the results of the audit, auditing standards require SIGAR to review the work performed. Accordingly, SIGAR oversaw the audit and reviewed its results. Our review disclosed no instances wherein Crowe did not comply, in all material respects, with generally accepted government auditing standards issued by the Comptroller General of the United States.

November 2021

USAID's Technical Assistance to the Afghanistan Urban Water Supply and Sewerage Corporation: Audit of Costs Incurred by DT Global Inc.

SIGAR 22-06-FA

WHAT SIGAR FOUND

Crowe identified six material weaknesses in DT Global's internal controls, and five instances of noncompliance with the terms of the contract. For example, DT Global did not produce supporting documentation showing that its subcontractors' employees worked the minimum 8 hours per day and 40 hours per week required by the contract. As a result, Crowe questioned the full subcontractor labor costs of \$657,094 billed to the government. Crowe also found that DT Global used inaccurate provisional rates to calculate its indirect costs on the SPFS, resulting in a misstatement of \$256 in reported overhead costs.

Because of the aforementioned issues, Crowe identified \$657,350 in total questioned costs, consisting of \$657,094 in unsupported costs—costs not supported with adequate documentation or that do not have required prior approval—and \$256 in ineligible costs—costs prohibited by the task order and applicable laws and regulations.

Category	Ineligible	Unsupported	Total Questioned Costs
Noncompliance with Authorized Work Week Contract Requirements	\$0	\$657,094	\$657,094
Indirect Cost True-up Not Complete and Overbilled Overhead Costs	\$256	\$0	\$256
Total Costs	\$256	\$657,094	\$657,350

Crowe identified seven prior audit reports, and noted there were no findings that were direct and material to DT Global's SPFS and the audit objectives. The auditors concluded that no additional procedures or follow-up are required.

Crowe issued a disclaimer of opinion due to DT Global's inability to provide sufficient, appropriate evidence to support subcontractor labor costs, and Crowe stated that the amount of questioned costs was material to the SPFS.

WHAT SIGAR RECOMMENDS

Based on the results of the audit, SIGAR recommends that the responsible contracting officer at USAID:

- 1. Determine the allowability of and recover, as appropriate, \$657,350 in questioned costs identified in the report.**
- 2. Advise DT Global to address the report's six internal control findings.**
- 3. Advise DT Global to address the report's five noncompliance findings.**



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

November 8, 2021

The Honorable Samantha Power
Administrator, U.S. Agency for International Development

We contracted with Crowe LLP (Crowe) to audit the costs incurred by DT Global Inc. (DT Global) under a cost-plus-fixed-fee contract from the U.S. Agency for International Development (USAID) to provide technical assistance to the Afghanistan Urban Water Supply and Sewerage Corporation, an initiative intended to increase access to urban water and sanitation services for residents in six Afghan cities.¹ Crowe reviewed \$ [REDACTED] in costs charged to the contract from October 1, 2019, through September 30, 2020. Our contract with Crowe required that the audit be performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

Based on the results of the audit, SIGAR recommends that the responsible contracting officer at USAID:

- 1. Determine the allowability of and recover, as appropriate, \$657,350 in questioned costs identified in the report.**
- 2. Advise DT Global to address the report's six internal control findings.**
- 3. Advise DT Global to address the report's five noncompliance findings.**

Crowe discusses the results of the audit in detail in the attached report. We reviewed Crowe's report and related documentation. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on DT Global's Special Purpose Financial Statement. We also express no opinion on the effectiveness of DT Global's internal control or compliance with the contract, laws, and regulations. Crowe is responsible for the attached auditor's report and the conclusions expressed in it. However, our review disclosed no instances in which Crowe did not comply, in all material respects, with generally accepted government auditing standards issued by the Comptroller General of the United States.

Please provide documentation related to corrective actions taken and/or target dates for completion for the recommendations to sigar.pentagon.audits.mbx.recommendation-followup@mail.mil, within 60 days from the issue date of this report.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

(F-197)

¹ The contract number is 72030619C00003.



DT Global, Inc.

Special Purpose Financial Statement

For

Contract Number 72030619C00003

For the Period October 1, 2019 through September 30, 2020

(With Independent Auditor's Report Thereon)

Table of Contents

TRANSMITTAL LETTER	1
SUMMARY	2
INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT.....	9
SPECIAL PURPOSE FINANCIAL STATEMENT	11
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENT.....	12
NOTES TO THE QUESTIONED COSTS	14
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLS	15
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE	17
SECTION I: SCHEDULE OF FINDINGS AND QUESTIONED COSTS	19
SECTION II: SUMMARY SCHEDULE OF PRIOR AUDIT, REVIEW, AND ASSESSMENT FINDINGS ..	32
APPENDIX A – VIEWS OF RESPONSIBLE OFFICIALS.....	33
APPENDIX B – AUDITOR'S REBUTTAL	40



Crowe LLP

Independent Member Crowe Global

1455 Pennsylvania Avenue, N.W., Suite 700

Washington, D.C. 20004-1008

Tel +1 202 624 5555

Fax +1 202 624 8858

www.crowe.com

TRANSMITTAL LETTER

September 8, 2021

To the Chairman of the Board of Directors and Management of DT Global, Inc.
1625 I St, NW, Suite 200
Washington DC 20006

To the Office of the Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, Virginia 22202

We appreciate the opportunity to provide to you our report regarding the procedures that we have completed during our audit of DT Global, Inc. ("DT Global") contract funded by the United States Agency for International Development ("USAID").

Within the pages that follow, we have provided a brief summary of the work performed. Following the summary, we have incorporated our report on the Special Purpose Financial Statement, report on internal control, and draft report on compliance. We do not express an opinion on the summary or any information preceding our reports.

When preparing our report, we considered the comments, feedback, and interpretations of DT Global, the Office of the Special Inspector General for Afghanistan Reconstruction, and USAID, provided both in writing and orally throughout the audit planning and fieldwork phases. Management's final written responses are incorporated into this report as an appendix.

Thank you for providing us the opportunity to work with you and to conduct the financial audit of DT Global's contract.

Sincerely,

A handwritten signature in black ink, appearing to read "Bert Nuehring".

Bert Nuehring, CPA
Partner

Summary

Background

On March 7, 2019, the United States Agency for International Development (“USAID”) awarded cost-plus-fixed-fee completion contract number 72030619C00003 to AECOM International Development. As of July 26, 2019, the former international development arm of AECOM, Development Transformations (“DT”), and the Global Peace and Development (“GPD”) Charitable Trust joined together to form DT Global, Inc. (“DT Global”), a new, for-profit international development consulting firm. Modification P00003 to the contract officially recognized the name change of the contractor from “AECOM International Development” to “DT Global, Inc.” DT Global was contracted to provide technical assistance to the Afghanistan Urban Water Supply and Sewerage Corporation (“AUWSSC”) and the Afghan government to increase access to urban water and sanitation services for residents in six Afghan cities: Kabul, Herat, Mazar-e-Sharif, Jalalabad, Kunduz, and Kandahar. The contract’s period of performance is from March 10, 2019 to March 9, 2024, with a total estimated cost and fixed fee of \$43,345,815.

The Afghan Urban Water and Sanitation activity worked directly with the AUWSSC, the Ministry of Urban Development and Housing (“MUDH”), and relevant municipal or provincial governments and in coordination with other donors, as appropriate. The scope of this activity includes business and financial planning, infrastructure and equipment support, transparency or efficiency support, and service delivery planning.

USAID seeks to increase access to urban water and sanitation services for residents in the six Afghan cities mentioned above that are serviced by AUWSSC and the Afghan government. Increased access to services may include new access, improved access, or improved service quality. The Afghan Urban Water and Sanitation activity will support AUWSSC at their Kabul headquarters and sub-offices. The specific objectives of this activity are:

1. Increase technical and operational performance of AUWSSC;
2. Enhance sanitation service delivery and planning; and
3. Improve water and sanitation infrastructure

USAID issued three subsequent modifications, which are summarized below:

Modification No.	Highlights
01	<p>The purposes of this modification were to correct the award information in the Global Acquisition and Assistance System (“GLAAS”) and update the contract. Specifically, the following changes were made:</p> <ul style="list-style-type: none"> • Global Acquisition and Assistance System (“GLAAS”): <ul style="list-style-type: none"> • Total estimated cost confirmed to \$43,345,815 in the system; and • Total period of performance in the system confirmed as March 10, 2019 through March 9, 2024. • Contract: <ul style="list-style-type: none"> • Section G.4 Updated the Contracting Officer Information; • Section F.5 “Deliverables, delivery & Fixed Fee Schedule” Deliverable 1.1 “Inception Workshop” due date was revised from 45 days after award to 65 days after award; and • Section 1.7 FAR clause 52,222-50 “Combating trafficking in person (March 2015)” is updated and replaced with clause dated Jan 2019.
02	<ul style="list-style-type: none"> • Extended deliverables dates for Tasks 1.1-1.6 and Task 2.1 under section F.5 in the contract; • Change in Contracting Officer Representative; and • Reference to New/Major construction removed and Inserted “Special Conditions for Construction” clause.
03	<ul style="list-style-type: none"> • Reflect the name change of the contractor from “AECOM International Development” to “DT Global, Inc.”; • Provide incremental funding of \$5,400,000 thereby increasing the total obligated amount from \$7,000,000 to \$12,400,000; and • Make administrative changes to the contract.

Our audit procedures included a review of total costs of \$ [REDACTED] reported by DT Global for the period October 1, 2019 through September 30, 2020.

Work Performed

Crowe LLP (“Crowe”) was engaged by the Office of the Special Inspector General for Afghanistan Reconstruction to conduct a financial audit of costs incurred by DT Global’s contract to provide technical assistance to the Afghanistan Urban Water Supply and Sewerage Corporation (“AUWSSC”) and the Afghan government during the period October 1, 2019 through September 30, 2020.

