

# SIGAR

Special Inspector General for  
Afghanistan Reconstruction

SIGAR 22-31 Financial Audit

## USAID's Afghanistan Value Chains – High Value Crops Activity: Audit of Costs Incurred by DAI Global LLC

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



JUNE  
2022

# SIGAR

## Special Inspector General for Afghanistan Reconstruction

### WHAT THE AUDIT REVIEWED

On August 2, 2018, the U.S. Agency for International Development (USAID) Mission to Afghanistan awarded a 5-year, \$54,958,860 cost-plus-fixed-fee contract to DAI Global LLC (DAI) to implement the Afghanistan Value Chains–High Value Crops activity. The purpose of this activity is to, among other things, drive growth and create jobs within high-value horticulture, and increase spices and medicinal crop value chains. USAID modified the contract nine times; the total award amount and period of performance, ending August 1, 2023, did not change.

SIGAR's financial audit, performed by Castro & Company (Castro), reviewed \$17,961,641 in costs charged to the contract from December 1, 2019, through July 31, 2021. The objectives of the audit were to (1) identify and report on material weaknesses or significant deficiencies in DAI'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 DAI has taken corrective action on prior findings and recommendations; and (4) express an opinion on the fair presentation of DAI's Special Purpose Financial Statement (SPFS). See Castro'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 Castro did not comply, in all material respects, with generally accepted government auditing standards issued by the Comptroller General of the United States.

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June 2022

USAID's Afghanistan Value Chains–High Value Crops Activity: Audit of  
Costs Incurred by DAI Global LLC

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SIGAR 22-31-FA

### WHAT SIGAR FOUND

Castro identified one deficiency in DAI's internal controls, which Castro also categorized as an instance of noncompliance with the terms of the contract. Specifically, DAI was late in submitting two of the seven quarterly financial reports Castro reviewed. Castro did not identify any questioned costs.

Castro identified six prior audit reports that were relevant to DAI's contract. The reports had 14 findings that could have a material effect on the SPFS. Castro performed follow-up procedures and concluded DAI took adequate corrective action on all of the findings.

Castro issued an unmodified opinion on DAI's SPFS, noting it presents fairly, in all material respects, revenue earned and costs incurred for the period audited.

### WHAT SIGAR RECOMMENDS

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

1. Advise DAI to address the report's one internal control finding.
2. Advise DAI to address the report's one noncompliance finding.



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

June 29, 2022

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

Mr. Peter Duffy  
Mission Director, U.S. Agency for International Development

We contracted with Castro & Company (Castro) to audit the costs incurred by DAI Global LLC (DAI) under a U.S. Agency for International Development (USAID) contract to implement the Afghanistan Value Chains–High Value Crop activity.<sup>1</sup> The purpose of this activity is to, among other things, drive growth and create jobs within high-value horticulture, and increase spices and medicinal crop value chains. Castro reviewed \$17,961,641 in costs charged to the contract from December 1, 2019, through July 31, 2021. Our contract with Castro 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. Advise DAI to address the report's one internal control finding.**
- 2. Advise DAI to address the report's one noncompliance finding.**

Castro discusses the results of the audit in detail in the attached report. We reviewed Castro's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements 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 DAI's Special Purpose Financial Statement, or conclusions about the effectiveness of internal control over financial reporting or on compliance with laws and other matters. Castro is responsible for the attached auditor's report, dated April 12, 2022, and the conclusions expressed therein. However, our review disclosed no instances where Castro & Company did not comply, in all material respects, with U.S. 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 planned completion for the recommendations to [sigar.pentagon.audits.mbx.recommendation-followup@mail.mil](mailto: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-227)

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<sup>1</sup> The contract number is 72030618C00013.



**DAI Global, LLC**  
**Financial Audit of Costs Incurred**  
**For Contract No. 72030618C00013**  
**For the period of December 1, 2019 through July 31, 2021**  
**(With Independent Auditor's Report Theron)**

**May 19, 2022**

**DAI Global, LLC**  
**Financial Audit of Costs Incurred**  
**Contract No. 72030618C00013**  
**For the Period of December 1, 2019 through July 31, 2021**

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# Transmittal Letter

May 19, 2022

To the Board of Directors and Management of DAI Global, LLC  
7600 Wisconsin Avenue, Suite 200  
Bethesda, MD 20814

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 the Special Purpose Financial Statement (the Statement) applicable to DAI Global, LLC's (DAI) Contract No. 72030618C00013 with the United States Agency for International Development (USAID), funding the Afghanistan Value Chains – High Value Crops activity (herein referred to as “AVC-High Value Crops” or “activity”) for the period of December 1, 2019 through July 31, 2021.

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 Statement, our report on internal control, and our report on compliance. We do not express an opinion on the summary or any information preceding our reports.

When preparing our report, we considered comments, feedback, and interpretations of DAI, USAID, and the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR), provided both in writing and orally throughout the audit planning and fieldwork phases. Management's final written responses were incorporated as Appendix A to this report.

