

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 25-28 Financial Audit

State's Drug Advisory and Treatment Projects: Audit of Costs Incurred by The Colombo Plan

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.



JULY
2025

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT THE AUDIT REVIEWED

On September 22, 2016, the U.S. Department of State (State) awarded a \$4,002,067 letter of agreement to the Colombo Plan (Colombo) to support the Afghanistan Ministry of Counter Narcotics (MCN) Capacity Building Project. On April 5, 2018, State awarded an additional letter of agreement to Colombo, which allocated \$4,447,103 to the Assistance to Specialized Substance Use Disorders Treatment Facilities in Afghanistan project. The objectives of the agreements were to enhance MCN's policy, coordination, and administrative skills and to maintain the operation and delivery of outpatient treatment and rehabilitation facilities for drug dependents in Afghanistan. State modified the agreements a combined seven times, increasing the total award amount to \$12,972,922. The modifications also extended the first agreement's period of performance through February 21, 2024, and extended the second agreement's period of performance through March 31, 2024.

SIGAR's financial audit, performed by Crowe LLP (Crowe), reviewed \$9,130,160 in costs incurred under both letters of agreement from January 1, 2019, through March 31, 2024. The objectives of the audit were to (1) identify and report on material weaknesses or significant deficiencies in Colombo's internal controls related to the award; (2) identify and report on instances of material noncompliance with the terms of the award and applicable laws and regulations, including any potential fraud or abuse; (3) determine and report on whether Colombo has taken corrective action on prior findings and recommendations; and (4) express an opinion on the fair presentation of Colombo'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.

July 2025

State's Drug Advisory and Treatment Projects: Audit of Costs Incurred by The Colombo Plan

SIGAR 25-28-FA

WHAT SIGAR FOUND

Crowe identified one material weakness and three deficiencies in Colombo's internal controls, and four instances of noncompliance with the terms of the agreements. For example, Crowe found that Colombo was unable to demonstrate that it conducted competitive procurement procedures required by its Finance and Procurement Manual. Specifically, Colombo was unable to provide sufficient evidence to show that the required number of quotations were received. As a result, the auditors questioned \$126,030 in costs due to limited competition and risk of incurring excess costs for security and consulting services under the agreements.

Because of the deficiencies in internal controls and instances of noncompliance, Crowe identified a total of \$132,417 in questioned costs, consisting of \$130,396 in ineligible costs—costs prohibited by the grants and applicable laws and regulations, and \$2,021 in unsupported costs—costs that were not supported with adequate documentation or did not have required prior approval.

Category	Ineligible	Unsupported	Total Questioned Costs
Travel	\$3,830	\$0	\$3,830
Contractual	\$110,553	\$0	\$110,553
Personnel	\$0	\$1,773	\$1,773
Indirect Costs	\$16,013	\$248	\$16,261
Total Costs	\$130,396	\$2,021	\$132,417

Crowe identified one prior audit report that contained ten findings and accompanying recommendations relevant to Colombo's activities under the awards. Crowe conducted follow-up procedures and determined that Colombo had taken adequate corrective action on all ten prior findings and recommendations.

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

WHAT SIGAR RECOMMENDS

Based on the results of the audit, SIGAR recommends that the responsible agreement officer at State:

1. Determine the allowability of and recover, as appropriate, \$132,417 in questioned costs identified in the report.
2. Advise Colombo to address the report's four internal control findings.
3. Advise Colombo to address the report's four noncompliance findings.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

July 10, 2025

The Honorable Marco Rubio
Secretary of State

We contracted with Crowe LLP (Crowe) to audit the costs incurred by the Colombo Plan under two letters of agreement awarded by the U.S. Department of State (State) to support the Afghan Ministry of Counter Narcotics (MCN) Capacity Building Project and Assistance to Specialized Substance Use Disorders Treatment Facilities in Afghanistan project.¹ The objectives of the agreements were to enhance MCN's policy, coordination, and administrative skills and to maintain the operation and delivery of outpatient treatment and rehabilitation facilities for drug dependents in Afghanistan. Crowe reviewed \$9,130,610 in costs charged to the agreements from January 1, 2019, through March 31, 2024. Our contract with Crowe required that the audit be performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

Based on the results of the audit, SIGAR recommends that the agreement officer at State:

- 1. Determine the allowability of and recover, as appropriate, \$132,417 in questioned costs identified in the report.**
- 2. Advise Colombo to address the report's four internal control findings.**
- 3. Advise Colombo to address the report's four noncompliance findings.**

Crowe discusses the results of the audit in detail in the attached report. In connection with the contract, we reviewed Crowe's report and related documentation and inquired of its representatives. 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 Colombo's Special Purpose Financial Statements, 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 March 26, 2025, 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.

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, within 60 days from the issue date of this report.

Gene Aloise
Acting Special Inspector General
for Afghanistan Reconstruction

(F-309)

¹ The letters are SINLEC17VC0293 and SINLEC17VC0343.



The Colombo Plan

Drug Advisory Programme

Letter of Agreement Numbers SINLEC17VC0293 and SINLEC17VC0343

Special Purpose Financial Statement

For the Period January 1, 2019, through March 31, 2024

(With Independent Auditor's Report Thereon)

Table of Contents

TRANSMITTAL LETTER	2
Summary	3
INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT	10
Special Purpose Financial Statement	13
Notes to the Special Purpose Financial Statement.....	14
Notes to the Questioned Cost	17
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL	18
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE.....	20
SECTION I: SCHEDULE OF FINDINGS AND QUESTIONED COSTS	22
SECTION II: SUMMARY SCHEDULE OF PRIOR AUDIT, REVIEW, AND ASSESSMENT FINDINGS	28
Appendix A: Views of Responsible Officials	29
Appendix B: Auditor's Rebuttal	31

TRANSMITTAL LETTER

March 26, 2025

To the Management of the Colombo Plan
5th Floor, M2M Veranda Offices, No. 24
W.A.D Ramanayake Mawatha, Colombo 02, Sri Lanka

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

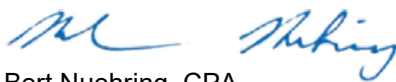
We appreciate the opportunity to provide to you our report regarding the procedures that we have completed during the course of our audit of the special purpose financial statement ("SPFS") applicable to the Colombo Plan Letter of Agreement ("LOA") SINLEC17VC0293 supporting the Afghan Ministry of Counter Narcotics ("MCN") Capacity Building Project and SINLEC17VC0343 supporting the Assistance to Specialized Substance Use Disorders Treatment Facilities in Afghanistan project, for the period January 1, 2019, through March 31, 2024.

