

SIGAR

Special Inspector General for
Afghanistan Reconstruction

SIGAR 24-19 Financial Audit

USAID's INVEST Initiative in Afghanistan: Audit of Costs Incurred by DAI Global LLC

In accordance with legal requirements, SIGAR has redacted from this report certain information because it is proprietary, could impact public safety, privacy, or security, or is otherwise sensitive.



APRIL
2024

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT THE AUDIT REVIEWED

On September 28, 2017, the U.S. Agency for International Development (USAID) awarded a 2-year, [REDACTED] cost-plus-fixed-fee contract to DAI Global LLC (DAI) to support its worldwide INVEST initiative. The purpose of the contract was to facilitate private capital investment in emerging markets where USAID works by (1) assessing market conditions and investment opportunities; (2) supporting blended finance funds, investment platforms, and risk-mitigation instruments; (3) and providing transaction and investment advisory services. After subsequent option years and 27 modifications to the contract, the total obligated funding increased to [REDACTED] and the period of performance was extended through September 27, 2024, although INVEST activities in Afghanistan are no longer active. The Afghanistan portion of the contract ended on September 27, 2022.

SIGAR's financial audit, performed by Crowe LLP (Crowe), reviewed \$3,584,907 in costs incurred under the contract from September 28, 2020, through September 27, 2022, in support of INVEST initiative activities in Afghanistan. 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 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.

April 2024

USAID's INVEST Initiative in Afghanistan: Audit of Costs Incurred by DAI Global LLC

SIGAR 24-19-FA

WHAT SIGAR FOUND

Crowe did not identify any material weakness or significant deficiencies in DAI's internal controls, or any instances of noncompliance with the terms of the contract. Accordingly, the auditors did not find any questioned costs.

Crowe identified one prior audit report that contained two findings that could have a material effect on the SPFS or other financial data that are significant to this audit's objectives. Crowe conducted follow-up procedures and concluded that DAI had taken adequate corrective action on both prior findings.

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

WHAT SIGAR RECOMMENDS

Crowe did not report any findings specific to the SPFS of the task order under review. Therefore, SIGAR is not making any recommendations.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

April 9, 2024

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

Mr. Joel Sandefur
Mission Director, U.S. Agency for International Development

We contracted with Crowe LLP (Crowe) to audit the Afghanistan-related costs incurred by DAI Global LLC (DAI) under a cost-plus-fixed-fee contract awarded by the U.S. Agency for International Development (USAID) to support the worldwide INVEST initiative.¹ Specifically, Crowe reviewed \$3,584,907 in costs incurred under the contract from September 28, 2020, through September 27, 2022, in support of INVEST initiative activities in Afghanistan. The goal of the contract was to facilitate private capital investment in emerging markets where USAID works by (1) assessing market conditions and investment opportunities; (2) supporting blended finance funds, investment platforms, and risk-mitigation instruments; (3) and providing transaction and investment advisory services. 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, Crowe did not report any findings related to the contract under review. Therefore, SIGAR is not making any recommendations.

Crowe discusses the results of the audit in detail in the attached report. We reviewed Crowe's report and related documentation. We also inquired about Crowe's conclusions in the report and the firm's compliance with applicable standards. 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. Crowe is responsible for the attached auditor's report, dated February 19, 2024, and the conclusions expressed therein. However, our review disclosed no instances in which Crowe did not comply, in all material respects, with U.S. generally accepted government auditing standards issued by the Comptroller General of the United States.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

(F-269)

¹ The contract no. is AID-OAA-C-17-00090.



DAI Global, LLC

INVEST Afghanistan

Contract No. AID-OAA-C-17-00090

Special Purpose Financial Statement

For the Period September 28, 2020, through September 27, 2022

(With Independent Auditor's Report Thereon)

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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

February 19, 2024

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

To the Office of the Special Investigator 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 the course of our audit of the special purpose financial statement ("SPFS") applicable to DAI Global LLC ("DAI") contract number AID-OAA-C-17-00090, funded by the United States Agency for International Development ("USAID") Office of Private Capital and Microenterprise ("PCM"), to support INVEST Afghanistan, for the period September 28, 2020, through September 27, 2022.

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, 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 audit 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.

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

Sincerely,

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

Bert Nuehring
Partner
Crowe LLP

Summary

Background

On September 28, 2017, the United States Agency for International Development’s (“USAID”) Office of Private Capital and Microenterprise (“PCM”) awarded a cost-plus-fixed-fee contract No. AID-OAA-C-17-00090 to DAI Global LLC (“DAI”) to support the worldwide INVEST initiative. The base amount of the contract was [REDACTED] for the period from September 28, 2017, through September 27, 2019. Through subsequent option years and twenty-seven (27) contract modifications, as outlined in the table below, the obligated funding was increased to [REDACTED] the total budget increased to \$194,076,931, and the period of performance was extended through September 27, 2024.