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

Sincerely,



Millie Seijo, CPA, Partner  
Castro & Company, LLC

**DAI Global, LLC**  
**Financial Audit of Costs Incurred**  
**Contract No. 72030618C00013**  
**For the Period of December 1, 2019 through July 31, 2021**

## Summary

### Background

On August 2, 2018, the United States Agency for International Development (USAID) Mission to Afghanistan awarded a performance-based completion-type Cost-Plus-Fixed-Fee (CPFF) contract (Contract No. 72030618C00013) to DAI Global, LLC (DAI) for the implementation of the Afghanistan Value Chains – Crops activity (herein referred to as “AVC-High Value Crops” or “activity”). The name of the activity was changed to AVC-High Value Crops in Modification P00001. The purpose of the activity is to support local anchor firms to reverse market failures, strengthen backward and forward linkages, drive growth, create jobs within high-value horticulture, and increase spices and medicinal crop value chains. The period of performance of this contract is August 2, 2018 through August 1, 2023. The contract includes a three-year base period plus a two-year option. The total estimated cost and fixed-fee for the three-year base period and two-year option period is \$54,958,860, which is comprised of [REDACTED] in total estimated costs and [REDACTED] in fixed fees. This contract has been modified nine times and the total estimated costs above did not change with respect to the nine modifications. This contract is ongoing and has not been cancelled or modified to reflect the current situation in Afghanistan.

The audit’s scope included activity within the period of December 1, 2019 through July 31, 2021. Within the period under audit, DAI reported \$17,961,641 in total revenue, which consisted of [REDACTED] in reimbursable costs and [REDACTED] in fixed fee earned under the contract.

### Work Performed

Castro & Company, LLC (Castro) was engaged by the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) to conduct a financial audit of DAI’s Special Purpose Financial Statement (the Statement) for costs incurred under Contract No. 72030618C00013 for the period of December 1, 2019 through July 31, 2021.

### Objectives Defined by SIGAR

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

#### *Audit Objective 1 – Internal Controls*

Evaluate and obtain a sufficient understanding of DAI’s internal controls related to the award; assess control risk; and identify and report on significant deficiencies including material internal control weaknesses.

#### *Audit Objective 2 – Special Purpose Financial Statement*

Express an opinion on whether the Statement for the award presents fairly, in all material respects, revenues received, costs incurred, items directly procured by the U.S. Government,

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**Contract No. 72030618C00013**  
**For the Period of December 1, 2019 through July 31, 2021**

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

*Audit Objective 3 – Compliance*

Perform tests to determine whether DAI complied, in all material respects, with the award requirements and applicable laws and regulations; and identify and report on instances of material noncompliance with terms of the award and applicable laws and regulations, including potential fraud or abuse that may have occurred.

*Audit Objective 4 – Corrective Action on Prior Findings and Recommendations*

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

## Scope

The scope of our work included performing a financial audit of costs incurred of DAI's Contract No. 72030618C00013 for the period of December 1, 2019 through July 31, 2021. The audit was limited to those matters and procedures pertinent to the contract that have a direct and material effect on the Statement. The audit also included an evaluation of the presentation, content, and underlying records of the Statement. Further, the audit included reviewing the financial records that support the Statement to determine if there were material misstatements and if the Statement 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:

- Administrative oversight, controls, and fraud risk assessment;
- Budgetary Compliance;
- Methodology for allocation of Indirect Cost Rates;
- Disbursements (payroll and non-payroll);
- Procurement;
- Inventory Management;
- Reporting; and
- Compliance

Finally, we expressed an opinion on the Statement and are reporting our findings and questioned costs, either ineligible and/or unsupported, regardless of any amount. Our audit was performed in accordance with United States Generally Accepted Government Auditing Standards (GAGAS or the "Yellow Book") issued by the Comptroller General of the U.S. Government Accountability Office (GAO) (2018 Revision).

## Methodology

In order to accomplish the objectives of this audit, we designed our audit procedures to include the following:



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**For the Period of December 1, 2019 through July 31, 2021**

Entrance Conference

An entrance conference was held via conference call on October 19, 2021. Participants included representatives from Castro, DAI, SIGAR, and USAID. The purpose of the entrance conference was to discuss the nature, timing, and extent of audit work to be performed, establish key contacts throughout the engagement, and schedule status briefings. We also discussed the timeframe for the completion of the audit.

Planning

During our planning phase, we performed the following:

1. Obtained an understanding of DAI;
2. Reviewed the contract and modifications;
3. Reviewed specific USAID regulations that are applicable to the contract;
4. Performed a financial reconciliation; and
5. Selected samples based on our sampling techniques as outlined in our approved Audit Plan.

Audit Objective 1 – Internal Controls

Castro obtained and reviewed DAI's policies and procedures to gain an understanding of the system of internal control established by DAI during the period of performance. Additionally, Castro conducted interviews with management to obtain an understanding 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. Castro confirmed internal controls identified by DAI and performed testing over certain key controls to understand if they were implemented as designed.

Audit Objective 2 – Special Purpose Financial Statement

Transactions were selected from the general ledger detail supporting the Statement and were tested to determine if the transactions were recorded accurately and consistent with the terms and conditions of the contract; were incurred within the period covered by the Statement; were appropriately allocated to the contract; and were adequately supported.

Audit Objective 3 – Compliance

Castro reviewed the contract issued by USAID to identify criteria against which to test the Statement. Using a combination of random and judgmental sampling techniques, Castro selected transactions, vouchers for payment submitted to USAID, procurements, government property, and reports for testing. Supporting documentation was provided by DAI and evaluated to assess DAI'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 USAID.

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**Financial Audit of Costs Incurred**  
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Audit Objective 4 – Corrective Action on Prior Findings and Recommendations

Castro inquired of DAI, SIGAR, and USAID representatives regarding prior audits, reviews, or assessments that were pertinent to the audit scope. Castro also conducted an independent search of publicly available information to identify audit and review reports. As a result, we identified 12 prior reports. In each instance, Castro reviewed prior audit reports to ascertain whether findings may be direct and material to the audit objectives. In instances where findings were determined to be potentially material to the audit objectives, Castro reviewed the prior audit reports to determine 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. See **Schedule II: Summary Schedule of Prior Audit, Review, and Assessment of Findings**.