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 the Colombo Plan, the Department of State, 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 the Colombo Plan's LOA's.

Sincerely,



Bert Nuehring, CPA
Partner
Crowe LLP

Summary

Background

SINLEC17VC0293

On September 22, 2016, the U. S., Department of State's Bureau for International Narcotics and Law Enforcement ("INL") awarded a Letter of Agreement (LOA), SINLEC17VC0293 to the Colombo Plan to support the Afghanistan Ministry of Counter Narcotics ("MCN") Capacity Building Project. The original award provided \$4,002,067 to Colombo Plan to enhance MCN's policy, coordination, and administrative skills. The overall goals of the award were to:

- Create complimentary policies that are clear, feasible, and reflective of the laws of the Government of the Islamic Republic of Afghanistan;
- Maintain functional administrative offices with clear processes and lines of control;
- Increase capacity of human resources management;
- Maintain good governance and transparency; and
- Use monitoring tools and appropriate analysis of results.

On September 22, 2017, the award was amended to provide an additional \$1,400,000 in funding and extend the period of performance to November 25, 2020. On December 4, 2020, a no-cost extension was issued which extended the period of performance to November 20, 2025, while also allowing Colombo Plan to add additional advisors. The final award amendment, issued on February 21, 2024, allowed Colombo Plan to move the remaining funds to another U.S. Department of State funded project. The original award and amendments, their intended purpose, the obligated amounts, and performance periods, are summarized below as applicable:

LOA Number SINLEC17VC0293	
2016-AF-008	
Original LOA 9/22/2016	Date: September 22, 2016 Description: Original LOA executed between Colombo Plan and INL establishing the Afghanistan Ministry of Counter Narcotics capacity building Project 2016-AF-008. The LOA authorized a total of \$6,036,107 in funding for the Colombo Plan, \$4,002,067 of which in support of the 2016-AF-008 project. The 50-month agreement outlines the terms for fund usage, reporting requirements, and compliance with U.S. laws. Key requirements include regular progress reports, proper financial record-keeping, and the right to terminate if recipients violate drug trafficking or human rights laws. Anticipated Performance Period End: November 22, 2020
Amendment #1 9/22/2017	Date: September 22, 2017 Description: First amendment to the 2016-AF-008 LOA executed between Colombo Plan and INL on September 22, 2016. The amendment authorized an additional \$1,400,000 for Colombo Plan in support of the Afghanistan Ministry of Counter Narcotics ("MCN") capacity building Project 2016-AF-008 and extended the period of performance to the date referenced below. Anticipated Performance Period End: November 25, 2020
Amendment #2 12/4/2020	Date: December 4, 2020 Description: Second amendment to the 2016-AF-008 LOA executed between Colombo Plan and INL on September 22, 2016. This was a no-cost amendment authorizing Colombo Plan to use the remaining 2016-AF-008 project balance of

(Continued)

LOA Number SINLEC17VC0293	
2016-AF-008	
	<p>\$3,505,276 to increase its number of advisors to 13 and include all Afghan ministries that work in the counternarcotics field and extending the anticipated project period of performance to the date referenced below.</p> <p>Anticipated Performance Period End: November 20, 2025</p>
<p>Amendment #3 2/21/2024</p>	<p>Date: February 21, 2024</p> <p>Description: Third and final amendment to the 2016-AF-008 LOA executed between Colombo Plan and INL on September 22, 2016. The amendment terminated project 2016-AF-008 (MCN Institution Building Program) and repurposed the remaining balance of \$3,370,511 to support additional activities under the Afghan Women's Leadership Fellowship ("WoLF") project.</p> <p>The amendment superseded the original LOA terms and conditions from September 22, 2016, transferred oversight to the INL Office of Europe and Asia, and extended the implementation period through August 19, 2029, for the expanded WoLF project activities. These activities include providing Afghan women university scholarships and supporting internship and fellowship placements at INL's counternarcotics implementing partners.</p> <p>Project Close Date: February 21, 2024</p>

SINLEC17VC0343

On April 5, 2018, the INL awarded Federal assistance in the form of a Letter of Agreement, SINLEC17V0343 to the Colombo Plan. The original letter of agreement provided a total of \$6,251,595 in funding spread across three Colombo Plan programs (2017-AF-002, 2017-AF-003, and 2017-AF-005). Of the \$6,251,595 funded by original letter of agreement, \$4,447,103 was allocated to Project 2017-AF-003, the program under audit, to support the Assistance to Specialized Substance Use Disorders Treatment Facilities in Afghanistan project AF-003 with the purpose to maintain the operation and service delivery of the residential, home-based, and outpatient treatment and rehabilitation facilities for drug dependents in Afghanistan.

The overall goals of the original award were to:

- Continue service delivery of the 59 INL-supported residential, home-based, and outpatient drug treatment centers;
- Ensure sustainability of the 27 transitioned treatment centers, which are no longer funded by INL, by monitoring these centers during site visits and providing recommendations to treatment center management; and
- Provide adult, adolescent, and child drug dependents access to treatment and rehabilitation services and that families are involved in the treatment process.