Objectives Defined by SIGAR

The following audit objectives were defined within the *Performance Work Statement for Financial Audits of Costs Incurred by Organizations Contracted by the U.S. Government for Reconstruction Activities in Afghanistan*:

Audit Objective 1 – Special Purpose Financial Statement

Express an opinion on whether DT Global’s Special Purpose Financial Statement (“SPFS”) for the contract presents fairly, in all material respects, revenues earned, costs incurred, items directly procured by the U.S.

(Continued)

Government, and balance for the period audited in conformity with the terms of the contract and generally accepted accounting principles or other comprehensive basis of accounting.

Audit Objective 2 – Internal Controls

Evaluate DT Global's internal control system related to the award and identify and report on significant deficiencies, including material weakness in internal control.

Audit Objective 3 – Compliance

Determine whether DT Global complied, in all material respects, with the award requirements and applicable laws and regulations

Audit Objective 4 – Corrective Action on Prior Findings and Recommendations

Determine and report on whether DT Global has taken adequate corrective action to address findings and recommendations from previous engagements that could have a material effect on the special purpose financial statement or other financial data significant to the audit objectives.

Scope

The scope of the audit included total reported costs incurred of \$ [REDACTED] during the period October 1, 2019 through September 30, 2020. The audit was limited to those matters and procedures pertinent to the contract that have a direct and material effect on the SPFS. The audit also included an evaluation of the presentation, content, and underlying records of the SPFS. Further, the audit included reviewing the financial records that support the SPFS to determine if there were material misstatements and if the SPFS was presented in the format required by SIGAR. In addition, the following areas were determined to be direct and material and, as a result, were included within the audit program for detailed evaluation:

- Allowable Activities;
- Allowable Costs;
- Cash Management;
- Equipment and Real Property;
- Procurement; and
- Reporting.

Methodology

To meet the aforementioned objectives, Crowe completed a series of tests and procedures to audit the SPFS, tested compliance and considered the auditee's internal controls over compliance and financial reporting and determined if adequate corrective action was taken in response to prior audit, assessment, and review comments, as applicable.

For purposes of meeting Audit Objective 1 pertaining to DT Global's SPFS, transactions were selected from the financial records underlying the SPFS and were tested to determine if the transactions were recorded accurately and consistent with the terms and conditions of the award as well as DT Global's basis of accounting note disclosure; were incurred within the period covered by the SPFS and in alignment with specified cutoff dates; were appropriately allocated to the contract if the cost benefited multiple objectives; and were adequately supported.

With regard to Audit Objective 2 regarding internal control, Crowe requested, and the auditee provided, copies of policies and procedures to provide Crowe with an understanding of the system of internal control established by DT Global during the period of performance. To the extent documented policies and procedures were unavailable, Crowe conducted interviews with management to obtain an understanding

(Continued)

of the processes that were in place during the period of performance. The system of internal control is intended to provide reasonable assurance of achieving reliable financial reporting and compliance with applicable laws and regulations. Crowe corroborated internal controls identified by the auditee and conducted testing of select key controls to understand if they were implemented as designed.

Audit Objective 3 required that tests be performed to obtain an understanding of the auditee's compliance with requirements applicable to the contract. Crowe identified – through review and evaluation of the contract issued by USAID to DT Global – the criteria against which to test the SPFS and supporting financial records and documentation. Using various sampling techniques, including, but not limited to, audit sampling guidance for compliance audits provided by the American Institute of Certified Public Accountants, Crowe selected transactions, vouchers for payment submitted to USAID, procurements, government property, and reports for testing. Supporting documentation was provided by the auditee and subsequently evaluated to assess DT Global's compliance. Testing of indirect costs was limited to determining whether indirect costs were calculated and charged to the U.S. Government in accordance with the Negotiated Indirect Cost Rate Agreement issued by the Office of Acquisition and assistance within USAID. We also performed procedures to determine if adjustments to contract expenditures and amounts invoiced that were based on preliminary or provisional rates were made, as required and applicable, and whether or not a true-up of indirect costs was made based on updated approved rates.

Regarding Audit Objective 4, Crowe inquired of DT Global, SIGAR, and USAID personnel participating in the audit entrance conference to understand whether there were prior audits, reviews, or assessments that were pertinent to the audit scope. Crowe also conducted an independent search of publicly available information to identify audit and review reports. There were seven such previous reports issued. The seven reports issued to DT Global contained four (4) internal control findings and thirteen (13) instances of noncompliance.

The reports reviewed by Crowe are listed below:

- USAID's Afghanistan Social Outreach Program: Audit of Costs Incurred by AECOM International Development, Inc.- September 2014;
- USAID's Stabilization in Key West Program: Audit of Costs Incurred by AECOM International Development, Inc. – July 2015;
- USAID's Stabilization in Key East Program: Audit of Costs Incurred by AECOM International Development, Inc. – July 2015;
- USAID's Stabilization in Key South Program: Audit of Costs Incurred by AECOM International Development, Inc. – December 2015;
- Construction of Nimroz Province Border Patrol Facilities: Audit of Costs Incurred by AECOM Technical Services – October 2016;
- USAID's Strengthening Watershed and Irrigation Management Program: Audit of Cost Incurred by AECOM International Development, Inc.- July 2019;
- Costs Incurred of The USAID Resources Managed by DT Global, Inc. (DT Global) Under USAID's Strengthening Watershed and Irrigation Management (Swim) Program, Contract No. Aid-306-C-17-00001 For the Period October 1, 2018 Through September 30, 2019 – April 2020.

In each instance, Crowe reviewed the prior audit reports to ascertain whether findings may be direct and material to the audit objectives. In any instances where findings may be direct and material to the audit objectives, Crowe determined whether corrective action from any of the prior findings and recommendations was denoted as unresolved, inadequate, or otherwise incomplete such that additional follow-up is necessary. We determined that none of the audit reports were direct and material to the SPFS or other financial objectives applicable to the audit. The results of these procedures are documented in **Section II: Summary of Prior Audit, Review and Assessment Findings.**

(Continued)

Summary of Results

Upon completion of Crowe's procedures, Crowe identified 6 findings because they met one or more of the following criteria: (1) significant deficiencies in internal control; (2) material weaknesses in internal control; (3) noncompliance with rules, laws, regulations, or the terms and conditions of the contract; and/or (4) questioned costs resulting from identified instances of noncompliance.

Crowe issued a disclaimer of opinion on the SPFS due to DT Global's inability to provide sufficient, appropriate audit evidence to support a material amount of subcontractor labor costs recorded to the following accounts line items on the SPFS:

- CLIN 0001a, AUWS Technical Assistance's Direct Cost; and
- CLIN 0002a, Security's All Security Cost (except Fee).

In performing our testing, we considered whether the information obtained during our testing resulted in either detected or suspected material fraud, waste, or abuse, which would be subject to reporting under *Government Auditing Standards*. We refer you to the Independent Auditor's Report on Compliance which includes findings regarding compliance and other matters. Matters regarding detected or suspected fraud, waste, or abuse are incorporated, by definition, into "other matters."

Crowe also reported on both DT Global's internal controls over financial reporting and compliance with the applicable laws, rules, regulations, and the terms and conditions of the contract. Six findings were reported by Crowe. All six findings were classified as material weaknesses. Five of the six findings were also classified as instances of noncompliance.

In response to the identified instances of noncompliance, Crowe reported \$657,350 in questioned costs. SIGAR requires questioned costs be classified as either "ineligible" or "unsupported." SIGAR defines ineligible costs as those that are explicitly questioned because they are unreasonable, prohibited by the audited contract or applicable laws and regulations, or that are unrelated to the award. Unsupported costs are those that are not supported with adequate documentation or did not have the required prior approvals or authorizations. The questioned costs Crowe identified were ineligible (\$256) and unsupported (\$657,094), for a total of \$657,350 questioned costs. The following summary is intended to present an overview of the audit results and is not intended to be a representation of the audit's results in their entirety.

Crowe also requested copies of prior audits, reviews, and evaluations pertinent to DT Global's financial performance under the contract. Based on Crowe's communications with DT Global, SIGAR, and USAID, there were seven such previous reports issued. The seven reports issued to DT Global's former organization, AECOM International Development¹, contained four (4) internal control findings and thirteen (13) instances of noncompliance. Crowe determined that findings included in prior audit reports were not direct or material to the Special Purpose Financial Statement or other financial information significant to the audit objectives. Therefore, we concluded that follow-up on the findings was not required.

¹ As of July 26, 2019, the former international development arm of AECOM, Development Transformations (DT), and the Global Peace and Development (GPD) Charitable Trust joined together to form DT Global, Inc. (DT Global), a new, for-profit international development consulting firm. July 29, 2019 Press Release. See <https://dt-global.com/assets/files/dtg-launch-press-release-final.pdf>

(Continued)

Schedule of Findings and Questioned Costs

Finding No.	Finding Name	Classification	Questioned Costs (USD)
2020-01	Noncompliance with Authorized Work Week Contract Requirements	Material Weakness in Internal Control and Noncompliance	\$657,094
2020-02	Untimely Submission of and Errors in Inventory Reports	Material Weakness in Internal Control and Noncompliance	\$0
2020-03	Indirect Cost True-up Not Complete and Overbilled Overhead Costs	Material Weakness in Internal Control and Noncompliance	\$256
2020-04	Noncompliance with Financial Reporting Requirements	Material Weakness in Internal Control and Noncompliance	\$0
2020-05	Lack of Review and Approval of Required Reports and Noncompliance with USAID/Afghanistan GIS/GPS Reporting Requirements	Material Weakness in Internal Control and Noncompliance	\$0
2020-06	Misstatement on the Special Purpose Financial Statement ("SPFS") and Notes to SPFS	Material Weakness in Internal Control	\$0
Total Questioned Costs:			\$657,350

Summary of Management Comments

Management provided responses to the draft audit findings. A summary of management's comments follows:

- Management disagreed with finding 2020-01, indicating that they are confident that each daily labor costs charged under the sub-contracts was for 8 (often more) hours of work per day. Additionally, they stated that, "the Chief of Party works with relevant staff members to ascertain that these personnel work 8 hours or more a day prior to approving each invoice. All invoices are reviewed to ensure that all services were received under Contract Number 72030619C00003 prior to payment." Management indicated that they have compiled additional documentation to support their claims and can make it available for further review.
- Management partially agreed with findings 2020-02 through 2020-06. They did not dispute the noted finding but disagreed that the finding and the conditions and circumstances as described in the report warrant the classification as Material Weakness in Internal Control and Noncompliance.