USAID’s INVEST initiative facilitates private capital investment in emerging markets where USAID works, including assessing market conditions and investment opportunities; supporting the design and structure of blended finance funds, investment platforms, and risk-mitigation instruments; and providing transaction and investment advisory services.¹

The 27 contract modifications are summarized below:

Modification	Purpose
1-16	<ul style="list-style-type: none"> Modifications 1 through 16, occurring before the audit period, increased obligated funding from [REDACTED] (total obligated funding for base year 1) to [REDACTED] (total obligated funding at the beginning of the audit period)
17	<ul style="list-style-type: none"> To incorporate Statement of Work – Security Classification Specification with Performance elements which Require Cleared and Uncleared Contractor Personnel. To add award number to each page of the contract.
18	<ul style="list-style-type: none"> To provide incremental funding in the amount of [REDACTED] to bring total obligated funding from [REDACTED] to [REDACTED]
19	<ul style="list-style-type: none"> Re-alignment of obligated funds. No change to obligated funding. Designate Matt Nigrelli as Alternate Contracting Officer’s Representative.
20	<ul style="list-style-type: none"> Re-alignment of obligated funds. No change to obligated funding.
21	<ul style="list-style-type: none"> To provide incremental funding in the amount of [REDACTED] to bring total obligated funding from [REDACTED] to \$ [REDACTED] To extend the period of performance by twenty-four months to September 27, 2024.
22	<ul style="list-style-type: none"> To provide incremental funding in the amount [REDACTED] to bring total obligated funding from [REDACTED] to [REDACTED]. To update the Contracting Officer’s Representative from Cameron Khosrowshahi to Kathleen Hunt.
23	<ul style="list-style-type: none"> To de-obligate \$2 to bring total obligated from [REDACTED] to \$1 [REDACTED] To provide incremental funding in the amount of \$ [REDACTED] to bring total obligated funding from [REDACTED] to \$ [REDACTED] Designate Mr. Steven Shira as the Contracting Officer’s Representative and Matt Nigrelli as the Alternate Contracting Officer’s Representative for the award.
24	<ul style="list-style-type: none"> To increase the total estimated cost by [REDACTED] from \$ [REDACTED] to \$194,076,931. Incorporate an additional Statement of Work (SOW).

¹ SIGAR Contract #140D0423F0408

(Continued)

25	<ul style="list-style-type: none"> To provide incremental funding in the amount of [REDACTED] to bring total obligated funding from [REDACTED] to [REDACTED].
26	<ul style="list-style-type: none"> To provide incremental funding in the amount of [REDACTED] to bring total obligated funding from [REDACTED] to [REDACTED].
27	<ul style="list-style-type: none"> To provide incremental funding in the amount of \$ [REDACTED] to bring total obligated funding from [REDACTED] to \$ [REDACTED]. Remove Section H.4 and to update the clause at AIDAR 752.228-3 Worker's Compensation Insurance (Defense Base Act) (Dec 1991) to reflect the June 2022 class deviation.

Work Performed

The Office of the Special Inspector General for Afghanistan reconstruction (“SIGAR”) engaged Crowe LLP (“Crowe” or “we” or “our”) to conduct a financial audit of Contract No. AID-0AA-C-17-00090 awarded to DAI on September 28, 2017. Crowe’s audit encompasses the period September 28, 2020, through September 27, 2022. During this span, DAI reported revenues and costs incurred of \$3,584,907 which represents the amount audited. Crowe’s audit of DAI will be limited in scope to the activities and expenditures associated with the contract that were exclusive to the INVEST initiatives in Afghanistan.

(Continued)

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 DAI's Special Purpose Financial Statement ("SPFS" or "Statement") for the contract presents fairly, in all material respects, revenues received, costs incurred, items directly procured by the U.S. Government, 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 2 – Internal Controls

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

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 special purpose financial statement or other financial data significant to the audit objectives.

Scope

The scope of the audit included revenues earned and costs incurred of \$3,584,907 during the period September 28, 2020, through September 27, 2022 in support of the INVEST program in Afghanistan. The audit was limited to those matters and procedures pertinent to the contract that could 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.

To address Audit Objective 1, which pertains to DAI's SPFS, transactions were selected from the financial records underlying the SPFS and were tested to determine if the transactions were recorded accurately and were consistent with the terms and conditions of the award; were incurred within the period covered by the SPFS and in alignment with specified cutoff dates; were appropriately allocated to the award if the cost benefited multiple objectives; and were adequately supported.