On December 7, 2018, the award was amended to authorize an additional \$2,761,656 to the project and extend the period of performance to December 12, 2020. Additional amendments were issued on March 20, 2019, and September 28, 2021, adding funding of \$2,830,311 and \$1,317,894, and extending the period of performance to December 12, 2020, and March 31, 2022, respectively. The fourth and final amendment was issued on April 15, 2023, and extend the period of performance to March 2024. The original award and amendments, their intended purpose, the obligated amounts, and performance periods, are summarized below as applicable:

(Continued)

LOA SINLEC17VC0343	
2017-AF-003	
Original LOA 4/5/2018	<p>Date: April 5, 2018</p> <p>Description: Original LOA executed between Colombo Plan and INL establishing the Assistance to Specialized Substance Use Disorders Treatment Facilities in Afghanistan 2017-AF-003 project. The LOA authorized a total of \$6,251,595 in funding for the Colombo Plan, \$4,447,103 of which in support of the 2017-AF-003 project.</p> <p>The purpose was to maintain the operation and service delivery of the residential, home-based, and outpatient treatment and rehabilitation facilities for drug dependents in Afghanistan. The overall goals of the LOA were to:</p> <ul style="list-style-type: none"> • Continue service delivery of the 59 INL-supported residential, home-based, and outpatient drug treatment centers; • Ensure sustainability of the 27 transitioned treatment centers, which are no longer funded by INL, by monitoring these centers during site visits and providing recommendations to treatment center management; and • Provide adult, adolescent, and child drug dependents access to treatment and rehabilitation services and that families are involved in the treatment process. <p>Anticipated Performance Period End: May 6, 2019</p>
Amendment #1 12/7/2018	<p>Date: December 7, 2018</p> <p>Description: First amendment to the 2017-AF-003 LOA executed between Colombo Plan and INL on April 5, 2018. The amendment authorized an additional \$2,761,656 for the 2017-AF-003 project and extended the anticipated period of performance end date to the date referenced below.</p> <p>Anticipated Performance Period End: December 12, 2020</p>
Amendment #2 3/20/2019	<p>Date: March 20, 2019</p> <p>Description: Second amendment to the 2017-AF-003 LOA executed between Colombo Plan and INL on April 5, 2018. The amendment increased funding for project 2017-AF-003 by repurposing \$2,830,311 from fifteen other Colombo Plan projects. The amendment consolidated funds from various drug treatment and training initiatives into the 2017-AF-003 project while maintaining the original LOA terms from April 6, 2018, and December 12, 2018.</p> <p>Anticipated Performance Period End: December 12, 2020</p>
Amendment #3 9/28/2021	<p>Date: September 28, 2021</p> <p>Description: Third amendment to the 2017-AF-003 LOA executed between Colombo Plan and INL on April 5, 2018. This was a cost amendment authorizing Colombo Plan an additional \$1,317,894 to support the 2017-AF-003 project and extended the anticipated period of performance end date to the date referenced below.</p> <p>Anticipated Performance Period End: March 31, 2022</p>
Amendment #4 8/15/2023	<p>Date: April 15, 2023</p> <p>Description: Fourth amendment to the 2017-AF-003 LOA executed between Colombo Plan and INL on April 5, 2018. This was a no-cost amendment that extended the project's implementation period from March 31, 2022, to March</p>

(Continued)

LOA SINLEC17VC0343	
2017-AF-003	
	<p>31, 2024, due to delays caused by the collapse of the Afghan government and Taliban takeover. All other terms and conditions from the September 28, 2021, LOA remained in effect.</p> <p>Anticipated Performance Period End: March 31, 2024</p>

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 the IO-LOA numbers SINLEC17VC0293 and SINLEC17VC0343 awarded to the Colombo Plan. Crowe's audit encompasses the period January 1, 2019, through March 31, 2024, with costs of \$9,130,610.

Item	Audit Period	Costs Incurred
SINLEC17VC0293	January 1, 2019 – March 31, 2024	\$1,096,015
SINLEC17VC0343	January 1, 2019 – March 31, 2024	\$8,034,595

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 the Colombo Plan's Special Purpose Financial Statement ("SPFS") for the award presents fairly, in all material respects, revenues earned, costs incurred, items directly procured by the U.S. Government, and all other balances 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 the Colombo Plan's internal controls related to the award, assess control risks, and identify and report on significant deficiencies including material internal control weaknesses.

Audit Objective 3 - Compliance

Perform tests to determine whether the Colombo Plan complied, in all material respects, with the award terms and conditions, and applicable laws and regulations, and identify and report on instances of material noncompliance with terms and conditions 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 the Colombo Plan has taken adequate corrective actions to address prior findings and recommendations 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 includes costs incurred and revenues earned of \$9,130,610, during the period January 1, 2019, through March 31, 2024. The audit was limited to those matters and procedures pertinent

to the awards 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
- Procurement
- 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 the Colombo Plan'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 awards; were incurred within the period covered by the SPFS and in alignment with specified cutoff dates; were appropriately allocated to the awards if the cost benefited multiple objectives; and were adequately supported.

In order to address Audit Objective 2, which relates to the Colombo Plan'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 the Colombo Plan 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 awards. Crowe identified, through review and evaluation of the Letters of Agreement executed by and between the INL and the Colombo Plan, 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 the Colombo Plan'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 terms and conditions of the agreements.

Regarding Audit Objective 4, Crowe inquired of the Colombo Plan, SIGAR, and INL personnel participating in the audit entrance conference to understand whether there were prior audits, reviews, or assessments that were pertinent to the audit scope. Crowe also conducted an independent search of publicly available information to identify audit and review reports. Crowe identified one audit report, which contained ten findings, that could have a material effect on the SPFS or other financial data significant to the audit objectives. After discussions with SIGAR and INL it was determined that there were no findings or recommendations that required additional testing or follow up. For more information see **Section II: Summary Schedule of Prior Audit, Review and Assessment of Finding**.

Summary of Results

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

Crowe issued an unmodified opinion on the SPFS.

Crowe also reported on Colombo Plan's internal controls over financial reporting and compliance with applicable laws, rules, regulations, and the terms and conditions of the agreements. In total, one material weakness and three internal control deficiencies were identified. Four instances of noncompliance were also identified.

We identified \$132,417 in total questioned costs. 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 awards, or applicable laws and regulations; or are unrelated to the awards.

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.

The following summary is intended to present an overview of the audit results and is not intended to be a representation of the audit's results in their entirety.