Exit Conference

An exit conference was held on April 6, 2022 via a conference call. Participants included representatives from Castro, DAI, SIGAR, and USAID. During the exit conference, we discussed the preliminary results of the audit and reporting process.

**Summary of Results**

Upon completion of Castro’s procedures, we issued an unmodified opinion on the Statement noting that it presents fairly, in all material respects, the revenues earned, costs incurred, and balance for the period audited. We also reported on DAI’s internal control and compliance with contract terms, laws, and regulations.

Castro reported on both DAI’s internal controls over financial reporting and compliance with the applicable laws, rules, regulations, and the terms and conditions of the contract. One deficiency in internal control was identified. This finding was also classified as an instance of noncompliance. In situations in which control and compliance findings pertained to the same matter, the findings were consolidated within a single finding. See Independent Auditor’s Report on Internal Control on page 12 and Independent Auditor’s Report on Compliance on page 14.

As part of obtaining reasonable assurance about whether the Statement is free from material misstatement, we performed tests of its compliance with certain provisions of the contract and other laws and regulations, noncompliance with which could have a direct and material effect on the determination of the Statement amounts. The results of our tests disclosed one instance of noncompliance related to this audit.

In response to the identified instance of noncompliance, Castro did not identify any questioned costs. SIGAR requires questioned costs to 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 task order 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.

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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*. Evidence of such items was not identified by our testing.

Castro also requested copies of prior audits, reviews, and evaluations pertinent to DAI’s financial performance under this contract. Six of the 12 prior audits referenced above contained audit findings and recommendations that were direct and material to the award. From those six reports, Castro identified 14 findings that were subject to review. Castro conducted procedures to determine whether adequate corrective action had been taken on the 14 findings. Castro concluded that DAI had taken adequate corrective action on all 14 prior year findings as we did not note similar issues in our current audit. See **Schedule II: Summary Schedule of Prior Audit, Review, and Assessment of Findings**.

This summary is intended to present an overview of the results of the procedures completed for the purpose described herein and is not intended to be a representation of the audit results in their entirety.

**Summary of Findings and Questioned Costs**

Finding No.	Finding Name	Classification	Questioned Costs (USD)
2022-01	Noncompliance with Submission of Quarterly Financial Reports	Internal Control – Deficiency and Noncompliance	\$ -
<b>Total Questioned Costs</b>			<b>\$ -</b>

**Summary of Management Comments**

The following represents a summary of the response provided by DAI to the finding identified in this report. The complete response received can be found in **Appendix A**.

1. **Finding 2022-01:** DAI concurred with this finding. DAI confirmed that moving forward they will ensure that a deliverable calendar is actively monitored by senior management and is included in the agenda of weekly home office/field office calls to ensure prompt preparation and submission.

No rebuttal is deemed necessary as DAI concurred with the finding and recommendation within this report.

## **Independent Auditor's Report on the Special Purpose Financial Statement**

To the Board of Directors and Management of DAI Global, LLC  
7600 Wisconsin Avenue, Suite 200  
Bethesda, MD 20814

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 have audited the Special Purpose Financial Statement (the Statement) of DAI Global, LLC (DAI), and the related notes to the Statement, with respect to the Afghanistan Value Chains – High Value Crops activity (herein referred to as “AVC-High Value Crops” or “activity”), funded by the United States Agency for International Development (USAID) Contract No. 72030618C00013 for the period of December 1, 2019 through July 31, 2021.

### ***Management's Responsibility for the Schedule***

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 terms and conditions of Contract No. 72030618C00013. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 our audit. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit

also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the Statement referred to above pertaining to Contract No. 72030618C00013 presents fairly, in all material respects, the revenues earned, costs incurred, and balance for the indicated period in accordance with the basis of presentation and accounting described in Notes 1 2, 4, 5, and 6.

### ***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 presents those amounts as permitted under the terms of the USAID Contract No. 72030618C00013, 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. Our opinion is not modified with respect to this matter.

### ***Report on Other Legal and Regulatory Requirements***

In accordance with *Government Auditing Standards*, we have also issued our reports dated April 12, 2022, on our consideration of DAI's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of those reports 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DAI's internal control over financial reporting and compliance.

### ***Restriction on Use***

This report is intended for the information of DAI, 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.

*Castro & Company, LLC*

Alexandria, VA  
April 12, 2022

**DAI Global, LLC**  
**Financial Audit of Costs Incurred**  
**Contract No. 72030618C00013**  
**For the Period of December 1, 2019 through July 31, 2021**

**Special Purpose Financial Statement<sup>1</sup>**

	<u>Budget</u>	<u>Actual</u>	<u>Questioned Costs</u>		<u>Total</u>	<u>Notes</u>
			<u>Ineligible</u>	<u>Unsupported</u>		
<i>Revenues</i>						
Contract No. 72030618C00013	54,958,860	17,961,641	-	-	-	
<b>Total Revenue</b>	<b>\$ 54,958,860</b>	<b>\$ 17,961,641</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1, 2, 4</b>
<i>Costs Incurred</i>						
Direct Labor/Personnel/Salaries	[REDACTED]	[REDACTED]	-	-	-	<b>5</b>
Fringe Benefits	[REDACTED]	[REDACTED]	-	-	-	
Travel, Transportation, and Per Diem	[REDACTED]	[REDACTED]	-	-	-	
Equipment/Supplies	[REDACTED]	[REDACTED]	-	-	-	
Allowances	[REDACTED]	[REDACTED]	-	-	-	
Subcontracts	[REDACTED]	[REDACTED]	-	-	-	
Other Direct Costs	[REDACTED]	[REDACTED]	-	-	-	
Security Costs	[REDACTED]	[REDACTED]	-	-	-	
Indirect Costs – Overhead	[REDACTED]	[REDACTED]	-	-	-	
General & Administrative	[REDACTED]	[REDACTED]	-	-	-	
<b>Total Costs Incurred</b>	<b>\$ [REDACTED]</b>	<b>\$ [REDACTED]</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Fixed Fee	[REDACTED]	[REDACTED]	-	-	-	
<b>Total Costs-Plus-Fixed-Fee</b>	<b>\$ 54,958,860</b>	<b>\$ 17,961,641</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Outstanding Balance</b>	<b>\$ -</b>	<b>\$ -</b>				<b>6</b>

