

# SIGAR

**Special Inspector General  
for Afghanistan  
Reconstruction**

**SIGAR 21-24 Financial Audit**

## USAID's Commercial Horticulture and Agricultural Marketing Program in Afghanistan: Audit of Costs Incurred by Roots of Peace



MARCH  
2021

# SIGAR

## Special Inspector General for Afghanistan Reconstruction

### WHAT THE AUDIT REVIEWED

On February 1, 2010, the U.S. Agency for International Development (USAID) awarded Roots of Peace (RoP) a \$30,420,241 cooperative agreement to support the Commercial Horticulture and Agricultural Marketing program (CHAMP), which was designed to increase Afghan farmers' productivity by creating jobs, opening new markets, and mainstreaming new agricultural practices. The cooperative agreement required RoP to share or match \$4,491,941 of the program costs, and its initial period of performance was from February 1, 2010, through January 31, 2014. After 28 modifications, the end date changed to January 31, 2020, funding increased to \$71,292,850, and RoP's cost share requirement increased to \$12,259,953.

SIGAR's financial audit, performed by Davis Farr LLP (Davis Farr), reviewed \$11,269,988 of total costs incurred and \$3,402,183 in incurred cost share expenses from January 1, 2019, through January 31, 2020. The objectives of the audit were to (1) identify and report on material weaknesses or significant deficiencies in RoP's internal controls related to the cooperative agreement; (2) identify and report on instances of material noncompliance with the terms of the cooperative agreement and applicable laws and regulations, including any potential fraud or abuse; (3) determine and report on whether RoP has taken corrective action on prior findings and recommendations; and (4) express an opinion on the fair presentation of RoP's Special Purpose Financial Statement (SPFS). See Davis Farr'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 audit work performed. Accordingly, SIGAR oversaw the audit and reviewed its results. Our review disclosed no instances where Davis Farr did not comply, in all material respects, with U.S. generally accepted government auditing standards.

March 2021

### USAID's Commercial Horticulture and Agricultural Marketing Program in Afghanistan: Audit of Costs Incurred by Roots of Peace

SIGAR 21-24-FA

### WHAT SIGAR FOUND

Davis Farr found two significant deficiencies in RoP's internal controls and two instances of noncompliance with the terms of the agreement. For example, the auditors found that RoP charged USAID for salary and overhead expenses that were not related to the program.

Because of the significant deficiencies in internal controls and instances of noncompliance, Davis Farr identified a total of \$27,963 in questioned costs. The questioned costs consisted entirely of ineligible costs—costs prohibited by the contract, applicable laws, or regulations. The auditors did not identify any unsupported costs—costs not supported with adequate documentation or that did not have required prior approval.

Category	Ineligible	Unsupported	Total Questioned Costs
Salary Costs Not Related to CHAMP	\$22,428	\$0	\$22,428
Overhead Costs Not Related to CHAMP	\$5,535	\$0	\$5,535
<b>Total Costs</b>	<b>\$27,963</b>	<b>\$0</b>	<b>\$27,963</b>

Davis Farr identified one previous audit report with three findings that could have a material impact on the SPFS, and concluded that RoP took adequate corrective action on two. In the third finding, RoP incorrectly charged an employee bonus to CHAMP when it should have been charged to a different federal program. The auditors concluded that RoP did not implement corrective action for this finding.

Davis Farr issued an unmodified opinion on RoP's SPFS, noting that it presents fairly, in all material respects, the 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 USAID:

- 1. Determine the allowability of and recover, as appropriate, \$27,963 in questioned costs identified in the report.**
- 2. Advise RoP to address the report's two internal control findings.**
- 3. Advise RoP to address the report's two noncompliance findings.**



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

March 10, 2021

Ms. Gloria D. Steele  
Acting Administrator, U.S. Agency for International Development

Dr. Tina Dooley-Jones  
USAID Mission Director for Afghanistan

We contracted with Davis Farr LLC (Davis Farr) to audit the costs incurred by Roots of Peace (RoP) under a cooperative agreement supporting the U.S. Agency for International Development's (USAID) Commercial Horticulture and Agricultural Marketing Program (CHAMP) in Afghanistan.<sup>1</sup> Under the agreement, RoP supported CHAMP's goals of increasing Afghan farmers' productivity by creating jobs, opening new markets, and mainstreaming new agricultural practices. Davis Farr's audit covered \$11,269,988 of total costs incurred and \$3,402,183 in RoP's required cost share from January 1, 2019, through January 31, 2020. Our contract with Davis Farr required that the audit be performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

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

- 1. Determine the allowability of and recover, as appropriate, \$27,963 in questioned costs identified in the report.**
- 2. Advise RoP to address the report's two internal control findings.**
- 3. Advise RoP to address the report's two noncompliance findings.**

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

We are requesting documentation related to corrective actions taken and target dates for completion for the recommendations. Please provide this information to [sigar.pentagon.audits.mbx.recommendation-followup@mail.mil](mailto:sigar.pentagon.audits.mbx.recommendation-followup@mail.mil) within 60 days from the issue date of this report.