Schedule of Findings and Questioned Costs

Finding No.	Finding Name	Classification	Questioned Costs (USD)
2024-01	Inadequate Procurement Competition	Material Weakness and Noncompliance	\$126,030
2024-02	Costs Incurred for Unauthorized Activities	Deficiency and Noncompliance	\$4,366
2024-03	Unsupported Employee Time	Deficiency and Noncompliance	\$2,021
2024-04	Required Contract Provisions Not Communicated	Deficiency and Noncompliance	\$0
Total Questioned Costs:			\$132,417

Crowe also requested from the Colombo Plan, SIGAR, and INL copies of prior audits, reviews, and evaluations pertinent to the Colombo Plan's activities under the Awards. We identified one prior audit report contained ten findings that may be direct and material to the special purpose financial statement or other financial data significant to the audit objectives. Crowe performed testing in the current period to determine if the prior audit findings were addressed and we determined that all findings were adequately addressed and not repeated under this audit.

(Continued)

Summary of Management Comments

The Colombo Plan agreed/disagreed with the audit findings. The following contains a summary of management's responses:

1. **Finding 2024-01:** Colombo Plan partially agreed and acknowledged there was no formal competitive process documentation supporting the procurements but argued that the security company and consultant were valid choices based on their prior experience and INL's involvement. No additional information was provided to alter the facts of this finding.
2. **Finding 2024-02:** Colombo Plan partially agreed and acknowledged that documentation pertaining to the flight cancellation reason was not provided but argued the nature of the cost to be allowable. No additional information was provided to alter the facts of this finding.
3. **Finding 2024-03:** Colombo Plan agreed that the documented timesheets were missing, but suggested they can provide alternative evidence of work performed.
4. **Finding 2024-04:** Colombo Plan agreed that the required contract provisions were not included in the contract agreements.

References to Appendices

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

INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT

To the Management of the Colombo Plan
5th Floor, M2M Veranda Offices, No. 24
W.A.D Ramanayake Mawatha, Colombo 02, Sri Lanka

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

Report on the Audit of the Special Purpose Financial Statement

Opinion

We have audited the Special Purpose Financial Statement ("SPFS" or "the Statement") of the Colombo Plan, with respect to the Letter of Agreement award numbers SINLEC17VC0293 supporting the Afghan Ministry of Counter Narcotics ("MCN") Capacity Building Project, and SINLEC17VC0343 supporting the Assistance to Specialized Substance Use Disorders Treatment Facilities in Afghanistan project, funded by the United States Department of State's Assistant Secretary of State for International Narcotics and Law Enforcement ("INL"), which comprises the revenues earned, costs incurred and balance for the period January 1, 2019, through March 31, 2024, 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 the Colombo Plan, for the period January 1, 2019, through March 31, 2024, 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 Letter of Agreement numbers SINLEC17VC0293 and SINLEC17VC0343, 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 the Colombo Plan, 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 of 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, the Statement is prepared by the Colombo Plan using the modified cash accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Further, 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 LOAs. 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 Colombo Plan Letter of Agreement award numbers SINLEC17VC0293 and SINLEC17VC0343. 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 the Colombo Plan'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 the Colombo Plan, INL, 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 U.S.C. 1905 should be considered before any information is released to the public.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated March 26, 2025, on our consideration of the Colombo Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and letter of agreements and other matters. The purpose of those reports 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 the Colombo Plan's 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 the Colombo Plan's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Washington, D.C.
March 26, 2025

The Colombo Plan
Special Purpose Financial Statement
Letter of Agreement Numbers SINLEC17VC0293 and SINLEC17VC0343
For the period January 1, 2019, through March 31, 2024

				Questioned Costs	
	Budget	Actual	Ineligible	Unsupported	Notes
<i>Revenues</i>					
SINLEC17VC0293 (2016-AF-008)	\$ 4,938,397	\$ 1,096,015			
SINLEC17VC0343 (2017-AF-003)	8,034,595	8,034,595			
Total Revenue	12,972,992	9,130,610			4
<i>Costs Incurred</i>					
<i>2016-AF-008</i>					
Personnel	276,600	202,546			
Fringe Benefits	571,047	84,766			
Travel	375,097	55,218	\$3,830		A
Equipment	0	0			
Supplies	31,649	1,753			
Contractual	2,319,002	608,105			
Other Direct Costs	758,533	9,028			
Indirect Costs	606,470	134,598	536		
Subtotal	4,938,397	1,096,015 ⁽¹⁾			
<i>2017-AF-003</i>					
Personnel	515,966	518,972		\$1,773	B
Fringe Benefits	48,502	46,122			
Travel	137,474	135,792			
Equipment	0	0			
Supplies	0	0			
Contractual	6,311,737	6,310,004	110,553		C
Other Direct Costs	34,211	37,000			
Indirect Costs	986,705	986,705	15,477	248	
Subtotal	8,034,595	8,034,595			
Total Costs Incurred	\$ 12,972,992	9,130,610	130,396	2,021	5
<i>Balance</i>		\$ -			6

(1) Due to rounding, there is a \$1 difference between the total costs incurred and the cost per category, in aggregate for 2016-AF-008.

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

The Colombo Plan
Notes to the Special Purpose Financial Statement
Letter of Agreement Numbers SINLEC17VC0293 and SINLEC17VC0343
For the period January 1, 2019, through March 31, 2024

Note 1. Basis of Presentation

The accompanying Special Purpose Financial Statement (the "Statement") includes costs incurred under Letter of Agreement ("LOA") Numbers SINLEC17VC0293 ("2016-AF-008") and SINLEC17VC0343 ("2017-AF-003") for the MCN Institution Building Project and the Assistance to Drug Treatment Centers, respectively, for the period January 01, 2019, through March 31, 2024. Because the Statement presents only a selected portion of the operations of The Colombo Plan (the "Organization"), it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization. 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 LOAs. Therefore, some amounts presented in this Statement may differ from amounts presented in, or used in the preparation of, the basic statement.

Note 2. Basis of Accounting

Revenues and expenditures reported on the Statement are reported using modified cash accounting. Expenditures are recognized following the cost principles contained in LOAs, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Foreign Currency Conversion Method

Transactions in currencies other than the United States Dollar ("USD") were converted to USD for financial reporting purposes under the LOAs. Since all third-party payments, including for transactions in foreign currency, are settled using the USD project bank accounts, the conversion rate used is based on the Colombo Plan bank's daily rate applied when the settlement is made. On the other hand, staff expenses incurred in foreign currencies are reimbursed using the prevailing USD exchange rate of their local bank.