<sup>1</sup> The accompanying notes to the Special Purpose Financial Statement are an integral part of this Statement.

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**Notes to the Special Purpose Financial Statement**

**Note 1. Basis of Presentation**

The accompanying Special Purpose Financial Statement (the “Statement”) includes costs billed under Contract No. 72030618C00013 for costs incurred in Afghanistan under the Afghanistan Value Chains – High Value Crops (herein referred to as “AVC-High Value Crops” or “activity”) for the period December 1, 2019 through July 31, 2021. Because the Statement presents only a selected portion of the operations of DAI Global LLC (DAI), it is not intended to and does not present the financial position, changes in net assets, or cash flows of DAI.

**Note 2. Basis of Accounting**

DAI’s understanding is that the audit is focused on ensuring that claims billed meet the compliance requirements in that they are allowable, allocable, and reasonable. Therefore, the Statement presented is based on costs billed to the client under the cost reimbursable contract during/for the period under audit. Allowable costs will be limited to reasonable, allocable, and necessary costs determined in accordance with the Federal Acquisition Regulation (FAR) 52.216-7, Allowable and Payment, FAR 52.216-8, Fixed Fee, and the USAID Acquisition Regulation (AIDAR) 752.7003, Documentation for Payment.

**Note 3. Foreign Currency Translation Method**

For purposes of preparing the Statement, translations from local currency to United States dollars were prepared in accordance with DAI’s exchange rate policy. To record financial transactions, DAI uses the exchange rate of the authorized bank or financial institution effecting the conversion of United States dollars to local currency for in-country purchases. This foreign currency exchange rate remains in effect until another currency conversion is required.

**Note 4. Revenues**

Revenues on the Statement represent fixed fee plus the amount of funds to which DAI is entitled to receive from USAID Afghanistan for allowable, eligible costs billed under the contract during the audit period.

The fixed fee payable under this contract will be tied to the completion of the results and deliverables specified in Section B.8 of the contract and in accordance with the fixed fee payment schedule as proposed and agreed upon.

**Note 5. Costs Billed by Budget Category**

The budget categories presented, and associated amounts reflect the budget line items within the final USAID approved budget under Contract No. 72030618C00013. Actual expenditures match

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the approved budget categories for the contract. The budget amount covers an initial three-year base plus a two-year option period of the award.

**Note 6. Balance**

The balance presented on the Statement represents the difference between revenues earned and costs billed such that an amount greater than \$0 would reflect that revenues have been earned that exceed the costs billed or charged to the contract and an amount less than \$0 would indicate that costs have been billed 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 United States dollars.

**Note 8. Program Status**

The AVC-High Value Crops Contract No. 72030618C00013 remains active to date. The three-year base period plus the two-year option period exercised via Modification 8 signed on June 14, 2021, is scheduled to conclude on August 1, 2023.

**Note 9. Cost Sharing**

The AVC-High Value Crops contract did not require any cost-sharing during the period under audit.

**Note 10. Other**

The COVID-19 pandemic developed rapidly in 2020 and carried over into 2021. DAI has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff (such as social distancing and working from home, where feasible) while ensuring continuation of operations that is essential to the attainment of project objectives.

During and after the audit period the U.S. was withdrawing all troops from Afghanistan and the Government of the Islamic Republic of Afghanistan collapsed on August 15, 2021. AVC-High Value Crops expatriate and third-country national (TCN) staff evacuated Afghanistan on August 15<sup>th</sup> -16<sup>th</sup>, 2021, and USAID issued AVC-High Value Crops a Stop Work Order on September 11, 2021. Given the security conditions in Afghanistan and reduced staffing and capability, AVC-High Value Crops ability to implement programming was affected.

**Note 11. Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to the December 1, 2019 through July 31, 2021 period covered by the Statement. Management has



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performed their analysis through April 12, 2022 the date through which the Statement was available to be issued. Outside of the withdrawal from Afghanistan as noted in Note 10 above, DAI concluded that no additional subsequent events have occurred that would require recognition or disclosure in the Statement.

## **Independent Auditor’s Report on Internal Control**

To the Board of Directors and Management of DAI Global, LLC  
7600 Wisconsin Avenue, Suite 200  
Bethesda, MD 20814

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

We have audited, the Special Purpose Financial Statement (the Statement) and related notes to the Statement, 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, by DAI Global, LLC (DAI) under Contract No. 72030618C00013, Afghanistan Value Chains – High Value Crops activity (herein referred to as “AVC-High Value Crops” or “activity”), for the period of December 1, 2019 through July 31, 2021. We have issued our report thereon dated April 12, 2022 with an unmodified opinion.

### ***Internal Control over Financial Reporting***

DAI’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 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 planning and performing our audit of the Statement, we considered DAI’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 DAI’s internal control. Accordingly, we do not express an opinion on the effectiveness of DAI’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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the DAI Statement 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.