Crowe has responded to each management response with a rebuttal in Appendix B. Crowe did not make any changes to the findings as a result of management's stated disagreement with each of the findings. Crowe noted that DT Global did not provide any additional information to change the condition of each finding.

References to Appendices

The auditor's reports are supplemented by two appendices: **Appendix A**, which contains management's responses to the audit findings; and **Appendix B**, which contains the auditor's rebuttal.

INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT

To the Chairman of the Board of Directors and Management of DT Global, Inc.
1625 I St, NW, Suite 200
Washington DC 20006

To the Office of the Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, Virginia 22202

Report on the Special Purpose Financial Statement

We were engaged to audit the Special Purpose Financial Statement (the "Statement") of DT Global, Inc. ("DT Global") and related notes to the Statement, with respect to contract number 72030619C00003 issued by the United States Agency for International Development ("USAID"), for the period October 1, 2019, through September 30, 2020.

Management's Responsibility for the Special Purpose Financial Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the requirements specified by the Office of the Special Inspector General for Afghanistan Reconstruction ("SIGAR") and the terms and conditions of contract number 72030619C00003. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on conducting the audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

We were not provided with sufficient, appropriate audit evidence to determine that total \$657,094 in reported direct subcontractor labor costs from October 1, 2019 through September 30, 2020 were incurred, accurately recorded, presented, and allocable to the contract under audit. As a result, the \$657,094 in subcontractor labor costs are in question. The \$657,094 amount is material to the Statement and impacts accounts CLIN 0001a and CLIN 0002a on the SPFS. Therefore, the error is both material and pervasive.

(Continued)

Disclaimer of Opinion on the Special Purpose Financial Statement

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the Statement.

Basis of Presentation and Accounting

We draw attention to Notes 1, 2, 4, 5, and 6 to the Statement, which describe the basis of presentation and accounting. The Statement is prepared in a format required by SIGAR and presents those amounts as permitted under the terms of USAID contract number 72030619C00003, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the contract referred to above.

Restriction on Use

This report is intended for the information of DT Global, USAID, and SIGAR. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated August 20, 2021, on our consideration of DT Global's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements or other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DT Global's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DT Global's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Washington, D.C.
August 20, 2021

DT Global, Inc.
Special Purpose Financial Statement
Contract No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

		<u>Questioned Costs</u>				
		<u>Budget</u>	<u>Actual</u>	<u>Ineligible</u>	<u>Unsupported</u>	<u>Notes</u>
Revenues						
Contract Number 72030619C0003		\$ 43,346,215	\$ [REDACTED]			
Total Revenue		<u>43,346,215</u>	<u>[REDACTED]</u>			2, 4
Costs Incurred						5
CLIN 0001	AUWS Technical Assistance					
0001a	Direct Costs	[REDACTED]	[REDACTED]		306,698	A
0001b	Indirect Costs	[REDACTED]	[REDACTED]	256		B
0001c	Fixed Fee	[REDACTED]	[REDACTED]			
CLIN 0002	Security					
0002a	All Security Cost (except Fee)	[REDACTED]	[REDACTED]		350,396	A
	Indirect Costs	[REDACTED]	[REDACTED]			
0002b	Fixed Fee	[REDACTED]	[REDACTED]			
CLIN 0003	Equipment Support					
0003a	All Equipment Support Cost (except Fee)	[REDACTED]	-			
0003b	Fixed Fee	[REDACTED]	-			
CLIN 0004	Supplemental Technical Assistance					
0004a	All Infrastructure Support Cost (except Fee)	[REDACTED]	-			
0004b	Fixed Fee	[REDACTED]	-			
Total Costs Incurred			<u>[REDACTED]</u>	256	657,094	
Total Questioned Costs				\$ 256	\$ 657,094	
Balance			<u>\$ -</u>			6

The accompanying notes to the Special Purpose Financial Statement are an integral part of this Statement.

DT Global, Inc.
Note to the Special Purpose Financial Statement
Contact No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

Note 1. Basis of Presentation

The accompanying Special Purpose Financial Statement (the "Statement") includes costs incurred under Contract Number 72030619C00003 for the Afghanistan Urban Water Supply and Sewerage Corporation Project ("AUWSSC") for the period October 1, 2019 through September 30, 2020. Because the Statement presents only a selected portion of the operations of DT Global it is not intended to and does not present the financial position, changes in net assets, or cash flows of DT Global. The information in this Statement is presented in accordance with the requirements specified by the Office of the Special Inspector General for Afghanistan Reconstruction ("SIGAR") and is specific to the aforementioned Federal 72030619C00003. Therefore, some amounts presented in this Statement may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Basis of Accounting

Revenues and expenditures reported on the Statement are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in Title 48, Part 31 of the Code of Federal Regulations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Foreign Currency Translation Method

The Statement contains expenses translated into USD. Expenses paid in Afghani (local currency) are converted into U.S. dollars (reporting currency) by using the weighted average monthly rate, which is calculated based on monthly transfers from the USD bank account to the local currency bank account. Currency fluctuations between monthly rates are not included as an expense to the project.

Note 4. Revenues

Revenues on the Statement represent the amount of funds to which DT Global, Inc. is entitled to receive from USAID for allowable, eligible costs incurred under the contract during the period of performance.

Note 5. Costs Incurred by Budget Category

The budget amounts contained in the Statement reflect the budgeted values of the project as described in the contract dated March 7, 2019.

The budget information for CLIN0002a was further broken down to include indirect costs based on a detailed budget provided to and accepted by USAID. CLIN0002a Security Costs' detailed budget, which rolls into the overall budget included in the contract, includes both direct and indirect costs for the Security Costs supporting the line item CLIN 0002a on the SPFS.

Note 6. Balance

The balance presented on the Statement represents the difference between revenues earned and costs incurred such that an amount greater than \$0 would reflect that revenues have been earned that exceed the costs incurred or charged to the contract and an amount less than \$0 would indicate that costs have been incurred but are pending additional evaluation before a final determination of allowability and amount of revenue earned may be made.

Note 7. Currency

All amounts presented are shown in U.S. dollars.

(Continued)

Note 8. Program Status

The AUWSSC project remains active. The period of performance for the award is scheduled to conclude on March 9, 2024 as noted the contract dated March 7, 2019.

Note 9. COVID Implications

The pandemic has had an impact to the implementation of the program, most notably in the first few months. The Afghan Government counterparts such as the Strategic Business Units (SBUs) were working remotely, which posed a challenge in coordination and has caused delays on several key activities. The cascade effect of loss of time to train SBUs on business planning prior to the development of such Business Plans that unlocks CLIN 3 and 4 funds under Task 4 have also impacted project timelines. Additionally, there were delays in several contractual and administrative processes such as the vetting approvals caused by the fact that the Embassy staff were working remotely. Discussions with key USAID staff on technical issues and specifications took longer, as maps, drawings and other key visuals often cannot be shared over video conferencing. Coordination with other donors such as the World Bank has also been challenging, as most of their staff are not available in-country.

DT Global have been closely coordinating with the Contracting Officer's Representative (COR) and other relevant parties within USAID on responding to these challenges. The program has identified additional capacity building needs for AUWSSC. The program has adapted the way DT Global engages with key stakeholders amid continued inability for face-to-face meetings. DT Global has been in constant communication with USAID on current issues as well as potential delays and have implemented additional capacity building, technical support, and procurement activities as workarounds to the limitations on unlocking CLIN 3 and 4 funds. We will continue working with USAID to ensure effective responses to the situation so that we successfully meet the overall objectives of the contract.

Note 10. Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to the October 1, 2019 through September 30, 2020, period covered by the Statement. Management has performed their analysis through August 20, 2021.

DT Global, Inc.
Notes to the Questioned Costs
Contract No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

- A. Finding 2020-01 questioned \$657,094 as DT Global did not provide adequate supporting documentation to demonstrate the number of hours worked per day and failed to work the required hours minimum of 8 per day / 40 per week as per the DT Global prime contract and subcontractor agreements.
- B. Finding 2020-03 questioned \$256 due to DT Global's improper application of three negotiated indirect cost rates (Overhead-2, Overhead-3, and General and Administration) to occupancy costs. The misapplication of the rates resulted in a misstatement on the SPFS.

Notes to the Questioned Costs are prepared by the auditor for purposes of this report. Management takes no responsibility for the notes to the questioned costs.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLS

To the Office of the Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, Virginia 22202

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the Special Purpose Financial Statement (the "Statement") of DT Global, and related notes to the Statement, with respect to contract number 72030619C00003 issued by the U.S. Agency for International Development ("USAID") regarding the Afghanistan Urban Water Supply and Sewerage Corporation ("AUWSSC") program, for the period October 1, 2019, through September 30, 2020. We have issued our report thereon dated August 20, 2021, within which we disclaimed an opinion because of an inability to obtain sufficient, appropriate audit evidence that costs reported on the Statement were incurred, accurately recorded, presented, and allocable to the contract.

Internal Control over Financial Reporting

DT Global's management is responsible for establishing and maintaining effective internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the contract; and transactions are recorded properly to permit the preparation of the Statement in conformity with the basis of accounting and presentation described in Notes 1, 2, 4, 5, and 6 to the Statement. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In connection with our engagement to audit the Statement for the period October 1, 2019, through September 30, 2020, we considered DT Global's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing an opinion on the effectiveness of DT Global's internal control. Accordingly, we do not express an opinion on the effectiveness of DT Global's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

(Continued)

Our consideration of internal control was for the limited purpose described in the second paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Findings 2020-01, 2020-02, 2020-03, 2020-04, 2020-05, and 2020-06, that we consider to be material weaknesses.