Note 4. Revenues

Revenues on the Statement represent the amount of funds to which The Colombo Plan is entitled to receive from the U.S. Department of State Bureau of International Narcotics and Law Enforcement ("INL") for allowable, eligible costs incurred under the Letters of Agreement during the period of performance.

Note 5. Costs Incurred by Budget Category

The budget categories presented and associated amounts are aggregates of the budget line items presented within the final, approved award budgets adopted as a component of the LOA Numbers SINLEC17VC0293 (2016-AF-008) and SINLEC17VC0343 (2017-AF-003) and the associated modifications.

The detailed line-item budgets within the approved LOAs were summarized into general Federal award budget categories (e.g., Personnel, Fringe Benefits, Travel, and Contractual) used for a uniform and simplified presentation of the budget lines and expenditures. The amounts per budget line item presented on the SPFS are reflective of Colombo Plan's available balance as of the start of the audit period, meaning that actual costs incurred prior to January 2019 are backed out of the total available budget amounts. For the 2016-AF-008, costs incurred prior to January 2019 and backed out of the SPFS budget were \$463,670. For the 2017-AF-003, costs incurred prior to January 2019 and backed out of the SPFS budget were \$3,269,371.

The Colombo Plan
Notes to the Special Purpose Financial Statement
Letter of Agreement Numbers SINLEC17VC0293 and SINLEC17VC0343
For the period January 1, 2019, through March 31, 2024

Note 6. Balance

The balance presented on the Statement represents the difference between revenues earned and costs incurred such that an amount greater than \$0 would reflect that revenues have been earned that exceed the costs incurred or charged to the contract and an amount less than \$0 would indicate that costs have been incurred, but are pending additional evaluation before a final determination of allowability and amount of revenue earned may be made. The difference in the revenue budget against actual relates to funds under Project 2016-AF-008 repurposed to the Afghan Women Leadership Fellowship ("WOLF") project with LOA dated 13 February 2024 and countersigned by Colombo Plan on 22 February 2024. The total amount repurposed from 2016-AF-008 to the WOLF project is USD \$3,370,511, excluding the 14% administrative fee.

Note 7. Currency

All amounts presented are shown in United States Dollars.

Note 8. Implementing Partners

There were no implementing partners for Project 2016-AF-008. For Project 2017-AF-003, the names of implementing partners and costs incurred for each implementing partner during the period are as follows:

Implementing Partner	Costs Incurred (USD)
Ministry of Public Health (former government)	\$2,491,710
	1,884,891
	694,094
	760,522
	177,060
	177,637
Total	\$6,185,914

Note 9. Program Status

Projects 2016-AF-008 and 2017-AF-003 are complete. The period of performance for the awards concluded on February 21, 2024, for 2016-AF-008, which was a day prior to the approval of the repurposing of the remaining funds to another project, and on March 31, 2024, for 2017-AF-003 as provided in the Authorization for Performance Completion Excusable Delay Agreement ("APCEDA") dated August 15, 2023, from INL.

Note 10. Impact of COVID-19 on the MCN Institution Building Project (2016-AF-008) and the Assistance to Drug Treatment Centers (2017-AF-003) Programs

With travel restrictions imposed by all governments during the COVID-19 pandemic, in-person activities were conducted remotely such as online interviewing for advisor recruitment under 2016-AF-008 and online monitoring of treatment centers for 2017-AF-003. Nonetheless, the overall project deliverables and timeline were unaffected. Treatment centers also adopted standard operating procedures for the prevention of COVID-19 at the height of the pandemic.

Note 11. Impact of the regime change in Afghanistan on the MCN Institution Building Project (2016-AF-008) and the Assistance to Drug Treatment Centers (2017-AF-003) Programs

At the height of the Taliban crisis, MCN advisors and treatment center staff, particularly female staff, were advised against visiting their workplaces. However, given the clarification by the de facto government that the health sector is exempted from the ban on female working in offices, services of the implementing partners resumed as usual. Global restrictions on fund transfers to Afghanistan through formal banking channels necessitated the shift of the Organization to informal money service providers as alternative for the transfer of funds to the implementing partners. Colombo Plan received clearance from The Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury for this system.

The Colombo Plan
Notes to the Questioned Cost
Letter of Agreement Numbers SINLEC17VC0293 and SINLEC17VC0343
For the period January 1, 2019, through March 31, 2024

A. Finding 2024-02: Costs Incurred for Unauthorized Activities

Costs Incurred Category	\$ Amount
Other Direct Costs (as reported on SPFS)	\$3,830
Indirect Costs (as reported on SPFS, calculated at the 14% outlined in the LOA)	\$536
Total Questioned Cost Reported in 2024-02	\$4,366

B. Finding 2024-03: Unsupported Employee Time

Costs Incurred Category	\$ Amount
Other Direct Costs (as reported on SPFS)	\$1,773
Indirect Costs (as reported on SPFS, calculated at the 14% outlined in the LOA)	\$248
Total Questioned Cost Reported in 2024-03	\$2,021

C. Finding 2024-01: Inadequate Competitive Procurement Documentation

Costs Incurred Category	\$ Amount
Other Direct Costs (as reported on SPFS)	\$110,553
Indirect Costs (as reported on SPFS, calculated at the 14% outlined in the LOA)	\$15,477
Total Questioned Cost Reported in 2024-01	\$126,030

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Management of the Colombo Plan
5th Floor, M2M Veranda Offices, No. 24
W.A.D Ramanayake Mawatha, Colombo 02, Sri Lanka

To the Office of Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, VA 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 the Colombo Plan, with respect to the Colombo Plan Letter of Agreement award numbers SINLEC17VC0293 supporting the Afghan Ministry of Counter Narcotics ("MCN") Capacity Building Project and SINLEC17VC0343 supporting the Assistance to Specialized Substance Use Disorders Treatment Facilities in Afghanistan project, funded by the United States Department of State's Assistant Secretary of State for International Narcotics and Law Enforcement ("INL"), for the period January 1, 2019, through March 31, 2024, and the related notes to the Statement, and have issued our report thereon dated March 26, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the statement, we considered Colombo Plan'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 Colombo Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of Colombo Plan'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.