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. We did identify one deficiency in internal control as described in the accompanying **Schedule of Findings and Questioned Costs**. Finding 2022-01 is considered to be a deficiency.

### ***DAI's Response to Findings***

DAI's response to the finding identified in our audit is included verbatim in **Appendix A** within this report. DAI's response 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 DAI, the United States Agency for International Development, and the Office of the Special Inspector General for Afghanistan Reconstruction. 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.

*Castro & Company, LLC*

Alexandria, VA  
April 12, 2022

## **Independent Auditor’s Report on Compliance**

To the Board of Directors and Management of DAI Global, LLC  
7600 Wisconsin Avenue, Suite 200  
Bethesda, MD 20814

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

We have audited, the Special Purpose Financial Statement (the Statement) and related notes to the Statement, 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, by DAI Global, LLC (DAI) under Contract No. 72030618C00013, Afghanistan Value Chains – High Value Crops activity (herein referred to as “AVC-High Value Crops” or “activity”), for the period of December 1, 2019 through July 31, 2021. We have issued our report thereon dated April 12, 2022 with an unmodified opinion.

### ***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 DAI.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether DAI’s Statement is free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, and the contract, noncompliance with which could have a direct and material effect on the determination of the Statement amounts. 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying **Schedule of Findings and Questioned Costs** as Finding 2022-01.

### ***DAI’s Response to Findings***

DAI’s response to the finding identified in our audit is included verbatim in **Appendix A** within this report. DAI’s response 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 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 DAI, the United States Agency for International Development, and the Office of the Special Inspector General for Afghanistan Reconstruction. 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.

*Castro & Company, LLC*

Alexandria, VA

April 12, 2022

**DAI Global, LLC**  
**Financial Audit of Costs Incurred**  
**Contract No 72030618C00013**  
**For the Period of December 1, 2019 through July 31, 2021**

**Schedule I – Schedule of Findings and Questioned Costs**

**Finding 2022-01: Noncompliance – Quarterly Financial Reports Submitted Late (Internal Control – Deficiency and Noncompliance)**

**Condition:** As part of our compliance testing, we reviewed seven quarterly financial reports. We noted two reports were not submitted in a timely manner in accordance with the contract deliverable due dates as noted below:

Reporting Deliverable	Due Date	Date Submitted	Days Late
Quarterly Financial Report for FY 2020 Q2	4/15/2020	4/30/2020	15
Quarterly Financial Report for FY 2021 Q1	1/15/2021	1/25/2021	10

**Criteria:**

Contract No. 72030618C00013, *Part I – The Schedule, Section F: Deliveries or Performance, F.4 Plans and Reports, C. Reporting Matrix*, states in part:

“Following is a summary of the list of the required reports specified in the contract that must be submitted electronically to the Approver identified herein (see table below) by the established due dates...”

NN	Type of Report	Due Date	Approver
16	Quarterly Financial Reports	Within 15 calendar days of the end of each USAID fiscal quarter	COR

**Cause:** DAI does not have adequate procedures and controls in place to ensure quarterly reports are submitted to USAID by dates specified in the contract.

**Effect:** USAID may have been unable to fully monitor DAI’s financial progress and performance under the contract and fully understand the projects’ programmatic impacts in a timely manner.

**Questioned Costs:** None. This finding relates to the late submission of quarterly financial reports to USAID and not costs incurred under the award. We did not identify any costs that would be deemed unallowable during our procedures.

**Recommendation:** We recommend DAI:

1. Implement procedures and corresponding controls to monitor the submission of deliverables and internal reviews to ensure compliance with contractual deliverables and deadlines.

**DAI Global, LLC**  
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**Schedule II – Summary Schedule of Prior Audit, Review, and Assessment of Findings**

Castro reviewed 12 prior audits, reviews, or assessment reports. Ten of the reports contained findings and recommendations. We assessed the findings to ascertain whether the matters reported in the findings were direct and material to the Special Purpose Financial Statement (the Statement) or other financial information significant to the audit objectives. In addition, we reviewed the auditors' comments regarding the status of prior audit findings.

The reports reviewed by Castro are listed below:

1. SIGAR Audit No. 22-13 USAID's Afghanistan Competitiveness of Export-Oriented Business Activity: Audit of Costs Incurred by DAI Global, LLC
2. SIGAR Audit No. 22-10 USAID's Regional Agricultural Development Program – East in Afghanistan: Audit of Costs Incurred by DAI Global, LLC
3. SIGAR Audit No. 22-09 USAID's Women in the Economy Program in Afghanistan: Audit of Costs Incurred by DAI Global, LLC
4. SIGAR Audit No. 22-07 USAID's Musharikat Program to Increase Afghan Women's Equality and Empowerment: Audit of Costs Incurred by DAI Global, LLC
5. SIGAR Audit No. 21-13 USAID's Strong Hubs for Afghan Hope and Resilience Program: Audit of Costs Incurred by DAI Global, LLC
6. SIGAR Audit No. 20-16 USAID's Women in the Economy Project: Audit of Costs Incurred by DAI Global, LLC
7. SIGAR Audit No. 20-14 USAID's Assistance to the Legislative Bodies of Afghanistan Project: Audit of Costs Incurred by DAI Global, LLC
8. SIGAR Audit No. 19-42 USAID's Strong Hubs for Afghan Hope and Resilience: Audit of Costs Incurred by DAI Global, LLC
9. SIGAR Audit No. 19-41 USAID's Regional Agricultural Development Program in Northern Afghanistan: Audit of Costs Incurred by DAI Global, LLC
10. SIGAR Audit No. 18-61 USAID's Agricultural Credit Enhancement Project: Audit of Costs Incurred by Development Alternatives Inc.
11. SIGAR Audit No. 18-05 Department of Defense Task Force for Business and Stability Operations' Afghanistan Indigenous Industries Program: Audit of Costs Incurred by DAI Global, LLC
12. USAID Financial Audit of Costs Incurred under a Contracts No. 306-AID-OAA-C-17-00090, 306-AID-306-C-14-00002, 306-AID-306-TO-15-00062, 306-AID-306-C-14-00016, 306-AID-306-TO-15-00073, 306-AID-306-C-16-00011, 306-AID-306-BC-15-0005, 306-72030618C00011, and 306-72030618C00013 for the periods of September 28, 2017 to November 30, 2018, January 1, 2018 to November 30, 2018, July 1, 2018 to November 30, 2018, December 1, 2017 to November 30, 2018, January 1, 2018 to November 30, 2018, January 1, 2018 to November 30, 2018, January 1, 2018 to November 30, 2018, January 1, 2018 to November 30, 2018, June 6, 2018 to November 30, 2018, and August 2, 2018 to November 30, 2018, respectively.