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

(F-186)

<sup>1</sup> The cooperative agreement number is 306-A-00-10-00512.

ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement No. 306-A-00-10-00512  
Commercial Horticulture and Agriculture  
Marketing Program (CHAMP)

For the Period January 1, 2019 through January 31, 2020

# ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement 306-A-00-10-00512  
Commercial Horticulture and Agriculture Marketing Program (CHAMP)

For the Period January 1, 2019 through January 31, 2020

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February 7, 2021

Enclosed is the final report on the financial audit of costs incurred by Roots of Peace (RoP) under Cooperative Agreement No. 306-A-00-10-00512 with the United States Agency for International Development (USAID) for the Commercial Horticulture and Agriculture Marketing Program (CHAMP). The audit covers the period January 1, 2019 through January 31, 2020.

Included within the final report is a summary of the work performed, our report on the Special Purpose Financial Statement, report on internal control and report on compliance. We do not express an opinion on the summary or any information preceding our reports.

When preparing our report, we considered comments, feedback and interpretations from the RoP, the Special Inspector General for Afghanistan Reconstruction and USAID. Management of RoP has prepared responses to the findings identified during our audit and those responses are included as part of this report. The responses have not been audited and we express no opinion on them.

Sincerely,

DAVIS FARR LLP



Marcus D. Davis, CPA  
Partner

# ROOTS OF PEACE

## Financial Audit of Costs Incurred Under Cooperative Agreement 306-A-00-10-00512 Commercial Horticulture and Agriculture Marketing Program (CHAMP)

For the Period January 1, 2019 through January 31, 2020

### Background

On February 1, 2010, the United States Agency for International Development (USAID) awarded Cooperative Agreement No. 306-A-00-10-00512 (Cooperative Agreement) to Roots of Peace (RoP) **in support of USAID's Commercial Horticulture and Agriculture Marketing Program (CHAMP). The purpose of CHAMP is to stimulate growth in Afghanistan's agricultural sector, create jobs, improve livelihoods and boost the economy.** To achieve this purpose, CHAMP had the following six sub-purposes:

- 1) Strengthen the capacity of Afghan packaging manufacturers;
- 2) Improve the skills of exporters in business administration and finance;
- 3) Establish an Agricultural Export Knowledge Management Unit that will disseminate reliable data on agricultural exports;
- 4) Promote investment in cold storage and pack house facilities;
- 5) Expand quality standards certification; and
- 6) Support freight and logistics facilitation to promote agricultural trade.

**RoP's activities under CHAMP initially involved establishing 7,865 hectares of new orchards in existing annual crop areas and upgrading vineyards in the southern region with 1,330 hectares of trellising.** In June 2012, the program was expanded to include commercialization of high value crops through activities such as marketing and post-harvest processing.

The Cooperative Agreement was awarded in the original amount of \$30,420,241 and required \$4,491,941 in recipient cost share/matching. The Cooperative Agreement was awarded with an original period of performance of four years, from February 1, 2010 through January 31, 2014. After 28 modifications, the Cooperative Agreement amount was increased to \$71,292,850 and required \$12,259,953 in recipient cost share/matching, and the period of performance was extended to January 31, 2020.

Our audit procedures reviewed \$11,269,988 of total costs incurred and \$3,402,183 in recipient cost share/matching for the period January 1, 2019 through January 31, 2020.

### Work Performed

Davis Farr LLP (Davis Farr) was engaged by the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) to conduct a financial audit of RoP's Special Purpose Financial Statement (SPFS) for the period January 1, 2019 through January 31, 2020. The total costs reported by RoP were \$11,269,988 plus \$3,402,183 in recipient cost share/matching.