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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2024-01 that we consider to be material weakness. Additionally, we identified certain deficiencies in internal control as described in the accompanying Schedule of Finding and Questioned costs as 2024-02, 2024-03 and 2024-04 that we consider to be deficiencies.

(Continued)

The Colombo Plan's Response to Findings


Government Auditing Standards requires the auditor to perform limited procedures on the Colombo Plan's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Colombo Plan's response was not subjected to the other auditing procedures applied in the audit of the Statement and, accordingly, we express no opinion on the response.

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 the Colombo Plan, INL, 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.


Crowe LLP

Washington, D.C.
March 26, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the Management of the Colombo Plan
5th Floor, M2M Veranda Offices, No. 24
W.A.D Ramanayake Mawatha, Colombo 02, Sri Lanka

To the Office of Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, VA 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 the Colombo Plan, with respect to the Colombo Plan Letter of Agreement award numbers SINLEC17VC0293 supporting the Afghan Ministry of Counter Narcotics ("MCN") Capacity Building Project and SINLEC17VC0343 supporting the Assistance to Specialized Substance Use Disorders Treatment Facilities in Afghanistan project, funded by the United States Department of State's Assistant Secretary of State for International Narcotics and Law Enforcement ("INL"), for the period January 1, 2019, through March 31, 2024, and the related notes to the Statement, and have issued our report thereon dated March 26, 2025.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colombo Plan's Statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and letter of agreements, noncompliance with which could have a direct and material effect on the Statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-01, 2024-02, 2024-03, and 2024-04.

Colombo Plan's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Colombo Plan's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Colombo Plan's response was not subjected to the other auditing procedures applied in the audit of the Statement and, accordingly, we express no opinion on the response.

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 the Colombo Plan, INL, 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.

Crowe LLP
Crowe LLP

Washington, D.C.
March 26, 2025

The Colombo Plan
SECTION I: SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Letter of Agreement Numbers SINLEC17VC0293 and SINLEC17VC0343
For the period January 1, 2019, through March 31, 2024

FINDING 2024-01: Inadequate Competitive Procurement Documentation

Material Weakness and Noncompliance

Condition: Crowe noted that for 2 of 18 procurement samples tested, totaling \$110,553, the Colombo Plan did not provide documentation evidencing that competitive bidding was performed, and the correct number of quotations were received, as required by section 12.11 of their 2014 Finance and Procurement Manual. Further, evidence was not provided to support the use of sole source procurement procedures. For the samples in the table below management did not provide documentation evidencing bids or other candidates considered, including copies of any quotes/bids and competitive bid analysis:

Contract Description	Required Procedure	Value
Security Services Contract	3 Quotations	\$74,553
CP DAP Consultant Contract	3 Quotations	\$36,000
Total Direct Costs:		\$110,553

An additional \$15,477 in indirect costs (calculated at 14% program support cost rate established by the LOA) associated with these transactions is questioned as a result of this finding.

Criteria: Section 12.11 Preparing and Issuing a Purchase Order of the Colombo Plan's 2014 Finance and Procurement Manual establishes that all procurement transactions, whether negotiated or advertised, and regardless of dollar value, should be conducted in a manner providing maximum open and free competition. Price Comparisons or cost analysis is performed on all procurements not routinely purchased. Levels of authorization as follows:

Limit	Procedure	Review
Below \$ 100	No Quotation required.(Petty Purchases)	Director/HOF/CAO
\$ 100< \$ 500	One Quotation	Director/HOF/CAO
\$ 500< \$ 1000	Two Quotations	Director/HOF/CAO
\$1000 \$ 50,000	Three Quotations	Director/HOF/CAO
Over \$ 50,000	Tender Procedures	Director/HOF/CAO

Section Overhead Costs of the SINLEC17VC0343 LOA states, *"the funds are inclusive of the required program support cost of 14 percent (11 percent to program support, and 3 percent to the Secretariat)."*

Questioned Costs: \$126,030

Effect: The lack of competitive procurement creates a risk of preferential treatment in vendor selection, reduces transparency in vendor selection process, and impairs INL's ability to verify proper stewardship of funds. This may have resulted in higher costs incurred due to limited competition.

Cause: The Colombo Plan's policies and procedures did not include formal guidance and staff training on how to properly justify sole-source procurements or document emergency procurements when normal competitive processes are not feasible due to unforeseen circumstances.

Recommendation: Crowe recommends that the Colombo Plan:

1. Return questioned costs of \$126,030 to INL or provide documentation supporting the allowability of the costs;

(Continued)

2. Incorporate additional procurement procedures to provide staff guidance on the justifications and documentation needed when procuring goods and services in a manner other than full and open competition; and
3. Provide procurement training to appropriate staff members on the new policies and procedures.

FINDING 2024-02: Costs Incurred for Unauthorized Activities

Deficiency and Non-Compliance

Condition: As part of our allowable cost testing, Crowe identified unauthorized costs incurred under project SINLEC17VC0293 for flight cancellation fees in the amount of \$3,830. Specifically, the flights were purchased for Colombo Plan participant travel to the INL – Afghan Workshop 2018 in Jakarta, Indonesia occurring on December 3rd–6th, 2018.

An additional \$536 in indirect costs (calculated at 14% program support cost rate established by the LOA) associated with this transaction is questioned as a result of this finding.

Criteria: SINLEC17VC0293 and SINLEC17VC0343 Letter of Agreement sections, Limitations on Use of US Funds, states, *“All expenditures paid with funds provided in this letter of agreement must be incurred for authorized activities that take place during this period of performance unless otherwise stipulated.”* Per discussion with Colombo Plan management, authorized activities under the LOAs are those that were included in Colombo Plan’s project proposal attached as an annex to the LOA agreement.

Section Overhead Costs of the SINLEC17VC0293 LOA states, *“the funds are inclusive of the required program support cost of 14 percent (11 percent to program support, and 3 percent to the Secretariat).”*

Questioned Costs: \$4,366

Effect: Charging cancellation fees to the LOA reduced available funding for expressly authorized program activities that could have advanced project objectives and negatively impacted the effectiveness of awarded funds. In addition, the government paid for costs that were unauthorized under the program.