**DAI Global, LLC**  
**Financial Audit of Costs Incurred**  
**Contract No 72030618C00013**  
**For the Period of December 1, 2019 through July 31, 2021**

Per our review of the reports, Castro identified 14 prior findings that required follow-up on corrective action.

**Report: SIGAR Financial Audit No. 22-13 dated February 10, 2022 of costs incurred under a Contract No. 72030619C00008 for the period of January 27, 2020 through January 31, 2021**

**Finding 2021-01:** Ten timesheets of 409 tested, were prepared and submitted by employees prior to pay period end. Of these 10 timesheets, two were approved by the supervisor prior to pay period end. Documentation to support that a subsequent review of accuracy for actual hours worked was not provided.

**Status:** Castro performed procedures over payroll costs incurred, including controls over timesheet preparation and approval. Based on our testing for this engagement, this issue was not repeated.

**Finding 2021-02:** One instance of unallowable business class airfare was noted. A DAI employee had elected to cover the difference between the economy fare and business class ticket; however, the entire business class cost was mistakenly charged to the program.

**Status:** Castro performed procedures over travel costs incurred, including controls to ensure that unallowable business class costs are not charged to the program within the scope of our audit. Based on our testing for this engagement, this issue was not repeated.

**Report: SIGAR Financial Audit No. 22-10 dated August 9, 2021 of costs incurred under a Contract No. AID-306-C-16-00011 for the period of December 1, 2019 through July 20, 2020**

**Finding 2020-01:** The amounts presented in the Statement were inconsistent with the accounting policies described in the Notes to the Statement. DAI excluded costs incurred in the audit period due to DAI using a different basis of accounting to recognize when these costs were incurred. Additionally, DAI did not provide evidence of management's review and approval of the initial Statement, the initial Statement header was incorrect for the audit period and Note 4 to the Statement initially did not include a description of the fees earned under the contract. DAI corrected these presentation errors prior to report finalization.

**Status** – During our planning procedures, we reconciled the general ledger detail to the Statement and noted that some costs which fell outside of the scope of the audit period of December 1, 2019 through July 31, 2021 were included in the costs which tied to the Statement. However, the costs incurred associated with these transactions net to zero and the entries represent the true-up of indirect costs within the general ledger. As a result, Castro determined that this issue was not a repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.



**DAI Global, LLC**  
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**Report: SIGAR Financial Audit No. 22-09 dated August 27, 2021 of costs incurred under a Contract No. AID-306-TO-15-00062 for the period of December 1, 2019 through August 31, 2020**

**Finding 2020-01:** The amounts presented in the Statement were inconsistent with the accounting policies described in the Notes to the Statement. DAI included costs incurred prior to the audit period, which is inconsistent with Note 2 to the Statement. Within Note 4 to the initial Statement, revenue did not include a description of the fees earned under the Task Order; however, DAI corrected the note in the final Notes to the Statement presented in the report.

**Status:** During our planning procedures, we reconciled the general ledger detail to the Statement and noted that some costs which fell outside of the scope of the audit period of December 1, 2019 through July 31, 2021 were included in the costs which tied to the Statement. However, the costs incurred associated with these transactions net to zero and the entries represent the true-up of indirect costs within the general ledger. As a result, Castro determined that this issue was not a repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.

**Finding 2020-02:** DAI did not maintain accurate property records in accordance with Federal requirements. 112 out of the 384 non-expendable property items were missing the date placed in service and 1,116 out of 2,221 expendable property items were missing the date placed in service.

**Status:** During our testing of DAI's inventory listing of government property, we did not note instances in which DAI excluded the dates placed in service. As a result, Castro determined that this issue was not a repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.

**Report: SIGAR Financial Audit No. 22-07 dated August 16, 2021 of costs incurred under a Contract No. AID-306-TO-15-00073 for the period of December 1, 2019 through September 1, 2020**

**Finding 2020-01:** The amounts presented in the Statement were inconsistent with the accounting policies described in the Notes to the Statement. DAI excluded costs incurred in the audit period due to DAI using a different basis of accounting to recognize when these costs were incurred. Additionally, Note 4 to the Statement initially did not include a description of the fees earned under the contract and the budget figures reported on the Statement did not agree to Modification 12 of the Task Order.