DT Global's Response to the Findings

DT Global's response to the findings identified in our audit are described in Appendix A to our report. DT Global's response to the finding was not subjected to the auditing procedures applied in the audit of the Statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

This report is intended for the information of DT Global, SIGAR, and USAID. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public.

Crowe LLP
Crowe LLP

Washington, D.C.
August 20, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the Chairman of the Board of Directors and Management of DT Global, Inc.
1625 I St, NW, Suite 200
Washington DC 20006

To the Office of the Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, Virginia 22202

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Special Purpose Financial Statement (the "Statement") of DT Global, Inc. ("DT Global") and related notes to the Statement, with respect to contract number 72030619C00003 issued by the U.S. Agency for International Development ("USAID") regarding the Afghanistan Urban Water Supply and Sewerage Corporation ("AUWSSC") program, for the period October 1, 2019, through September 30, 2020. We have issued our report thereon dated August 20, 2021, within which we disclaimed an opinion because of an inability to obtain sufficient, appropriate audit evidence that costs reported on the Statement were incurred, accurately recorded, presented, and allocable to the contract.

Management's Responsibility for Compliance

Compliance with Federal rules, laws, regulations, and the terms and conditions applicable to the contract is the responsibility of the management of DT Global.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DT Global's Statement is free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2020-01, 2020-02, 2020-03, 2020-04, and 2020-05.

DT Global's Response to the Finding

DT Global's response to the finding identified in our audit will be described in Appendix A to our report. DT Global's response to the finding was not subjected to the auditing procedures applied in the audit of the Statement and, accordingly, we express no opinion on it.

(Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

This report is intended for the information of DT Global, SIGAR, and USAID. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public.

Crowe LLP
Crowe LLP

Washington, D.C.
August 20, 2021

DT Global, Inc.
Section I – Schedule of Findings and Questioned Costs
Contact No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

Finding 2020-01: Noncompliance with Authorized Work Week Contract Requirements

Material Weakness in Internal Control and Noncompliance

Condition: Crowe selected a sample of 60 transactions for allowable cost testing. Of the 60 selections, 15 transactions totaling \$369,502 were for subcontractor labor costs. Three subcontractors' invoices were included within the 15 subcontractor labor cost transactions. For all 15 of the subcontractor labor samples tested, DT Global did not produce supporting documentation showing that each of the three subcontractors' employees worked the minimum 8 hours per day and 40 hours per week required by the contract. The subcontractor labor costs were included in DT Global's invoices which were subsequently submitted to the Government, without confirming that each subcontractor worked the minimum 40 hours per week. The subcontractor invoices included claims per day and did not disclose hours worked per employee. The total subcontractor labor cost for our audit period of October 1, 2019 – September 30, 2020 was \$657,094. Due to the 100 percent error rate identified in the population of subcontractor labor cost transactions and management's inability to produce detailed time records for any of the sample selections, the full subcontractor labor cost population of \$657,094 is in question.

The following table summarizes the distribution of costs and sample transactions per subcontractor:

Subcontractor	Sample	Labor Costs
██████	6 of 15 sample items	\$160,428
██████	1 of 15 sample items	\$27,719
██████	8 of 15 sample items	\$181,355
Total	15 sample items	\$369,502

DT Global uses a biometric scan for their employees. DT Global informed us that the ██████████ also use the biometric scan while working on DT Global project(s). DT Global was able to provide a sample of the biometric scan for the ██████████ for the period of August 26 – September 21, 2020. The biometric scans did not identify which project(s) the ██████████ were working on. When we reviewed the biometric scans, we noted four ██████████ were also listed on the August 2020 invoice, which we selected for testing for our Allowable Costs sample. The biometric scan timesheet did not support that the individuals worked a full day and, in some instances, did not clock-in or clock-out for the day. Nor were we able to determine if a full 40-hour work week had been completed per the contract requirements due to the lack of hourly details on the timesheets. Please see table below to support the missing clock-in and clock-out for two of the four ██████████ tested for the August 2020 invoice:

Contract No.	Position	Per DT Global's Biometric Scan			Per Invoice			Known Unsupported
		Work Date	Clock In	Clock Out	Hours Billed on Invoice	Hours	Total Invoiced	
██████	Sanitation Component Team Leader	8/27/2020	08:19		1 day	8	\$ 2,884	\$ 2,884
██████	Environmental Specialist	8/26/2020			1 day	8	\$ 1,854	\$ 1,854
								\$ 4,738

As noted above, DT Global also did not provide documentation to confirm that these individuals only worked on the program being audited, ██████████. Accordingly, it is unclear whether the individuals' time and costs for the day should have been fully allocated to the contract audited or to other contracts.

Furthermore, DT Global did not provide additional time records for ████████, ████████, or the rest of the ████████ labor costs.

(Continued)

DT Global, Inc.
Section I – Schedule of Findings and Questioned Costs
Contact No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

Criteria: FAR 31.201-2(d), *Determining allowability*, states, “A contractor is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred, are allocable to the contract, and comply with applicable cost principles in this subpart and agency supplements. The contracting officer may disallow all or part of a claimed cost that is inadequately supported.”

FAR 31.201-4, *Determining allocability*, states

“A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it-

- (a) Is incurred specifically for the contract;
- (b) Benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or
- (c) Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.”

FAR 52.216-7(b)(1), *Reimbursing costs*, states

“For the purpose of reimbursing allowable costs (except as provided in paragraph (b)(2) of this clause, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term "costs" includes only—

- (i) Those recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check, or other form of actual payment for items or services purchased directly for the contract;
- (ii) When the Contractor is not delinquent in paying costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for-
 - (A) Supplies and services purchased directly for the contract and associated financing payments to subcontractors, provided payments determined due will be made;
 - (1) In accordance with the terms and conditions of a subcontract or invoice; and
 - (2) Ordinarily within 30 days of the submission of the Contractor's payment request to the Government.
 - (B) Materials issued from the Contractor's inventory and placed in the production process for use on the contract;
 - (C) Direct labor;
 - (D) Direct travel;
 - (E) Other direct in-house costs; and
 - (F) Properly allocable and allowable indirect costs, as shown in the records maintained by the Contractor for purposes of obtaining reimbursement under Government contracts.
- (iii) The amount of financing payments that have been paid by cash, check, or other forms of payment to subcontractors.”

Section H.16.B of the contract states:

“B. Authorized Work Week:

1. Non-overseas Employees-The length of the contractor's U.S., non-overseas employees workday must be in accordance with the contractor's established policies and practices, and but must not be less than 8 hours per day and 40 hours per week.
2. Overseas Employees-The workweek for the contractor's overseas employees must not be less than 40 hours and must be scheduled to coincide with the workweek for those employees of the USAID Mission and/or the Cooperating Country associated with the work of this contract.”

(Continued)

DT Global, Inc.
Section I – Schedule of Findings and Questioned Costs
Contact No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

According to the [REDACTED] Subcontractor agreement, Section 7.1 *Authorized Workday/Week*, states:

“The work week for the Subcontractor’s overseas employees shall not be less than 40 hours and shall be scheduled to coincide with the work week for those employees of the Prime Contractor and the Cooperating Country associated with the work of this subcontract. For all non-overseas employees/expatriates and/or consultants on temporary duty assignment to Afghanistan are authorized a six-day work week without premium pay.”

According to the [REDACTED] Subcontractor agreement, Section F.7 *Authorized Workday/Week*, states:

“The work week for the subcontractor’s overseas employees shall not exceed 48 hours for all U.S. citizens and Third Country nationals. The work week for Cooperating Country Nationals shall be in accordance with subcontractor established policies and practices but must not be less than 8 hours per day, 40 hours per week and in compliance with Afghan labor laws. The workweek for consultants and employees on temporary duty assignment is six days.”

According to Section 3.1, *DT Global Policy and Code of Conduct*, of the AUWS Finance Manual, “Financial data required to be submitted to our clients, including governments, must be accurate, complete and current and prepared in accordance with applicable contract requirements, where appropriate.”

According to Section 4.3, *Budgeting*, of the AUWS Finance Manual, “The Finance and Operations Director (FOD) has responsibility to ensure that:

- expense reports follow the guidelines of contract regulations and DT Global policies;
- expenses are within the budget;
- expenses are technically and financially sound;
- expenses meet project objectives;
- expenses are supported by valid original receipts and other relevant supporting documentation. Electronic invoices and receipts must be verified to be legitimate and authentic prior to approval
- expenses reflect advances;
- expenses are charged to the correct accounts or charge codes;
- expense reports are mathematically correct;
- proper procurement procedures have been followed at all times;
- expenses do not include reimbursement for entertainment, alcohol, internet, phone cards or food (except as part of per diems and pre-approved special events).”

Questioned Costs: \$657,094 in unsupported costs.

Effect: The Government may have reimbursed unallowable costs related to the contract under audit.

Cause: DT Global does not have a process in place to monitor, track, or request information from subcontractors to support the total number of hours worked on a daily or weekly basis. DT Global did not include language in the [REDACTED] and [REDACTED] sub-contractor agreements regarding the work week requirement supporting 8 hours per day and 40 hours per week. DT Global did not implement an adequate review and approval process to ensure its subcontractor labor cost claims submitted to the U.S. Government were adequately supported prior to submission to USAID.

Recommendation: We recommend that DT Global:

1. Either produce documentation demonstrating that the \$657,094 in subcontractor labor costs are in accordance with the 8 hours minimum worked per day / 40 hours minimum worked per week contract requirement or reimburse the Government \$657,094;
2. Develop and document a process to monitor, review, and approve subcontractor work time on an hourly basis, and provide training to personnel on this process.