Cause: Colombo Plan has not developed policies and procedures that would assist staff in determining whether a type of expenditure is an allowable cost or would otherwise be considered an authorized activity by the applicable funding agency.

Recommendation: Crowe recommends that the Colombo Plan:

1. Return questioned costs of \$4,366 to INL or provide documentation supporting the allowability of the costs; and
2. Implement policies and procedures that would assist staff in determining whether a type of expenditure is an allowable cost or would otherwise be considered an authorized activity by the applicable funding agency.

FINDING 2024-03: Unsupported Employee Time

Deficiency and Non-Compliance

Condition: For 2 of 20 sampled SINLEC17VC0343 salary transactions totaling \$1,773, the Colombo Plan did not provide and/or maintain employee timesheets to support the salary costs charged to the project, as required by section 7.5.1 and 7.5.2.1 of Colombo Plan's 2014 Finance and Procurement Manual. Management indicated that the timesheets are not accessible as these employees are no longer with the organization. Details on the salary transactions shown within the table below:

Position	Period	Unsupported Amount
Research Officer	May 2019	\$1,285
Program Assistant	November 2019	\$488
Total Direct Costs:		\$1,773

An additional \$248 in indirect costs (calculated at 14% program support cost rate established by the LOA) associated with this transaction is questioned as a result of this finding.

Criteria: Section 7.5.1 General Policies of Colombo Plan's 2014 Finance and Procurement Manual states, *"records should be maintained in respect of each and every employee, showing: 1) Gross salary; 2) Details on all other payments and deductions; 3) Casual, annual and long service leave available taken; and 4) Attendance records."*

Section 7.5.2.1 Flow Chart of Pay Roll Process of the Colombo Plan's 2014 Finance and Procurement Manual requires Colombo Plan staff to maintain *"time attendance records"* documentation.

Section Overhead Costs of the SINLEC17VC0343 LOA states, *"the funds are inclusive of the required program support cost of 14 percent (11 percent to program support, and 3 percent to the Secretariat)."*

SINLEC17VC0293 and SINLEC17VC0343 Letter of Agreement sections, Limitations on Use of US Funds, states, *"All expenditures paid with funds provided in this letter of agreement must be incurred for authorized activities that take place during this period of performance unless otherwise stipulated."* Per discussion with Colombo Plan management, authorized activities under the LOAs are those that were included in Colombo Plan's project proposal attached as an annex to the LOA agreement.

Questioned Costs: \$2,021

Effect: Without required timesheet documentation, neither Colombo Plan nor INL can verify that salary costs charged represent actual time spent on project activities, that labor charges were accurately allocated to the correct LOA, and that the government has not overpaid for labor. The lack of supporting documentation diminishes transparency in project cost reporting under the LOA and impairs INL's ability to validate the appropriate use of funds.

Cause: The policies and procedures do not clearly identify the individual or department responsible for maintaining time records for persons no longer employed by the organization.

Recommendation: Crowe recommends that the Colombo Plan:

1. Return questioned costs of \$2,021 to INL or provide documentation supporting the allowability of the costs; and
2. Implement policies and procedures around employee departures that would help ensure that time records and other documents are properly maintained to verify the accuracy of charges to a funding agency.

FINDING 2024-04: Required Contract Provisions Not Communicated

Deficiency and Non-Compliance

Condition: Crowe selected 11 contracts from SINLEC17VC0343 and 7 contracts from SINLEC17VC0293, for a total sample of 18 procurement samples. Crowe reviewed the contracts and amendments for each of the sampled procurements and noted that provisions related to anti-terrorism, drug-trafficking and/or human rights requirements were not included, as required by the Letters of Agreement.

Criteria: Section, Prohibition Against Using US Funds to Support Terrorism, of LOA numbers SINLEC17VC0293 and SINLEC17VC0343 states, *“the Colombo Plan should take reasonable steps to ensure that all grants and contracts used to carry out this program will include provisions corresponding to terrorism, drug-trafficking, and human rights requirements of this letter.”*

Questioned Costs: \$0

Effect: The lack of required procurement provisions reduces contractor awareness of critical compliance requirements and may impact the effectiveness of anti-terrorism, drug trafficking, and human rights safeguards.

Cause: Insufficient controls around the contract management and administration process leading to managements unawareness of applicable LOA terms and conditions.

Recommendation: Crowe recommends that the Colombo Plan:

1. Review and update all existing contracts to include these required provisions or otherwise make the applicable contractors aware of the LOA's requirements.
2. Implement controls to help ensure that required provisions are included in their contracts and agreements going forward.

The Colombo Plan
SECTION II: SUMMARY SCHEDULE OF PRIOR AUDIT, REVIEW, AND ASSESSMENT FINDINGS
Letter of Agreement Numbers SINLEC17VC0293] and SINLEC17VC0343
For the period January 1, 2019, through March 31, 2024

Crowe also requested from the Colombo Plan, SIGAR, and INL copies of prior audits, reviews, and evaluations pertinent to the Colombo Plan's activities under the awards. We identified one prior audit report which contained ten findings that may be direct and material to the special purpose financial statement or other financial data significant to the audit objectives. Crowe performed testing in the current period to determine if the prior audit findings were addressed and we determined that all findings were adequately addressed and not repeated under this audit.

Appendix A: Views of Responsible Officials

The Colombo Plan provided the following responses to Crowe via email on March 26, 2025, regarding the findings contained in the draft report. The responses have been included herein verbatim and source formatting retained.

FINDING 2024-01: Inadequate Competitive Procurement Documentation

For 2 of 18 procurement samples tested, totaling \$110,553, the Colombo Plan did not provide documentation evidencing that competitive bidding was performed, and the correct number of quotations were received, as required by section 12.11 of their 2014 Finance and Procurement Manual. Further, evidence was not provided to support the use of sole source procurement procedures. Management did not provide documentation evidencing bids or other candidates considered, including copies of any quotes/bids and competitive bid analysis for the noted security services and consultant contracts. An additional \$15,477 in indirect costs (calculated at 14% program support cost rate established by the LOA) associated with these transactions is questioned as a result of this finding. Total questioned costs associated with Finding 2024-01 are \$126,030.