### Objectives, Scope, and Methodology

#### Objectives Defined by SIGAR

The objectives of the audit include the following:

## ROOTS OF PEACE

### Financial Audit of Costs Incurred Under Cooperative Agreement 306-A-00-10-00512 Commercial Horticulture and Agriculture Marketing Program (CHAMP)

For the Period January 1, 2019 through January 31, 2020

- *Special Purpose Financial Statement (SPFS)* – Express an opinion as to whether RoP’s **SPFS** for the Cooperative Agreement 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 Cooperative Agreement and generally accepted accounting principles or other comprehensive basis of accounting.
- *Internal Controls* – Evaluate and obtain a sufficient understanding of RoP’s **internal control** related to the Cooperative Agreement; assess control risk; and identify and report on significant deficiencies including material internal control weaknesses.
- *Compliance* – Perform tests to determine whether RoP complied, in all material respects, with the Cooperative Agreement 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.
- *Corrective Action on Prior Findings and Recommendations* – Determine and report on whether RoP has taken adequate corrective action to address findings and recommendations from previous engagements that could have a material effect on the SPFS or other financial data significant to the audit objectives.

#### Scope

The scope of this audit included \$11,269,988 of total costs incurred and \$3,402,183 in recipient cost share/matching for the period January 1, 2019 through January 31, 2020. The period of performance of the Cooperative Agreement is complete. Our testing of the RoP overhead was limited to verifying that the rates were calculated using the rates identified in the Negotiated Indirect Cost Rate Agreement (NICRA) approved by USAID.

#### Methodology

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

#### Entrance Conference

An entrance conference was held via conference call on May 6, 2020. Participants included representatives of Davis Farr, RoP, SIGAR and USAID.

#### Planning

During our planning phase, we performed the following:

- Obtained an understanding of USAID and RoP;
- Reviewed the Cooperative Agreement and all modifications to date;
- Reviewed regulations specific to USAID that are applicable to the Cooperative Agreement;

## ROOTS OF PEACE

### Financial Audit of Costs Incurred Under Cooperative Agreement 306-A-00-10-00512 Commercial Horticulture and Agriculture Marketing Program (CHAMP)

For the Period January 1, 2019 through January 31, 2020

- Performed a financial reconciliation; and
- Selected samples based on our approved sampling techniques. According to the approved Audit Plan, we used the detailed accounting records that were reconciled to the financial reports, and based upon the risk assessment and materiality included as part of the approved Audit Plan, we performed data mining to assess individual expenditure accounts and transactions that were considered to be high, moderate or low risk for inclusion in our test of transactions. All samples were selected on a judgmental basis. Our sampling methodology was as follows:
  - For accounts that appeared to contain unallowable and restricted items according to the terms of the Cooperative Agreement, 2 CFR 200 and any other applicable regulations, we focused on sampling transactions with the accounts to determine allowability.
  - For high risk cost categories, we sampled individual transactions greater than \$56,200, and additional transactions below \$56,200 to ensure that at least 50% of the total amount expended for each cost category was sampled.
  - For moderate risk categories, we sampled transactions greater than \$112,400, and additional transactions below \$112,400 to ensure that at least 20% of the total amount expended for each cost category was sampled.
  - For low risk categories, we sampled transactions to ensure that at least 10% of the total amount expended is tested for each cost category. No sample was selected for RoP overhead as we tested the proper application of indirect cost rates. This included reviewing **the NICRA to ensure that RoP's indirect costs did not exceed the approved rates.**

#### Internal Control Related to the SPFS

We reviewed RoP's internal control related to the SPFS. The system of internal control is intended to provide reasonable assurance of achieving reliable financial reporting and compliance with applicable laws and regulations. We corroborated internal control identified by RoP and conducted testing of select key controls to understand if they were implemented as designed and operating effectively.

#### Compliance with Cooperative Agreement Requirements and Applicable Laws and Regulations

We reviewed the Cooperative Agreement and all the modifications to it and we documented all compliance requirements that could have a direct and material effect on the SPFS. We assessed inherent and control risk as to whether material noncompliance could occur. Based upon our risk assessment, we designed procedures to test a sample of transactions to ensure compliance with the Cooperative Agreement requirements and laws and regulations.

# ROOTS OF PEACE

## Financial Audit of Costs Incurred Under Cooperative Agreement 306-A-00-10-00512 Commercial Horticulture and Agriculture Marketing Program (CHAMP)

For the Period January 1, 2019 through January 31, 2020

### Corrective Action on Prior Findings and Recommendations

We reached out to SIGAR, RoP and USAID and requested all reports from previous engagements, as well as searched publicly available information for other reports, in order to evaluate the adequacy of corrective actions taken on findings and recommendations that could have a material effect on the SPFS. See the Review of Prior Findings and Recommendations subsection of this Summary for this analysis.