(Continued)

DT Global, Inc.
Section I – Schedule of Findings and Questioned Costs
Contact No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

3. Develop and document a review and approval process over subcontractor invoices to ensure that there is sufficient support prior to submission of costs for reimbursement and provide training to personnel responsible on this process.
4. Implement a review process to ensure that all its sub-contractor agreements are consistent and include language regarding all requirements in their awards. Modify existing agreements to ensure they are in compliance with federal contract requirements.

(Continued)

Finding 2020-02: Untimely Submission of and Errors in Annual Inventory Reports

Material Weakness in Internal Control and Noncompliance

Condition: Crowe reviewed DT Global's Annual Report of Non-Expendable Property (“NXP”) for the fiscal years ended September 30, 2019, and September 30, 2020, and identified the following errors that were not identified prior to submission:

The September 30, 2019 fiscal year end Annual NXP Report:

- Was submitted on 11/8/2019, which is 9 days after the submission deadline of October 30, 2019 or 30 calendar days after the end of each USAID fiscal year; and
- Included 118 items for a total value of \$20,084 which should not have been identified as NXP due to their individual values not exceeding \$500. As a result, this affected the following fields on the Annual Report of the NXP:
 - Purchased by contractor for \$15,307 and
 - Transferred from USAID for \$4,778.

The September 30, 2020 fiscal year end NXP Annual Report:

- Was submitted on 3/26/2021, which is 148 days after the submission deadline of October 30, 2020 or 30 calendar days after the end of each USAID fiscal year;
- Included 10 items with a value less than \$500 for a total value of \$1,475 which should not have been identified as NXP;
- Contained total AUWS purchases of \$34,858 whereas the total FY20 NXP per the general ledger is \$35,636, resulting in a \$778 variance;
- Included a report summary section that stated the “total value of property as of the reporting date” was \$244,623. This total did not tie to the total value of the items listed in the detailed property listing. The detailed property listing supports the amounts included in the NXP report. The detailed listing totaled \$223,955, resulting in a \$20,668 variance;
- Contained foreign currency translations inconsistent with DT’s established practices.
 - DT Global utilizes a monthly weighted average exchange rate method; however, a flat exchange rate of \$78 was applied to all applicable property items, to translate Afghan Afghani to United States Dollars for all items listed; and
 - DT Global’s NXP Report foreign currency translations were often uncalculated with zero United States Dollars amount.

Criteria: Contract Clause B.3 of the contract states, “The contractor must submit an annual report on all non-expendable property in a form and manner acceptable to USAID. The report is due 30 calendar days following the end of the United States Government (USG) FY (see AIDAR 752.245-70).”

According to Section 3.1, *DT Global Policy and Code of Conduct*, of the AUWS Finance Manual, “Financial data required to be submitted to our clients, including governments, must be accurate, complete and current and prepared in accordance with applicable contract requirements, where appropriate.”

According to Section 100, *Property and Equipment*, of the AUWS Property Control Manual,

“There are two types of property that the government recognizes.

A. Expendable Property – Expendable property which, when put to use, is consumed, loses its identity, or becomes an integral part of another item of property, and has a unit cost less than \$500 USD. Examples are desks, tables, lamps, and file cabinets.

B. Non-Expendable Property (NXP) – Per AIDAR 752.245-71, property which is complete in itself, does not lose its identity or become a component part of another article when put

DT Global, Inc.
Section I – Schedule of Findings and Questioned Costs
Contact No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

into use; is durable, with an expected service life of two (2) years or more; and which has a unit cost of more than \$500 USD is defined as non-expendable.

DT Global tracks all property using inventory tracking lists regardless of dollar threshold.

All property must be marked as appropriate, “expendable” or “non-expendable” in the Inventory Master List (IML) and OneSource Management System (MS).

As the contractor, AUWS shall prepare and establish a system for the receipt, use, maintenance, protection, custody and care of the property AUWS purchases with government funds or acquires from the government.”

According to Section 200, *Managing Inventory* of the AUWS Property Control Manual,

“Inventory is to be completed annually, or as often as required, by the Finance and Operations Director (FOD) or the appropriate employee. The inventory should reconcile the most recent printout from the computerized inventory system with a physical check of the actual property in the AUWS offices.

AUWS should note any transferred and/or missing items. The FOD shall notify the Chief of Party (COP) of any missing items and shall conduct a follow-up investigation to determine the item’s current location. Any missing item not located after a preliminary search shall be noted in the Inventory Master List (IML) notes and brought to the attention of the COP and HO Program Manager for further action. The final status of the item should then be entered into OneSource. Documentation of this physical inventory check should be kept for auditing purposes.”

According to Section 300, *Property Management* of the AUWS Property Control Manual,

“The FOD on behalf of the COP will ensure that an internal property system review is conducted as frequently as conditions warrant. These reviews may take place at any time during AUWS’s period of performance. A physical inventory will be conducted annually and will be performed by the FOD or designee as required. The physical inventory and all supporting documentation associated with the review will be maintained on file in the Logistics/Inventory Section as well as on OneSource. Any corrections resulting from the self- assessment must be followed up on and documented in a reasonable period of time.”

Questioned Costs: None

Effect: The Government may not be receiving accurate property records related to the contract under audit. The lack of adequate record keeping for contractor acquired property increases the likelihood that property may be lost, improperly used, erroneously valued, or not maintained. In addition, to the extent the Government relies upon DT Global’s inventory and property records submitted by DT Global for tracking and recording the value of government property held by contractors, the potential for errors in government records is increased. Due to DT Global’s noncompliance with contract reporting requirements, USAID may also have not been adequately informed of DT Global’s financial and program performance without the submission of the reports on a timely basis.

Cause: DT Global’s process for recording, submitting and reviewing the accuracy of inventory reports in a timely manner was inadequately implemented because the Finance and Operations Director did not have procedures in place to ensure that sufficiently trained staff were available to manage the inventory submission in the absence of the official designated point of contact. Per discussion with management, the FYE September 30, 2020 Annual Property Report was not submitted in a timely manner nor was it accurate

(Continued)

DT Global, Inc.
Section I – Schedule of Findings and Questioned Costs
Contact No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

because DT Global had unaddressed questions with the format of the report, and the person in charge of the managing questions related to the format, and reviewing the inventory submission for accuracy was out on medical leave.

Recommendation: We recommend that DT Global:

1. Design procedures to ensure that there are no key person dependencies in the annual inventory review and submission process;
2. Provide training to staff and employees on the timely, accurate, and complete reporting of government property required by the USAID contract agreement, including deadlines for submitting reports to USAID; and
3. Perform a reconciliation on the noted variances included in this finding and revise and resubmit the Annual NXP Reports for the fiscal years ended September 30, 2019, and September 30, 2020, to USAID to ensure that items with a value under \$500 are not included in the NXP. For the September 30, 2020 fiscal year end NXP Annual Report, perform a reconciliation of the noted variances between the NXP Reports and the general ledger as well as the report summary (included in DT Global's NXP Annual Report) worksheet stating, "total value of property as of the reporting date".

(Continued)

DT Global, Inc.
Section I – Schedule of Findings and Questioned Costs
Contact No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

Finding 2020-03: Indirect Cost True-up Not Completed Resulting in Overbilled Overhead Costs

Material Weakness in Internal Control and Noncompliance

Condition: We recalculated the indirect costs reported on the SPFS based on requirements stated in contract no. 72030619C00003. Based on our review of indirect costs charged to the contract, DT Global included occupancy costs in their Overhead 2 (“OH2”), Overhead 3 (“OH3”), and General and Administration (“G&A”) base from which the indirect costs were calculated. Per the contract, the OH2, OH3, and G&A bases should not have included the occupancy costs. The bases of application for OH2, OH3, and G&A are detailed below:

- [REDACTED];
- [REDACTED]; and
- [REDACTED]

Crowe re-calculated the indirect costs included on the SPFS for the period October 1, 2019 – September 30, 2020, and as a result, noted a misstatement of the \$256 ineligible indirect costs as follows:

Occupancy Amount	\$ [REDACTED]		
	Oct 1, 2019 - Sept 30, 2020		
Indirect Rate Categories	Indirect Rates	Indirect Amount	Total United States Dollars (USD)
OH2 Rate	[REDACTED]%	\$ 134	\$ 134
OH3 Rate	[REDACTED]%	\$ 26	\$ 26
G&A Rate	[REDACTED]%	\$ 96	\$ 96
	Total Ineligible Indirect Costs		\$ 256

In addition, DT Global used provisional rates to calculate and report indirect costs on the SPFS. However, DT Global received approved Negotiated Indirect Cost Rate Agreement (NICRA) indirect costs rates from USAID during the audit period which was signed by DT Global and USAID. Therefore, the estimated indirect costs calculated using provisional rates were no longer accurate and an adjustment was required to bring reported costs into alignment with actual costs incurred using final indirect cost rates. A true-up was not submitted to USAID within 120 days after the executed NICRA agreement.

DT Global completed the adjustment calculation in February 2021 to correct the misstatement on the SPFS. A \$224,076 understatement was identified as part of the calculation. Management corrected the misstatement on the SPFS.

Criteria: Section 3.1, *DT Global Policy and Code of Conduct*, of DT Global's AUWS Finance manual states, "Financial data required to be submitted to our clients, including governments, must be accurate, complete and current and prepared in accordance with the applicable contract requirements, where appropriate."

According to the AUWS Finance Manual, Section 6. *Types of Costs* and 6.1 *Unbillable/Unallowable Costs*, which details types of costs that are unallowable, such as alcohol interest expense, fines and penalties, gifts, etc. "If any item appears to be unbillable or unallowable, the HO Project Accountant is responsible for notifying the Program Manager and the Contracts/Billing Manager of the items in question. Any areas of concern are reviewed, and the Contracts/Billing Manager makes a final determination on the allowability of the item."