In order to address Audit Objective 2, which relates to DAI's internal controls, 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 DAI during the period of performance. To the extent documented policies and procedures were unavailable, Crowe 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. Crowe corroborated the internal controls and tested them where compliance issues could arise.

Audit Objective 3 required that tests be performed to obtain an understanding of the auditee's compliance with requirements applicable to the award. Crowe identified, through review and evaluation of the contract executed by and between USAID and DAI, 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, cash requests, procurements, and reports for testing. Supporting documentation was provided by the auditee and was subsequently 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 applicable regulations and the contract with USAID.

(Continued)

Regarding Audit Objective 4, Crowe inquired of DAI, SIGAR, and USAID personnel 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. Crowe identified one audit report, which contained two findings that could have a material effect on the SPFS or other financial data significant to the audit objectives. Crowe performed testing in the current period to determine if the prior year findings were remediated. Accordingly, Crowe determined that two of the two prior audit findings were remediated. For more information see **Section II: Summary Schedule of Prior Audit, Review and Assessment of Finding**.

Summary of Results

No findings were identified upon the completion of our procedures that met one or more of the following criteria: (1) significant deficiencies in internal control; (2) material weaknesses in internal control; (3) material 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 an unmodified opinion on the SPFS.

Crowe also reported on both DAI's internal controls over financial reporting and compliance with applicable laws, rules, regulations, and the terms and conditions of the contract. Significant deficiencies, material weaknesses, and instances of noncompliance were not reported.

Questioned costs were not identified. SIGAR requires that questioned costs be classified as either "ineligible" or "unsupported." SIGAR defines unsupported costs as those that are not supported with adequate documentation or did not have required prior approvals or authorizations. Ineligible costs are those that are explicitly questioned because they are unreasonable; prohibited by the audited contract or applicable laws and regulations; or are unrelated to the award.

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 during our testing.

Crowe also requested from DAI, SIGAR, and USAID, copies of prior audits, reviews, and evaluations pertinent to DAI's activities under the contract. Crowe reviewed one prior audit report that contained two findings and accompanying recommendations may be direct and material to the Special Purpose Financial Statement or other financial information significant financial data to the audit objectives. Crowe performed testing in the current period to determine if the prior audit findings were remediated. Crowe determined that two of the two prior findings were remediated. (see Section II: Summary Schedule of Prior Audit, Review, and Assessment – for more details).

Summary of Management Comments

We did not identify any findings or questioned costs under this audit. Therefore, management comments were not requested.

INDEPENDENT AUDITOR'S REPORT

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

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

Report on the Special Purpose Financial Statement

Opinion

We have audited the Special Purpose Financial Statement (the "Statement") of DAI Global LLC ("DAI") with respect to the contract number AID-OAA-C-17-00090, which supports the Afghanistan buy-in within the worldwide INVEST program, funded by the United States Agency for International Development ("USAID") Office of Private Capital and Microenterprise ("PCM"), which comprises the revenues earned, costs incurred and balance for the period September 28, 2020 through September 27, 2022, and the related notes to the Statement.

In our opinion, the accompanying Statement presents fairly, in all material respects, the revenues earned, costs incurred, and balance of DAI, for the period September 28, 2020, through September 27, 2022, in accordance with the financial reporting provisions of the Office of the Special Inspector General for Afghanistan Reconstruction ("SIGAR") and the terms and conditions of the contract number AID-OAA-C-17-00090, as described in Notes 1 and 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAGAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statement section of our report. We are required to be independent of DAI, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Presentation and Accounting

We draw attention to Notes 1 and 2 of the Statement, which describes the basis of presentation and accounting. As described in Notes 1 and 2 to the Statement, the Statement is prepared by DAI with revenues and expenditures prepared in accordance with the requirements specified by SIGAR. The expenditures are presented as permitted under the terms of Contract Number AID-OAA-C-17-00090, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Special Purpose Financial Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the financial reporting provisions of SIGAR and the terms and conditions of contract number AID-OAA-C-17-00090. 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 Responsibilities for the Audit of the Special Purpose Financial Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Statement.
- Obtain an understanding of internal control relevant to the audit 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 DAI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Statement.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction on Use

Our report is intended solely for the information and use of DAI, USAID, and SIGAR and is not intended to be and should not be used by anyone other than these specified parties. 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.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2024, on our consideration of DAI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 DAI'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 DAI's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Washington, D.C.
February 19, 2024