### Special Purpose Financial Statements

In reviewing the SPFS, we performed the following:

- Reconciled the costs on the SPFS to the Cooperative Agreement, modifications and general ledger;
- Traced receipt of funds to the accounting records; and
- Sampled and tested the costs incurred to ensure the costs were allowable, allocable to the Cooperative Agreement and reasonable. If the results of a judgmental sample indicated a material error rate, our audit team consulted with our Audit Manager and Partner as to whether the sample size should be expanded. If it appeared that based upon the results of the judgmental sample, an entire account was deemed not allowable, we did not expand our testing, but instead questioned the entire account.

### Exit Conference

An exit conference was held on October 14, 2020 via conference call. Participants included representatives from Davis Farr, RoP, SIGAR and USAID. During the exit conference, we discussed the preliminary results of the audit and established a timeline for providing any final documentation for consideration and reporting.

### Summary of Results

Our audit of the costs incurred by RoP under the Cooperative Agreement with USAID identified the following matters. Findings are classified as either internal control, noncompliance, or a combination of internal control and noncompliance.

### Auditor's Opinion on SPFS

We issued an unmodified opinion on the fairness of the presentation of the SPFS. We also identified \$27,963 of ineligible questioned costs under the Cooperative Agreement. There are two categories of questioned costs, ineligible and unsupported. Ineligible costs are those costs that are explicitly questioned because they are unreasonable, prohibited by the Cooperative Agreement, prohibited by applicable laws and regulations, or not Cooperative Agreement related. Unsupported costs are not supported with adequate documentation or did not have required prior approvals or authorizations. A summary of findings and questioned costs is described in the next section.

## ROOTS OF PEACE

### Financial Audit of Costs Incurred Under Cooperative Agreement 306-A-00-10-00512 Commercial Horticulture and Agriculture Marketing Program (CHAMP)

For the Period January 1, 2019 through January 31, 2020

#### Summary of Findings and Questioned Costs

Finding Number	Nature of Finding	Matter	Questioned Costs	Total Cumulative Questioned Costs
2020-01	Internal control – significant deficiency Noncompliance	Costs not related to CHAMP charged to Program	\$27,963	\$27,963
2020-02	Internal control – significant deficiency Noncompliance	Recipient cost share/ matching incurred outside of SPFS period	\$0	\$27,963

#### Internal Control Findings

As part of obtaining reasonable assurance about whether the SPFS is free from material misstatement, we considered RoP’s **internal control over financial reporting and performed tests of** those controls. The results of our tests disclosed two internal control weaknesses required to be reported under *Government Auditing Standards*. **See Independent Auditor’s Report on Internal Control** on page 14.

#### Compliance Findings

As part of obtaining reasonable assurance about whether the SPFS is free from material misstatement, we performed tests of its compliance with certain provisions of the Cooperative Agreement and other laws and regulations, noncompliance with which could have a direct and material effect on the determination of the SPFS. The results of our tests disclosed two instances of **noncompliance related to this audit**. **See Independent Auditor’s Report on Compliance on page 16**.

In performing our testing, we considered whether the information obtained during our testing resulted in either detected or suspected material fraud, waste, or abuse, which would be subject to reporting under *Government Auditing Standards*. Evidence of such items was not identified by our testing.

#### Review of Prior Findings and Recommendations

We requested from RoP, SIGAR and USAID copies of any prior engagements including audits, reviews, attestation engagements and other studies that relate to RoP’s **activities under the Cooperative Agreement**. Based upon this request, we identified one engagement with prior findings and recommendations, Audit Report: SIGAR 17-39 **Financial Audit “USAID’s Commercial Horticulture and Agriculture Marketing Program: Audit of Costs Incurred by Roots of Peace”** for the period January 1, 2015 through December 31, 2015, which was conducted by Mayer Hoffman McCann PC on behalf of SIGAR, and issued by SIGAR on April 19, 2017. This financial audit report contained three findings

## ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement 306-A-00-10-00512  
Commercial Horticulture and Agriculture Marketing Program (CHAMP)

For the Period January 1, 2019 through January 31, 2020

and we reviewed all three of them. We performed follow-up procedures, tested transactions and reviewed documentation to determine if these issues occurred under our audit. Accordingly, we have concluded that RoP has taken adequate corrective action on two of the three prior findings. See the Status of Prior Findings on page 22 for a detailed description of the prior findings and recommendations.