(Continued)

DT Global, Inc.
Section I – Schedule of Findings and Questioned Costs
Contact No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

Section B.5, *Indirect Costs*, of the contract states, “pending establishment of revised provisional or final indirect cost rates, allowable indirect costs will be reimbursed on the basis of the negotiated provisional or predetermined rates and the appropriate bases listed below:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED];
- [REDACTED]; and
- [REDACTED]”

Section II. E. 4 of the NICRA Agreement states “You are directed to submit adjustment or final financial expenditure reports (SF-425) for all flexibly priced grants and other agreements; or adjustment or final vouchers for all flexibly priced contracts within 120 days after settlement of the final annual indirect cost rates. Audit adjustments should be clearly delineated so as to be readily identifiable for verification by this office. Care should be taken that amounts claimed do not exceed award limitations or indirect cost rate ceilings. USAID will de-obligate any remaining funds if the required financial expenditure reports or vouchers are not submitted within 120 days. Once the money is de-obligated, it will not be reinstated”.

Questioned Costs: \$256 in ineligible costs

Effect: The Government may not be receiving accurate financial information related to the contract under audit. The indirect costs reported on DT Global's SPFS represent inaccurate amounts.

Cause: Per inquiry with DT Global, although the NICRA was approved and executed on 09/23/2020 by both DT Global and USAID, the new indirect cost rates were not approved by DT Global's oversight committee until December 2020.

Recommendation: We recommend that DT Global:

1. Submit the true-up to USAID for their review; and
2. Ensure that the requirement stated in the executed NICRA's Section II.E.4 where all adjustments are to be submitted to USAID within 120 days after the executed NICRA agreement is completed in the future.

Finding 2020-04: Noncompliance with Financial Reporting Requirements

Material Weakness in Internal Control and Noncompliance

Condition: Crowe reviewed the March 31, 2020 and September 30, 2020 Quarterly Financial Reports for DT Global, which reflect costs billed-to-date, and noted that the reports do not include accrued amounts. Therefore, we determined that the financial reports are incomplete per the contract requirements. For the March 31, 2020 and September 30, 2020 Quarterly Financial Reports we noted the following accrued amount was not included on the corresponding report.

Financial Reporting Period	Month	Accrued Amount
Quarterly Financial Report	March 2020	\$ [REDACTED]
Quarterly Financial Report	September 2020	\$ [REDACTED]

During our review of the March 31, 2020 and September 30, 2020 Financial Reports, we also noted that the September 30, 2020 Financial Report's August 2020 total amount was misstated. The CLIN 001 amount included the CLIN 002 amount for a total of \$30,389, resulting in an overstatement of the August 2020 expenses. The September 30, 2020 cumulative total expense and total billed amounts were correct, and the corresponding invoice billed and paid for August 2020 had the correct amounts stated and paid. Therefore, no costs have been questioned in regard to the reporting error.

Criteria: Section F.4.B(1)(b) of the contract requires that the Quarterly Financial Reports, "The report must be submitted to the COR in conjunction with the Quarterly Progress Report. The report must have a financial summary page that lists the amounts expended for the quarter by major cost item, showing cumulative expenditures to date, and a variance analysis. The variance analysis must use the detailed budget in the cost proposal submitted for the contract award, as the baseline budget plan, and, as requested, must be able to explain significant actual expenditure variances in relation to the detailed baseline. The contractor must include a brief note on any significant or accrued expenditures for the quarter that have not yet been billed to the contract, along with the specific amount involved, to enable the COR to accurately track the expenditure rate."

According to Section 3.1, *DT Global Policy and Code of Conduct*, of the AUWS Finance Manual, "Financial data required to be submitted to our clients, including governments, must be accurate, complete and current and prepared in accordance with applicable contract requirements, where appropriate."

Questioned Costs: None

Effect: In the absence of the accrued amounts, USAID's understanding of the costs incurred to date for the audited award may be incorrect. The Government may not be receiving accurate financial and/or performance information related to the contract under audit. Furthermore, without proper review of the quarterly reports, the likelihood of misstatements due to error or omission is increased.

Cause: DT Global does not have a process in place for review of Financial Reports, prior to submission to USAID. DT Global's financial reporting process is inadequate as accrued amounts are not included in all Quarter Financial Reports, as required per the contract, to ensure compliance with Quarterly Financial Reporting requirements.

Recommendation: We recommend that DT Global:

1. Provide USAID with updated financial reports that includes all required amounts;
2. Develop and document a formal review and approval process for Quarterly Financial Reports; and
3. Provide training to staff on the revised procedures and compliance with financial reporting requirements for Federal awards.

(Continued)

Finding 2020-05: Lack of Review and Approval of Required Quarterly Reports and Noncompliance with USAID/Afghanistan Geographic Information System (“GIS”)/Global Positioning System (“GPS”) Quarterly Reporting Requirements

Material Weakness in Internal Control and Noncompliance

Condition: We requested evidence of approval for the required financial, performance, and GIS/GPS quarterly reports submitted prior to submission to USAID. Through inquiry with DT Global, we determined that DT Global did not conduct a review of the required quarterly reports prior to submission to USAID.

Last, we requested copies of GIS/GPS reports required to be submitted to USAID on a quarterly basis. USAID/Afghanistan uses a web-based system to collect and organize information critical to program management, oversight, and reporting. Reported information may impact policy formulation and project design stakeholders including USAID/Afghanistan, USAID/Washington, the United States Congress, the Government of the Islamic Republic of Afghanistan (GIROA), and other donors. Through inquiry with DT Global, we noted DT Global did not submit the GIS/GPS reports on a quarterly basis during the audit period. Therefore, DT Global was unable to produce reports for audit.

Criteria: According to Section 3.1, *DT Global Policy and Code of Conduct*, of the AUWS Finance Manual, “Financial data required to be submitted to our clients, including governments, must be accurate, complete and current and prepared in accordance with applicable contract requirements, where appropriate.”

DT Global’s AUWS Finance Manual states that proper internal control system defines the segregation of duties and precludes one-person control over any transaction. It also clearly defines the roles and responsibilities of each employee. DT Global’s AUWS Finance Manual Table 3, *Finance Approval Authority, Roles and Documentation*, states that quarterly reconciliations/reports should be prepared by the Finance Specialist, approved by the Finance Manager and signed by the Finance and Operations Director (FOD).

Section H.21, *USAID/Afghanistan Database and GIS/GPS Reporting Requirements*, of the contract requires a “minimum of quarterly (United States Government Fiscal Quarters) data submissions throughout the entire life of the award.”

Questioned Costs: None

Effect: The Government may not be receiving accurate financial and/or performance information related to the contract under audit. Furthermore, without proper review of the quarterly reports, the likelihood of misstatements due to error or omission is increased. Additionally, the missing GIS/GPS data may impact the policy formulation and project design stakeholders including USAID/Afghanistan, USAID/Washington, the United States Congress, the Government of the Islamic Republic of Afghanistan (GIROA), and other donors.

Cause: DT Global did not adequately implement a review and approval process for required reports per the contract. Additionally, per DT Global, the “internal management approval” is something that is not contractually required and DT Global does not have a written policy that requires internal management to review and approve the quarterly reports required to be submitted to USAID/Afghanistan per the contract. Per DT Global, the GIS/GPS information is not currently being collected for the contract under audit.

Recommendation: We recommend that DT Global:

1. Develop and document a formal review and approval process for all required quarterly reports to USAID per the contract;
2. Provide training to applicable employees to effectively implement the new process; and
3. Collect the required data, complete and submit the required quarterly GIS/GPS reports to USAID.

(Continued)

Finding 2020-06: Misstatement on the Special Purpose Financial Statement (SPFS) and Notes to the SPFS

Material Weakness in Internal Control

Condition: DT Global stated, within Note 2 to the Special Purpose Financial Statement (“SPFS”), that the SPFS was prepared on the accrual basis of accounting. During testing of the financial records that support the SPFS, Crowe noted a balance on the SPFS of -\$ [REDACTED] (difference between Revenues and Costs Incurred). When we inquired about this difference, we were informed that this balance represents DT Global’s costs posted to the project ledger but not billed. Since DT Global is on an accrual basis, these costs should have been included in the SPFS Revenue line item regardless of billing status. Due to management’s assertion that the SPFS was prepared on the accrual basis, the expected value of the balance account was \$0.

Finally, Crowe determined that a review and approval process was not completed over the SPFS. The SPFS was prepared by the DT Global Project Accountant; however, it was not reviewed or approved by another individual prior to providing the information for audit.

The initial submission included additional Notes not required (Note 8. Subrecipients and Note 10. Reconciliation to Cumulative Draw Amounts) as well as a need for edits to Note 5 to help clarify a change made to the budgeted amounts as a result of further breakouts to CLIN002 that were not initially included in the contract budget. Subsequent to our initial review and identification of the errors and omissions, management provided revised Notes to the SPFS and corrected the identified misstatements on the SPFS.

Criteria: Note 1. “Basis of Presentation” to DT Global’s SPFS states: “The accompanying Special Purpose Financial Statement (the “Statement”) includes costs incurred under Contract Number 72030619C00003 for the Afghanistan Urban Water Supply and Sewerage Corporation Project (AUWSSC) for the period October 1, 2019 through September 30, 2020.”

Note 2, “Basis of Accounting”, to the SPFS states, “Revenues and expenditures reported on the Statement are reported on the accrual basis of accounting.”

DT Global’s AUWS Finance Manual and noted Table 1 *Finance Segregation of Duties*, which establishes adequate segregation of duties for key financial processes (i.e. review/approval of vouchers, payroll transactions, etc.).

Section 3.1 *DT Global Policy and Code of Conduct* of DT Global’s AUWS Finance manual states “Financial data required to be submitted to our clients, including governments, must be accurate, complete and current and prepared in accordance with the applicable contract requirements, where appropriate.

Questioned Costs: None

Effect: The Government may not be receiving accurate financial information related to the contract under audit. The amounts recorded on the SPFS were misstated.