DAI Global LLC
Special Purpose Financial Statement
Contract Number AID-OAA-C-17-00090
For the Period September 28, 2020, through September 27, 2022

	Budget	Actual - Afghanistan Buy-In Only		Questioned Costs	
			Ineligible	Unsupported	Notes
<i>Revenues</i>					
Contract Number AID-OAA-C-17-00090	\$	\$			
Total Revenue	\$	\$			4
<i>Costs Incurred</i>					
Core Cost	\$				
Core Fixed Fee	\$	\$	-		
Total Costs Incurred - Core CPFF	\$	\$			
Buy-in Costs	\$				
Buy-in Fixed Fee	\$	\$			
Total Costs Incurred - Buy-In CPFF	\$	\$			
Total Cost	\$	\$			
Total Fixed Fee	\$	\$			
Grand Total Costs Incurred	\$	\$			5
		194,076,931		3,584,907	
<i>Balance</i>		\$		-	6

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

DAI Global LLC
Notes to the Special Purpose Financial Statement
Contract Number AID-OAA-C-17-00090
For the Period September 28, 2020, through September 27, 2022

Note 1. Basis of Presentation

The accompanying Special Purpose Financial Statement (the "Statement") includes costs incurred under the Afghanistan buy-in of USAID's INVEST program, Contract Number AID-OAA-C-17-00090, for the period 28 September 2020 through 27 September 2022. Because the Statement presents only a selected portion of the operations of DAI Global, LLC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of DAI Global, LLC. 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 Award Number AID-OAA-C-17-00090. 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

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 Number AID-OAA-C-17-00090, Afghanistan buy-in, during/for the period under audit. Allowable costs will be limited to reasonable, allocable, and necessary costs determined in accordance with FAR 52.216-7, Allowable Cost and Payment, FAR 52.216-8, Fixed Fee, and 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 Global, LLC's exchange rate policy. To record financial transactions, DAI Global, LLC uses the exchange rate of the authorized bank or financial institution effecting the conversion of U.S. 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 Global LLC, is entitled to receive from USAID Afghanistan for allowable, eligible costs billed under the Contract during the audit period.

The fixed fee payable under the Afghanistan buy-in of USAID's INVEST Contract is based on a percentage of fixed fee that directly corresponds to the percentage of allowable costs being paid under INVEST's Afghanistan buy-in.

Note 5. Costs Incurred by Budget Category

The budget categories presented, and associated amounts reflect the budget line items within the final USAID approved budget CLIN realignment under Modification 24 to Contract No. AID-OAA-C-17-00090, signed on 21 March 2022. Actual expenditures match the approved budget categories for the Contract. The budget amount is presented for the INVEST contract as a whole, and includes the Afghanistan buy-in portion. No separate overview by budget line item specific to the Afghanistan buy-in portion of the Contract has been set or defined in the Contract.

DAI Global LLC
Notes to the Special Purpose Financial Statement
Contract Number AID-OAA-C-17-00090
For the Period September 28, 2020, through September 27, 2022

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 those 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.

Note 7. Currency

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

Note 8. Subcontractors

Subcontractor	Total
Subcontractor #1	\$ 259,097
Subcontractor #2	\$ 1,693
Subcontractor #3	\$ 1,032,807
Subcontractor #4	\$ 49,739
Subcontractor #5	\$ 198,201

Note 9. Program Status

The Afghanistan buy-in under Contract Number AID-OAA-C-17-00090 is no longer active and concluded September 27, 2022.

Note 10. Other

The COVID-19 pandemic developed rapidly in 2020 and carried over into 2021. DAI took 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 was essential to the attainment of project objectives.

During the audit period the United States was withdrawing all troops from Afghanistan and the Government of the Islamic Republic of Afghanistan collapsed on August 15, 2021. Given the security conditions in Afghanistan and reduced staffing and capability, USAID Afghanistan's ability to carry out its programs in Afghanistan has been compromised.

Note 11. Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to the September 28, 2020, through September 27, 2022, period covered by the Statement. Management has performed their analysis through February 19, 2024.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

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

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

We have audited, 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 DAI Global LLC ("DAI"), with respect to contract number AID-OAA-C-17-00090, for the Afghanistan Buy-In under the worldwide INVEST program, funded by the United States Agency for International Development ("USAID") Office of Private Capital and Microenterprise ("PCM"), for the period September 28, 2020 through September 27, 2022, and the related notes to the Statement, and have issued our report thereon dated February 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Statement, we considered DAI's internal controls 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 entity's 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. However, material weaknesses or significant deficiencies may exist that have not been identified.

Our consideration of internal control was for the limited purpose described in the first 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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, USAID, 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.