### Summary of RoP's Responses

The following represents a summary of the responses provided by RoP to the findings identified in this report. The complete responses received can be found in Appendix A to this report.

- Finding Number 2020-01: RoP agreed with this finding and indicated that the amount should be repaid.
- Finding Number 2020-02: RoP agreed with this finding indicating that it was technically correct. It offered explanation as to its in-kind contribution process.

### References to Appendices

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

INDEPENDENT AUDITOR'S REPORT  
ON SPECIAL PURPOSE FINANCIAL STATEMENT

Roots of Peace  
4000 Civic Center Drive, Suite 330  
San Rafael, California 94903

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

Report on the Special Purpose Financial Statement

We have audited the accompanying Special Purpose Financial Statement of Roots of Peace (RoP) under Cooperative Agreement No. 306-A-00-10-00512 (Cooperative Agreement) with the United States Agency for International Development (USAID) for the Commercial Horticulture and Agriculture Marketing Program (CHAMP) for the period January 1, 2019 through January 31, 2020, and the related notes to the Special Purpose Financial Statement.

*Management's Responsibility for the Special Purpose Financial Statement*

Management is responsible for the preparation and fair presentation of the Special Purpose Financial Statement in accordance with the methods of preparation described in Note 2; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements (including the Special Purpose Financial Statement) that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the Special Purpose Financial Statement based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Special Purpose Financial Statement is free from material misstatement.

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

Roots of Peace  
4000 Civic Center Drive, Suite 330  
San Rafael, California 94903

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

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such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Special Purpose Financial Statement.

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

### *Opinion*

In our opinion, the Special Purpose Financial Statement referred to above presents fairly, in all material respects, the respective revenue received and costs incurred by RoP under the Cooperative Agreement for the period January 1, 2019 through January 31, 2020 in accordance with the basis of accounting described in Note 2.

### *Restriction on Use*

This report is intended for the information of RoP, USAID, and the Special Inspector General for Afghanistan Reconstruction (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 USC 1905 should be considered before any information is released to the public. However, subject to applicable laws, this report may be released to Congress and to the public by SIGAR in order to provide information about programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated February 7, 2021 on our consideration of RoP'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 those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RoP's internal control over financial reporting and compliance.

*Dawn Furr LLP*

Irvine, California  
February 7, 2021

ROOTS OF PEACE  
 Cooperative Agreement No. 360-A-00-10-0512  
 Commercial Horticulture and Agriculture Marketing Program (CHAMP)

Special Purpose Financial Statement

For the Period January 1, 2019 through January 31, 2020

	Budget	Actual	Questioned Costs			Notes
			Ineligible	Unsupported	Total	
Revenues:						
306-A-00-10-00512	\$ 11,646,688	\$ 11,269,988	\$ -	\$ -	\$ -	(3)
Total revenues	<u>11,646,688</u>	<u>11,269,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Costs incurred:						
Salaries	2,785,267	2,967,792	(22,428)	-	(22,428)	(A)
Fringe benefits	210,293	1,141,584	-	-	-	
Allowances	837,375	778,146	-	-	-	
Travel and per Diem	338,970	414,330	-	-	-	
Program inputs and supplies	3,271,976	2,602,534	-	-	-	
Other direct costs	863,923	912,045	-	-	-	
Equipment, vehicles and freight	17,170	10,103	-	-	-	
Subcontractors	122,000	60,049	-	-	-	
RoP overhead	<u>3,199,714</u>	<u>2,383,405</u>	<u>(5,535)</u>	<u>-</u>	<u>(5,535)</u>	(4),(B)
Total costs incurred	<u>11,646,688</u>	<u>11,269,988</u>	<u>(27,963)</u>	<u>-</u>	<u>(27,963)</u>	
Outstanding fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(5),(C)
Recipient cost share/matching	<u>\$ 2,047,383</u>	<u>\$ 3,402,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(6),(D)

See Notes to Special Purpose Financial Statement  
 and Notes to Questioned Costs Presented on the Special Purpose Financial Statement

# ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement 306-A-00-10-00512  
Commercial Horticulture and Agriculture Marketing Program (CHAMP)