Cause: DT Global does not have a formal documented review and approval process for reviewing financial records and for the preparation of the SPFS to ensure that revenue and expenditures are appropriately presented and note disclosures are accurate. DT Global indicated the Senior Finance Manager was unavailable to review the SPFS before it was provided to the auditors.

DT Global, Inc.
Section I – Schedule of Findings and Questioned Costs
Contact No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

Recommendation: We recommend that DT Global:

1. Revise the financial reporting process to incorporate an appropriate review and approval process for all financial reporting activities, including, supporting reports and note disclosures in the SPFS for alignment with applicable requirements and document these revisions; and
2. Provide training on the revised financial reporting procedures to the appropriate personnel.

DT Global, Inc.
Section II – Summary Schedule of Prior Audit, Review, and Assessment Findings
Contract No. 72030619C00003
For the Period October 1, 2019, through September 30, 2020

Crowe reviewed seven prior audit reports that contained four (4) internal control findings and thirteen (13) instances of noncompliance. We assessed the findings to ascertain whether the matters may be direct and material to the Special Purpose Financial Statement or other financial information significant to the audit objectives. In addition, we reviewed the prior auditor's comments regarding the status of prior audit findings. During our review of the reports, we noted there were no findings that were direct and material to the Special Purpose Financial Statement and our audit objectives. Accordingly, Crowe concluded that no additional procedures or follow up were required. We included reports issued to DT Global's previous entity, AECOM International, to assist with our risk assessment.

The reports reviewed by Crowe are listed below:

- USAID's Afghanistan Social Outreach Program: Audit of Costs Incurred by AECOM International Development, Inc.- September 2014;
- USAID's Stabilization in Key West Program: Audit of Costs Incurred by AECOM International Development, Inc. – July 2015;
- USAID's Stabilization in Key East Program: Audit of Costs Incurred by AECOM International Development, Inc. – July 2015;
- USAID's Stabilization in Key South Program: Audit of Costs Incurred by AECOM International Development, Inc. – December 2015;
- Construction of Niro Province Border Patrol Facilities: Audit of Costs Incurred by AECOM Technical Services – October 2016;
- USAID's Strengthening Watershed and Irrigation Management Program: Audit of Cost Incurred by AECOM International Development, Inc.- July 2019; and
- Costs Incurred of The USAID Resources Managed by DT Global, Inc. (DT Global) Under USAID's Strengthening Watershed and Irrigation Management (Swim) Program, Contract No. Aid-306-C-17-00001 For the Period October 1, 2018 Through September 30, 2019 – April 2020.

APPENDIX A – VIEWS OF RESPONSIBLE OFFICIALS

DT Global provided the following response to Crowe via email on August 20, 2021, regarding the findings contained in the draft report. The response has been included herein verbatim and source formatting retained.



DT Global
1625 T Street NW, Suite
200
Washington, DC 20006, USA
+1.202.800.6444

August 20, 2021

To Crowe LLP
1455 Pennsylvania Avenue, N.W., Suite 700
Washington, D.C. 20004-1008

We appreciate the opportunity to respond to your draft report on the Special Purpose Financial Statement, draft report on internal control, and draft report on compliance. As requested, we are submitting our responses to each finding identified during your examination. Thank you for providing us the opportunity to respond, and we look forward to answering any additional questions and providing additional supporting documentation as necessary.

Sincerely,

Dan Rowe, CPA
Controller
DT Global, Inc

www.DT-Global.com

(Continued)

Schedule of Findings and Questioned Costs

Finding No.	Finding Name	Classification	Questioned Costs (USD)
2020-01	Noncompliance with Authorized Work Week Contract Requirements	Material Weakness in Internal Control and Noncompliance	\$657,094
2020-02	Untimely Submission of and Errors in Inventory Reports	Material Weakness in Internal Control and Noncompliance	\$0
2020-03	Indirect Cost True-up Not Complete and Overbilled Overhead Costs	Material Weakness in Internal Control and Noncompliance	\$256
2020-04	Noncompliance with Financial Reporting Requirements	Material Weakness in Internal Control and Noncompliance	\$0
2020-05	Lack of Review and Approval of Required Reports and Noncompliance with USAID/Afghanistan GIS/GPS Reporting Requirements	Material Weakness in Internal Control and Noncompliance	\$0
2020-06	Misstatement on the Special Purpose Financial Statement ("SPFS") and Notes to SPFS	Material Weakness in Internal Control	\$0
Total Questioned Costs:			\$657,350

Finding 2020-01: Noncompliance with Authorized Work Week Contract Requirements

Material Weakness in Internal Control and Noncompliance

Questioned Costs: \$657,094 in unsupported costs.

Effect: The Government may have reimbursed unallowable costs related to the contract under audit.

Cause: DT Global does not have a process in place to monitor, track, or request information from sub-contractors to support the total number of hours worked on a daily or weekly basis. DT Global did not include language in the Pilgrims and JANUS sub-contractor agreements regarding the work week requirement supporting 8 hours per day and 40 hours per week. DT Global did not implement an adequate review and approval process to ensure its sub-contractor labor cost claims submitted to the U.S. Government were adequately supported prior to submission to USAID.

DT Global Response

DT Global Disagrees with this finding and the related questioned costs

We are confident that each daily labor costs charged under the sub-contracts was for 8 (often more) hours of work per day. Our COP and program managers work closely with these sub-contractors. These sub-contractor personnel are co-located at our office and work closely with our staff. The COP works with relevant staff members to ascertain that these personnel work 8 hours or more a day prior to approving each invoice. All invoices are reviewed to ensure that all services were received under Contract Number 72030619C00003 prior to payment.

The costs in question relate to invoices received from three sub-contractors: [REDACTED], [REDACTED] and [REDACTED]. We have compiled additional supporting documentation in the form of timesheets and WhatsApp checkin/checkout records, manning rosters and other supporting documents for [REDACTED] and [REDACTED] for the samples selected by Crowe. Those records are available for your review and we can provide them at your request.

DT Global included language in the [REDACTED] and [REDACTED] sub-contractor agreements as follows:

[REDACTED] Sub-contractor agreement, Section 7.1 Authorized Workday/Week:

“The work week for the Sub-contractor’s overseas employees shall not be less than 40 hours and shall be scheduled to coincide with the work week for those employees of the Prime Contractor and the Cooperating Country associated with the work of this subcontract. For all non-overseas employees/expatriates and/or consultants on temporary duty assignment to Afghanistan are authorized a six-day work week without premium pay.”

[REDACTED] Sub-contractor agreement, Section F.7 Authorized Workday/Week:

“The work week for the sub-contractor’s overseas employees shall not exceed 48 hours for all U.S. citizens and Third Country nationals. The work week for Cooperating Country Nationals shall be in accordance with sub-contractor established policies and practices but must not be less than 8

hours per day, 40 hours per week and in compliance with Afghan labor laws. The workweek for consultants and employees on temporary duty assignment is six days.”

In addition, we have sent letters to each sub-contractor requesting that they attest to the fact that they employ appropriate policies, procedures, and adequate internal controls to ensure timely and accurate recordkeeping to ensure compliance with our sub-contract agreement or Section H.16.B Authorized Work Week of Contract Number 72030619C00003. We expect responses shortly, and we will forward these letters of attestation upon receipt from each sub-contractor.

DT Global consistently monitors delivery of services and employs procedures to properly review each sub-contractor invoice to ensure related work was completed. During the period under examination, DT Global noted no reasons or incidences that would indicate services were not delivered for any sub-contractor invoice reimbursed under Contract Number 72030619C00003.

In summary, we believe we are in compliance with FAR 31.201-4, Determining allocability, FAR 52.216-7(b)(1), Reimbursing costs and Section H.16.B Authorized Work Week of Contract Number 72030619C00003. Therefore, DT Global respectfully disagrees with finding 2020-01 and the \$657,094 related questioned costs.

Finding 2020-02: Untimely Submission of and Errors in Annual Inventory Reports

Material Weakness in Internal Control and Noncompliance

Questioned Costs: None

Effect: The Government may not be receiving accurate property records related to the contract under audit. The lack of adequate record keeping for contractor acquired property increases the likelihood that property may be lost, improperly used, erroneously valued, or not maintained. In addition, to the extent the Government relies upon DT Global’s inventory and property records submitted by DT Global for tracking and recording the value of government property held by contractors, the potential for errors in government records is increased. Due to DT Global’s noncompliance with contract reporting requirements, USAID may also have not been adequately informed of DT Global’s financial and program performance without the submission of the reports on a timely basis.

Cause: DT Global’s process for recording, submitting and reviewing the accuracy of inventory reports in a timely manner was inadequately implemented because the Finance and Operations Director did not have procedures in place to ensure that sufficiently trained staff were available to manage the inventory submission in the absence of the official designated point of contact. Per discussion with management, the FYE September 30, 2020 Annual Property Report was not submitted in a timely manner nor was it accurate because DT Global had unaddressed questions with the format of the report, and the person in charge of the managing questions related to the format, and reviewing the inventory submission for accuracy was out on medical leave.

DT Global Response

www.DT-Global.com

(Continued)

DT Global Partially Agrees with this finding

DT Global does not dispute the finding of Untimely Submission of and Errors in Annual Inventory Reports as required under Contract Clause B.3. However, we disagree that this finding and the conditions and circumstances as described in the report warrant the classification as Material Weakness in Internal Control and Noncompliance. As noted in your report, DT Global maintains comprehensive documented policies and procedures designed to ensure timely and accurate inventory reporting. We understand and appreciate your recommendations and DT Global will take steps to ensure there are no key person dependencies in the annual inventory review and submission process, perform the recommended reconciliations/re-submissions and provide related training as necessary.

Finding 2020-03: Indirect Cost True-up Not Completed Resulting in Overbilled Overhead Costs

Material Weakness in Internal Control and Noncompliance

Questioned Costs: \$256 in ineligible costs

Effect: The Government may not be receiving accurate financial information related to the contract under audit. The indirect costs reported on DT Global's SPFS represent inaccurate amounts.