**Status** – During our planning procedures, we reconciled the general ledger detail to the Statement and noted that some costs which fell outside of the scope of the audit period of December 1, 2019 through July 31, 2021 were included in the costs which tied to the Statement. However, the costs incurred associated with these transactions net to zero and the entries represent the true-up of indirect costs within the general ledger. As a result, Castro determined that this issue was not a

**DAI Global, LLC**  
**Financial Audit of Costs Incurred**  
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**For the Period of December 1, 2019 through July 31, 2021**

repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.

**Finding 2020-02:** DAI did not maintain accurate property records in accordance with Federal requirements. Two property items were classified as both expendable and non-expendable on Inventory Reports and equipment items had unit acquisition costs that did not agree with the inventory report provided for audit.

**Status:** During our testing of DAI's inventory listing of government property, we did not note instances in which DAI inaccurately maintained property records in accordance with Federal requirements. As a result, Castro determined that this issue was not a repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.

**Report: SIGAR Financial Audit No. 20-16 dated June 6, 2019 of costs incurred under a Contract No. AID-306-TO-15-00062 for the period of July 1, 2015 through June 30, 2018**

**Finding 2019-01:** DAI did not provide evidence that it received approval from USAID's Contracting Officer (CO) prior to submission of the invoice which included a fixed fee charge.

**Status:** The Women in Economy Task Order (AID-306-TO-15-0062) has concluded on August 31, 2020 (end of performance period). DAI confirmed that it has appropriately obtained CO's approval before billing all subsequent fixed fee deliverables through end of contract performance. As part of our audit procedures, we selected a sample of fixed fee transactions to test and did not identify similar instances of noncompliance. As a result, Castro determined that this issue was not a repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.

**Finding 2019-02:** DAI's indirect costs claimed under General and Administration (G&A) costs were calculated incorrectly.

**Status:** DAI confirmed that the assigned Project Billing Accountant works with the Oracle Analyst when creating a new subproject or task number and verifies their projects against the burden schedule setup in Oracle and the DAI Burden Schedule Detail Report to ensure applicable indirect costs ceiling on the project are being applied correctly. DAI stated no other instances of rate discrepancies have been identified through the end of contract performance billing under the Women in Economy Task Order (AID-306-TO-15-0062), which concluded on August 31, 2020. During our procedures we performed a recalculation of the applied indirect rates and noted no material variances between the amounts reported and our calculation. As a result, Castro determined that this issue was not a repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.

**Report: USAID Financial Audit dated April 15, 2020 of costs incurred under a Contracts No. 306-AID-OAA-C-17-00090, 306-AID-306-C-14-00002, 306-AID-306-TO-15-00062, 306-AID-306-C-14-00016, 306-AID-306-TO-15-00073, 306-AID-306-C-16-00011, 306-AID-306-**

**DAI Global, LLC**  
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**BC-15-0005, 306-72030618C00011, and 306-72030618C00013 for the periods of September 28, 2017 to November 30, 2018, January 1, 2018 to November 30, 2018, July 1, 2018 to November 30, 2018, December 1, 2017 to November 30, 2018, January 1, 2018 to November 30, 2018, January 1, 2018 to November 30, 2018, January 1, 2018 to November 30, 2018, June 6, 2018 to November 30, 2018, and August 2, 2018 to November 30, 2018, respectively.**

**Finding 2020-01:** DAI was unable to provide evidence to support that the annual inventory of Government Property reports for four of the nine audited contracts were submitted to USAID in accordance with AIDAR 752.245-70(b).

**Status:** DAI delivered yearly Field Procurement Training to relevant project staff and Internal Audit and Compliance compiled a presentation for the Home Office Middle East, North Africa (MENA) region senior management team on April 28, 2020. During our Reporting Compliance testing, we confirmed that DAI provided adequate documentation to substantiate that it submitted all inventory of government property reports related to AVC-High Value Crops by the due date required within the report. As a result, Castro determined that this issue was not a repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.

**Finding 2020-02:** During testing of the reporting deliverables under DAI's Contract No. 306-AID-OAA- C-17-00090 (INVEST USAID-funded program), it was noted that the Reporting of Foreign Taxes was not submitted to USAID/Afghanistan by the required deadline for Fiscal Years (FY) 2017 and 2018.

**Status:** DAI conducted a comprehensive training to the Senior Project Management team on April 28, 2020 and replicated the training out to relevant staff in the Afghanistan field project offices. During our Reporting Compliance testwork, DAI provided documentation to support the submission of foreign tax reports. As a result, Castro determined that this issue was not a repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.

**Finding 2020-03:** During the review of travel expenses for the INVEST program under Contract No. 306-AID-OAA-C-17-00090, Castro identified two (2) lodging expenses above the Foreign Per Diem Rates issued by the Department of State (DoS). As a result, DAI identified additional transactions for which DAI billed for more than the DoS Foreign Per Diem Rates and credited USAID in the amount of \$11,382 in March 2020.

**Status:** DAI confirms that a comprehensive expense reporting training was developed and delivered to relevant project staff on February 12, 2020, and all new DAI staff hired as of February 2020 are required to take a customized Travel Regulations and Policies online course at DAI's virtual learning portal. During our fieldwork procedures over Travel costs, we did not identify costs which exceeded the established Foreign Per Diem Rates issued by the Department of State (DoS). As a result, Castro determined that this issue was not a repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.

**DAI Global, LLC**  
**Financial Audit of Costs Incurred**  
**Contract No 72030618C00013**  
**For the Period of December 1, 2019 through July 31, 2021**

**Finding 2020-04:** During payroll testing over the AVC-High Value Crops program under Contract No. 306-72030618C00013, Castro identified one (1) timesheet for the period ending September 30, 2018, that was completed and approved on September 29, 2018.