Crowe LLP
Crowe LLP

Washington, D.C.
February 19, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

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

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

We have audited, 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 DAI Global LLC ("DAI"), with respect to contract number AID-OAA-C-17-00090, for the Afghanistan Buy-In under the worldwide INVEST program, funded by the United States Agency for International Development ("USAID") Office of Private Capital and Microenterprise ("PCM"), for the period September 28, 2020 through September 27, 2022, and the related notes to the Statement, and have issued our report thereon dated February 19, 2024.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether DAI's Statement is free from material misstatement, we performed tests of its 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, USAID, 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.

Crowe LLP
Crowe LLP

Washington, D.C.
February 19, 2024

DAI Global LLC
Section I: Schedule of Findings and Questioned Costs
Contract Number AID-OAA-C-17-00090
For the Period September 28, 2020, through September 27, 2022

Crowe did not identify any findings or questioned costs under this audit.

DAI Global LLC
Section II: Summary Schedule of Prior Audit, Review, and Assessment Findings
Contract Number AID-OAA-C-17-00090
For the Period September 28, 2020, through September 27, 2022

Crowe requested from DAI, SIGAR, and USAID copies of prior audits, reviews, and evaluations pertinent to DAI's activities under contract. Crowe reviewed one prior audit report that contained two 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 Statements ("SPFS") or other financial matters significant to the audit objectives. The report contained two findings and recommendations that Crowe determined to be significant to the objectives, and therefore, requiring follow-up procedures or corrective actions. Crowe concluded that DAI had taken corrective action on both findings.

Per our review, Crowe identified two findings that required follow up on corrective actions.

1. FINDING 1: Noncompliance with Inventory/Property Policy.

Report: Audit Report 5-306-23-001-N OIG Memo and Audit Report

Issue: Eight (8) of ten (10) non-expendable property (NXP) items sampled, the NXPs were not properly marked with USAID sticker/tag and lacking project inventory or identification number as required by DAI's Field Operations Manual. Additionally, the quantity verified for one (1) of ten (10) NXPs sampled did not agree to recorded asset quantity in DAI's fixed asset register.

Status (Not Repeated): Crowe discussed the prior finding with DAI and reviewed policies and procedures related to inventory and property management. Crowe noted that the prior finding was due to the deteriorating security situation in Afghanistan. In addition, Crowe performed testing over government property records and did not note any exceptions related to missing inventory labels or errors in recording asset quantities.

2. FINDING 2: Non-Compliance with Award Terms and DAI Procurement Policy.

Report: Audit Report 5-306-23-001-N OIG Memo and Audit Report

Issue:

- a) Payments made to vendor in periods without required USAID vetting approval: DAI obtained and paid for armored vehicles services to Marine Logistic & Vehicle Lease Services Company (vendor) during periods without required USAID vetting approval. Specifically, DAI paid the vendor a total of \$190,904 over 68 invoices between July 2018 and February 2019. DAI did not receive USAID vetting approval of the vendor until March 5, 2019. DAI award with USAID requires pre-vetting approval of vendors on USAID approved contracts over \$25,000.
- b) Procurement of vendor service was not adequately supported: The acquisition/procurement of vendor for armored vehicle services was not conducted through full and open competition and supported by written contract, purchase order, and authorized approval by DAI's Contracts Administrator. Thus, the auditor questions the entire amount DAI paid to the vendor totaling \$201,410 (includes \$190,904 and 68 invoices reported in condition A above) over 147 invoices between July 2018 to July 2019.
- c) Lack of USAID consent for procurement greater than \$250,000: DAI did not obtain USAID consent for procurement over \$250,000 for armored vehicle services with vendor as required by the DAI field procurement manual.

Status (Not Repeated): Crowe inquired with DAI management about the status of 2022 FINDING 2. Crowe determined that trainings have been enacted to discuss the matter, and using the policies and procedures

DAI Global LLC
Section II: Summary Schedule of Prior Audit, Review, and Assessment Findings
Contract Number AID-OAA-C-17-00090
For the Period September 28, 2020, through September 27, 2022

already in effect has been reinforced. Crowe notes that we did not identify any repeat issues related to this finding as part of our procurement testing. We believe that the training and policies and procedures show that management took appropriate corrective actions. However, we note that USAID has yet to make a determination on the Questioned Costs component of this finding and for that reason it is not remediated.

DAI Global LLC
Section II: Summary Schedule of Prior Audit, Review, and Assessment Findings
Contract Number AID-OAA-C-17-00090
For the Period September 28, 2020, through September 27, 2022

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

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- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

SIGAR's Mission

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