Management Response:

The Security Services Contract in question was with a reputable Canadian private security company with operations in the United States and previously in Afghanistan until the Taliban came to power in August 2021. Given the security environment in Afghanistan at the time the renewal contract was negotiated in May 2021, CP kept to its longtime and trusted service providers. Colombo Plan's former Security Manager had regular consultations with INL on security matters, including on the security service provider selection.

The CPDAP Consultant was also previously recruited as an MCN Advisor via a competitive hiring process, which INL observed and supported. With INL's advice, the Consultant was tapped to provide support as Drug Demand Reduction consultant. CPDAP also consulted with INL for the renewal of the Consultant's contract.

Notes:

We note that this finding was categorized under "ineligible" costs in the summary table on p. 13 of the report. Based on the SIGAR definitions provided for "ineligible" and "unsupported" costs on p.8. our view is that these questioned costs are more aptly in the nature of "unsupported" than "ineligible" costs.

On the recommendations, please also reconsider the following:

1. Return questioned costs of \$126,030 to INL or provide documentation supporting the allowability of the costs;

As Mr. George Buzby of SIGAR mentioned in the exit conference, the first option may not be to return the entire amount but to consider how much the contract price deviated from reasonable market prices.

2. Incorporate additional procurement procedures to provide staff guidance on the justifications and documentation needed when procuring goods and services in a manner other than full and open competition; and

This has been incorporated in the 2023 version of the finance and procurement manual.

FINDING 2024-02: Costs Incurred for Unauthorized Activities

During allowable cost testing, \$3,380 in unauthorized flight cancellation fees were identified under project SINLEC17VC0293 for participant travel to the INL–Afghan Workshop 2018 in Jakarta, Indonesia. An additional \$536 in indirect costs (calculated at 14% program support cost rate established by the LOA) associated with this transaction is questioned as a result of this finding. Total questioned costs associated with Finding 2024-02 are \$4,366.

Management Response:

We understand that costs incurred in good faith are allowable project expenses if they were the result of unforeseen or uncontrollable events beyond Colombo Plan's control and if INL was fully aware of the circumstances. This was a last-minute cancellation of participants to the Afghan meeting in Jakarta in December 2018 based on travel agency documentation for which INL would have certainly been informed as they also participated in the meeting. Unfortunately, since the staff previously in-charge of the coordination was not able to hand over documentation on this, we could not find further information on the reason for the cancellation.

FINDING 2024-03: Unsupported Employee Time

For 2 of 20 sampled SINLEC17VC0343 salary transactions totaling \$1,773, the Colombo Plan did not provide and/or maintain employee timesheets to support the salary costs charged to the project, as required by section 7.5.1 and 7.5.2.1 of Colombo Plan's 2014 Finance and Procurement Manual. Management indicated that the timesheets are not accessible as these employees are no longer with the organization. An additional \$248 in indirect costs (calculated at 14% program support cost rate established by the LOA) associated with this transaction is questioned as a result of this finding. Total questioned costs associated with Finding 2024-03 are \$2,021.

Management Response:

Finding is noted. We can retrieve work outputs of the staff as necessary should INL require alternative documentation of time devoted on the project.

FINDING 2024-04: Required Contract Provisions Not Communicated

Crowe selected 11 contracts from SINLEC17VC0343 and 7 contracts from SINLEC17VC0293, for a total sample of 18 procurement samples. Crowe reviewed the contracts and amendments for each of the sampled procurements and noted that provisions related to anti-terrorism, drug-trafficking and/or human rights requirements were not included, as required by the Letters of Agreement. There are no questioned costs associated with Finding 2024-04.

Management Response:

Finding is noted. We have updated our contract template accordingly

While this provision is not in the contract terms, we work closely with INL in ensuring that our implementing partners and service providers are not involved in terrorism, drug-trafficking and human rights violations. We also use available sanctions search platforms like the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) Control List.

Appendix B: Auditor's Rebuttal

Crowe LLP ("Crowe" or "we" or "us") has reviewed the management responses of the Colombo Plan responses to the draft report audit findings provided to Crowe on March 26, 2025. Crowe incorporates a rebuttal in those instances where management disagrees with the facts presented within the condition or provides additional documentation for review. In those instances where management either agrees with the finding or does not disagree with the facts of the finding, as presented, no rebuttal is provided. As management did not disagree with the facts of findings 2024-02, 2024-03, and 2024-04, Crowe did not write rebuttals. Management did not disagree with the facts of finding 2024-01 but disagreed with the classification of questioned costs. Our rebuttal for finding 2024-01 is included below.

FINDING 2024-01: Inadequate Competitive Procurement Documentation

Rebuttal to Management Response

Management did not disagree with the facts of Finding 2024-01 but disagreed with the classification of questioned costs as "ineligible" and on the amount of funds to be returned to INL as a result of the finding. As stated in the LOA's under audit, the funds and activities financed therefrom shall be administered by Colombo Plan in accordance with the applicable Colombo Plan regulations, rules, and directives. In the context of this audit, ineligible costs are considered those that do not comply with the terms, conditions, or internal policies governing the use of LOA funds, regardless of whether documentation exists to support that the expenditure occurred. This is separate from unsupported costs, which refers to costs that are not supported by sufficient documentation to demonstrate that the cost was incurred or properly recorded.

In this case, while the costs in question were supported by documentation showing they were incurred and charged to the program, they did not comply with the procurement requirements established by Colombo Plan's 2014 Finance and Procurement Manual, specifically the requirement to obtain competitive quotations for the procurement of services. Accordingly, Crowe treated deviations from Colombo Plan's policies and procedures as both a control and compliance issue and determined that the classification of the questioned costs should be ineligible. Regarding the amount of questioned costs we note that determining how much the contract price deviates from reasonable market prices should be determined by Colombo Plan and INL during the audit resolution and repayment process.

SIGAR's Mission

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

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

Obtaining Copies of SIGAR Reports and Testimonies

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

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

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

- Web: www.sigar.mil/fraud
- Email: sigar.pentagon.inv.mbx.hotline@mail.mil
- Phone International: +1-866-329-8893
- 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