**Status:** To avoid an early approval of timesheets in the future, DAI's Internal Audit team arranged and delivered an *Internal Audit and Compliance* training for the Home Office MENA region senior management team on April 28, 2020. During our fieldwork procedures over Payroll costs, we observed some instances in which the timesheets were signed one day prior to the pay period end due either to shorter working hours of the bank on public holidays, or due to the employee traveling causing limited access to the system. However, for the timesheets that were submitted early, the supervisor did not approve the timesheet until the end of the pay period and therefore approved appropriate and accurate hours. As a result, Castro determined that this issue was not a repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.

**Finding 2020-05:** During testing of the original submission of the Statement and the corresponding General Ledger for the ACE II program under Contract No. 306-AID-306-BC-15-00005, it was noted that DAI included costs incurred for December 2018 and January 2019, which were outside the audit period. DAI subsequently adjusted the Statement in response to the request to reflect only the costs incurred through November 2018.

**Status:** DAI now requires the Project Manager to do an independent review of the submitted Statement and Statement notes, to ensure that the provided Statement and the corresponding audit period transaction details appropriately reflect and reconcile the costs incurred in the intended audit period. During our planning procedures, we reconciled the general ledger detail to the Statement and noted that some costs which fell outside of the scope of the audit period of December 1, 2019 through July 31, 2021 were included in the costs which tied to the Statement. However, the costs incurred associated with these transactions net to zero and the entries represent the true-up of indirect costs within the general ledger. As a result, Castro determined that this issue was not a repeat condition for the program under audit during the period of December 1, 2019 through July 31, 2021.

**DAI Global, LLC**  
**Financial Audit of Costs Incurred**  
**Contract No 72030618C00013**  
**For the Period of December 1, 2019 through July 31, 2021**

**Appendix A – Views of Responsible Officials**



May 17, 2022

Castro & Company, LLC  
1635 King Street  
Alexandria, VA 22314

Subject: DAI Global LLC's Management Response to the Special Purpose Financial Statement for costs incurred under Cost-Plus-Fixed Fee Contract No. 72030618C00013 ("contract") awarded by the United States Agency for International Development's mission in Afghanistan for the period December 1, 2019, through July 31, 2021, supporting the Afghanistan Value Chains – High Value Crops activity.

This document is to provide DAI's response to the internal control and compliance deficiency identified in the subject Special Purpose Financial Statement audit report.

We would like to thank Castro & Company LLC for providing DAI the opportunity to respond to the findings and recommendations as reported under SIGAR's Special Purpose Financial Statement audit.

Castro issued an unmodified opinion on the Special Purpose Financial Statement and identified one internal control and compliance deficiency.

**FINDING 2022-01: Noncompliance – Quarterly Financial Reports Submitted Late (Internal Control – Deficiency and Noncompliance)**

**Nature of Finding:** As part of our compliance testing, auditors reviewed seven quarterly financial reports. Two of the sampled reports were not submitted in a timely manner in accordance with the contract deliverable due dates (within 15 days of the end of each USAID fiscal quarter) as noted below:

Reporting Deliverable	Due Date	Date Submitted	Days Late
Quarterly Financial Report for FY 2020 Q2	4/15/2020	4/30/2020	15
Quarterly Financial Report for FY 2021 Q1	1/15/2021	1/25/2021	10

**Cause:** DAI does not have adequate procedures and controls in place to ensure quarterly reports are submitted to USAID by dates specified in the contract.

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f t in @daiglobal

**DAI Global, LLC**  
**Financial Audit of Costs Incurred**  
**Contract No 72030618C00013**  
**For the Period of December 1, 2019 through July 31, 2021**

*DAI Management Comments SIGAR Audit AVC-Crops*

*Page 2 of 2*

**Effect:** USAID may have been unable to fully monitor DAI's financial progress and performance under the contract and fully understand the projects' programmatic impacts in a timely manner.

**Questioned Costs:** None. This finding relates to the late submission of quarterly financial reports to USAID and not costs incurred under the award. We did not identify any costs that would be deemed unallowable during our procedures.

**Recommendation:** We recommend DAI: (1) Implement procedures and corresponding controls to monitor the submission of deliverables and internal reviews to ensure compliance with contractual deliverables and deadlines.

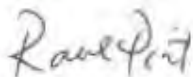
**DAI Global LLC's Management Response to Finding 2022-01 - Noncompliance - Quarterly Financial Reports Submitted Late (Internal Control - Deficiency and Noncompliance)**

DAI AVC-Crops acknowledges and concurs the lateness in the submission of these two quarterly reports. Moving forward, DAI will ensure that a deliverable calendar is actively monitored by senior management and is included in the agenda of weekly home office/field office calls to ensure prompt preparation and submission.

DAI believes that our management comments provided above properly addresses the identified internal control and compliance deficiency and reflects our commitment to implementing and ensuring adequate controls and compliance with relevant policies applicable regulations and will make sure to share and emphasize any lessons learned from any this audit to ensure that our policies, procedures and operations adequately addresses any identified deficiencies.

Please do not hesitate to contact DAI if you have any further questions, would require additional information, or wish to further discuss DAI responses provided in this letter.

Sincerely,



Raul Pinto

Director, Internal Audit

301.771.7823

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## 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.

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## 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](http://www.sigar.mil/fraud)
- Email: [sigar.pentagon.inv.mbx.hotline@mail.mil](mailto:sigar.pentagon.inv.mbx.hotline@mail.mil)
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

## SIGAR's Mission

### Public Affairs Officer

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