Cause: Per inquiry with DT Global, although the NICRA was approved and executed on 09/23/2020 by both DT Global and USAID, the new indirect cost rates were not approved by DT Global's oversight committee until December 2020.

DT Global Response

DT Global Partially Agrees with this finding

DT Global does not dispute the findings noted above. However, we disagree that this finding and the conditions and circumstances as described in the report warrant the classification as Material Weakness in Internal Control and Noncompliance. As noted in your report, DT Global completed the adjustment calculation in February 2021 to correct the misstatement on the SPFS. In addition, DT Global submitted the indirect rate true up in accordance with the executed NICRA agreement and the executed Modification Number 5 under Contract Number 72030619C00003. We understand and appreciate your recommendations and DT Global will take steps to ensure all adjustments are submitted to USAID within 120 days after executed NICRA agreements are completed in the future.

Finding 2020-04: Noncompliance with Financial Reporting Requirements

Material Weakness in Internal Control and Noncompliance

Questioned Costs: None

Effect: In the absence of the accrued amounts, USAID's understanding of the costs incurred to date for the audited award may be incorrect. The Government may not be receiving accurate financial and/or performance information related to the contract under audit. Furthermore, without proper review of the quarterly reports, the likelihood of misstatements due to error or omission is increased.

Cause: DT Global does not have a process in place for review of Financial Reports, prior to submission to USAID. DT Global's financial reporting process is inadequate as accrued amounts are not included in all Quarter Financial Reports, as required per the contract, to ensure compliance with Quarterly Financial Reporting requirements.

DT Global Response

DT Global Partially Agrees with this finding

DT Global does not dispute the findings noted above. However, we disagree that this finding and the conditions and circumstances as described in the report warrant the classification as Material Weakness in Internal Control and Noncompliance. We understand and appreciate your recommendations and DT Global will take steps to develop appropriate procedures and training to ensure accurate and timely reporting.

Finding 2020-05: Lack of Review and Approval of Required Quarterly Reports and Noncompliance with USAID/Afghanistan Geographic Information System ("GIS")/Global Positioning System ("GPS") Quarterly Reporting Requirements

Material Weakness in Internal Control and Noncompliance

Questioned Costs: None

Effect: The Government may not be receiving accurate financial and/or performance information related to the contract under audit. Furthermore, without proper review of the quarterly reports, the likelihood of misstatements due to error or omission is increased. Additionally, the missing GIS/GPS data may impact the policy formulation and project design stakeholders including USAID/Afghanistan, USAID/Washington, the United States Congress, the Government of the Islamic Republic of Afghanistan (GIROA), and other donors.

Cause: DT Global did not adequately implement a review and approval process for required reports per the contract. Additionally, per DT Global, the "internal management approval" is something that is not contractually required and DT Global does not have a written policy that requires internal management to review and approve the quarterly reports required to be submitted to USAID/Afghanistan per the contract. Per DT Global, the GIS/GPS information is not currently being collected for the contract under audit.

DT Global Response

DT Global Partially Agrees with this finding

DT Global does not dispute the findings noted above. However, we disagree that this finding and the conditions and circumstances as described in the report warrant the classification as Material Weakness in Internal Control and Noncompliance. We understand and appreciate your recommendations and DT Global will take steps to develop appropriate procedures and training to ensure accurate and timely reporting.

Finding 2020-06: Misstatement on the Special Purpose Financial Statement (SPFS) and Notes to the SPFS

Material Weakness in Internal Control

Questioned Costs: None

Effect: The Government may not be receiving accurate financial information related to the contract under audit. The amounts recorded on the SPFS were misstated.

Cause: DT Global does not have a formal documented review and approval process for reviewing financial reports and for the preparation of the SPFS to ensure that revenue and expenditures are appropriately presented and note disclosures are accurate. DT Global indicated the Senior Finance Manager was unavailable to review the SPFS before it was provided to the auditors.

DT Global Response

DT Global Partially Agrees with this finding

DT Global does not dispute the findings noted above. However, we disagree that this finding and the conditions and circumstances as described in the report warrant the classification as Material Weakness in Internal Control and Noncompliance. We understand and appreciate your recommendations and DT Global will take steps to develop appropriate procedures and training to ensure accurate and timely reporting.

APPENDIX B – AUDITOR’S REBUTTAL

Crowe LLP (“Crowe” or “we” or “us”) has reviewed the management response of DT Global, Inc. (“DT Global” or “the auditee”) responses to the draft report audit findings provided to Crowe on August 20, 2021. In consideration of those views, Crowe has included the following rebuttal. Crowe incorporates a rebuttal in those instances where management disagrees with the facts presented within the condition, does not concur or partially concurs with Crowe’s finding or recommendation, or provides additional information pertaining to the finding. In those instances where management either agrees with the finding or does not disagree with the facts in the finding, as presented, no rebuttal is provided. Using this framework, Crowe has incorporated six rebuttals to management’s comments, below.

Finding 2020-01: Noncompliance with Authorized Work Week Contract Requirements

DT Global disagreed with this finding and the related questioned costs. DT Global noted that they are confident that each daily labor cost charged under the sub-contracts was for 8 hours of work per day. They stated that their “COP (Chief of Party) and program managers work closely with these sub-contractors” and the “COP works with relevant staff members to ascertain that these personnel work 8 hours or more a day prior to approving each invoice.” Further, they noted that all invoices are reviewed to ensure that all services were received under Contract Number 72030619C00003 prior to payment. DT Global indicated that they compiled additional supporting documentation in the form of timesheets and WhatsApp check-in/checkout records, manning rosters and other supporting documents for [REDACTED] and [REDACTED] for the samples selected for review.

DT Global also stated that they have “sent letters to each sub-contractor requesting that they attest to the fact that they employ appropriate policies, procedures, and adequate internal controls to ensure timely and accurate recordkeeping to ensure compliance with our sub-contract agreement or Section H.16.B Authorized Work Week of Contract Number 72030619C00003.” During the period under examination, DT Global noted no reasons or incidences that would indicate services were not delivered for any sub-contractor invoice reimbursed under Contract Number 72030619C00003.

We appreciate the effort put forth by DT Global to compile additional documentation. However, due to the multiple requests for documentation, delays in receiving support, and additional time extensions provided for responses to the audit findings, the timing in which the documentation could have been reviewed by Crowe has passed. We request that the documentation be provided to USAID when determining the corrective actions and resolution to the audit findings. In consideration of these matters and management not having provided documentation in a timely manner that may serve as sufficient, appropriate audit evidence to clear the reported matters, the finding and its classification have not been changed.

Finding 2020-02: Untimely Submission of and Errors in Annual Inventory Reports

DT Global partially agreed with the finding. They do not dispute the noted finding but disagreed that the finding and the conditions and circumstances as described in the report warrant the classification as Material Weakness in Internal Control and Noncompliance.

We have reviewed management’s response and noted that the response did not alter the facts underlying each finding. In consideration of these matters and management not having provided documentation that may serve as sufficient, appropriate audit evidence to clear the reported matters, the finding and its classification have not been changed.

Finding 2020-03: Indirect Cost True-up Not Completed Resulting in Overbilled Overhead Costs

DT Global partially agreed with the finding. They do not dispute the noted finding but disagreed that the finding and the conditions and circumstances as described in the report warrant the classification as Material Weakness in Internal Control and Noncompliance. DT Global noted that they completed the adjustment calculation in February 2021 to correct the misstatement on the SPFS. and submitted the indirect rate true up in accordance with the executed NICRA agreement and the executed Modification

(Continued)

Number 5 under Contract Number 72030619C00003.

We have reviewed management's response and noted that the response did not alter the facts underlying each finding. In consideration of these matters and management not having provided documentation that may serve as sufficient, appropriate audit evidence to clear the reported matters, the finding and its classification have not been changed.

Finding 2020-04: Noncompliance with Financial Reporting Requirements

DT Global partially agreed with the finding. They do not dispute the noted finding but disagreed that the finding and the conditions and circumstances as described in the report warrant the classification as Material Weakness in Internal Control and Noncompliance.

We have reviewed management's response and noted that the response did not alter the facts underlying each finding. In consideration of these matters and management not having provided documentation that may serve as sufficient, appropriate audit evidence to clear the reported matters, the finding and its classification have not been changed.

Finding 2020-05: Lack of Review and Approval of Required Quarterly Reports and Noncompliance with USAID/Afghanistan Geographic Information System ("GIS")/Global Positioning System ("GPS") Quarterly Reporting Requirements

DT Global partially agreed with the finding. They do not dispute the noted finding but disagreed that the finding and the conditions and circumstances as described in the report warrant the classification as Material Weakness in Internal Control and Noncompliance.

We have reviewed management's response and noted that the response did not alter the facts underlying each finding. In consideration of these matters and management not having provided documentation that may serve as sufficient, appropriate audit evidence to clear the reported matters, the finding and its classification have not been changed.

Finding 2020-06: Misstatement on the Special Purpose Financial Statement (SPFS) and Notes to the SPFS

DT Global partially agreed with the finding. They do not dispute the noted finding but disagreed that the finding and the conditions and circumstances as described in the report warrant the classification as Material Weakness in Internal Control and Noncompliance.

We have reviewed management's response and noted that the response did not alter the facts underlying each finding. In consideration of these matters and management not having provided documentation that may serve as sufficient, appropriate audit evidence to clear the reported matters, the finding and its classification have not been changed.

< Page Intentionally Left Blank >

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

Obtaining Copies of SIGAR Reports and Testimonies

To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site (www.sigar.mil). SIGAR posts all publicly released reports, testimonies, and correspondence on its Web site.

To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: www.sigar.mil/fraud
- Email: sigar.pentagon.inv.mbx.hotline@mail.mil
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

Public Affairs

Public Affairs Officer

- Phone: 703-545-5974
- Email: sigar.pentagon.ccr.mbx.public-affairs@mail.mil
- Mail: SIGAR Public Affairs
2530 Crystal Drive
Arlington, VA 22202