Notes to Special Purpose Financial Statement<sup>1</sup>

For the Period January 1, 2019 through January 31, 2020

(1) Background

On February 1, 2010, the United States Agency for International Development (USAID) awarded Cooperative Agreement No. 306-A-00-10-00512 (Cooperative Agreement) to Roots of Peace (RoP) in support of USAID's Commercial Horticulture and Agriculture Marketing Program (CHAMP). The purpose of CHAMP is to stimulate growth in Afghanistan's agricultural sector, create jobs, improve livelihoods and boost the economy. To achieve this purpose, CHAMP had the following six sub-purposes:

- 1) Strengthen the capacity of Afghan packaging manufacturers;
- 2) Improve the skills of exporters in business administration and finance;
- 3) Establish an Agricultural Export Knowledge Management Unit that will disseminate reliable data on agricultural exports;
- 4) Promote investment in cold storage and pack house facilities;
- 5) Expand quality standards certification; and
- 6) Support freight and logistics facilitation to promote agricultural trade.

RoP's activities under CHAMP initially involved establishing 7,865 hectares of new orchards in existing annual crop areas and upgrading vineyards in the southern region with 1,330 hectares of trellising. In June 2012, the program was expanded to include commercialization of high value crops through activities such as marketing and post-harvest processing.

The Cooperative Agreement was awarded in the original amount of \$30,420,241 and required \$4,491,941 in cost-sharing. The Cooperative Agreement was awarded with an original period of performance of four years, from February 1, 2010 through January 31, 2014. After 28 modifications, the Cooperative Agreement amount was increased to \$71,292,850 and required \$12,259,953 in cost-sharing, and the period of performance was extended to January 31, 2020.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Special Purpose Financial Statement (SPFS) includes costs incurred for CHAMP for the period January 1, 2019 through January 31, 2020. Because the SPFS presents only a selected portion of the operations of RoP, it is not intended to and does not present the financial position, changes in financial position, or cash flows of RoP. The information in the SPFS is presented in accordance with the requirements specified by the Special Inspector General for Afghanistan Reconstruction (SIGAR), accounting principles generally accepted in the United States of America, and is specific to the Cooperative Agreement.

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<sup>1</sup> The Notes to the Special Purpose Financial Statement with a numeric identifier are the responsibility of RoP.

ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement 306-A-00-10-00512  
Commercial Horticulture and Agriculture Marketing Program (CHAMP)

Notes to Special Purpose Financial Statement

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Expenses reported on the SPFS are required to be presented in accordance with accounting principles generally accepted in the United States of America and, therefore, are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the cost principles of 2 CFR 200, Subpart E, *Cost Principles*.

Currency

All amounts presented are shown in U.S. dollars, the reporting currency of RoP. RoP converts its expenses that were paid in Afghanis (local currency) into U.S. dollars (reporting currency) by applying the weighted average monthly rate based upon the bank rates used to transfer funds between U.S. dollars and Afghanis.

(3) Revenue

As of January 31, 2020, RoP has reported \$11,269,988 in revenue. This revenue equals the total costs incurred and invoiced to USAID under the Cooperative Agreement for the period January 1, 2019 through January 31, 2020.

(4) RoP Overhead

RoP's overhead was reviewed and approved by USAID in a Negotiated Indirect Cost Rate Agreement (NICRA) dated January 29, 2020. The following provisional indirect cost rates were applicable to the Cooperative Agreement:

<u>Effective Period</u>	Fringe Benefits U.S. Home/ <u>Expatriate (a)</u>	Fringe Benefits <u>TCN Staff (b)</u>	<u>Overhead (c)</u>
1/1/19 until amended	34.10%	4.55%	24.68%

Base of Application:

- (a) Total Home Office and U.S. Expatriate labor dollars.
- (b) Total Third Country National (TCN) Expatriate professional field labor dollars.
- (c) Total direct costs excluding overhead, subcontracts, sub-agreements, and sub-grants over \$25,000 per award.

## ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement 306-A-00-10-00512  
Commercial Horticulture and Agriculture Marketing Program (CHAMP)

Notes to Special Purpose Financial Statement

(Continued)

(5) Outstanding Fund Balance

As of January 31, 2020, there was no outstanding fund balance under the Cooperative Agreement as the SPFS is prepared under the accrual basis of accounting described in Note 2.

(6) Recipient Cost Share/Matching

For the period January 1, 2019 through January 31, 2020, RoP reported recipient cost share/matching in the amount of \$3,402,183. The Cooperative Agreement required a total of \$12,259,953 in recipient cost share/matching over the entire period of performance. RoP incurred \$13,614,753 in recipient cost share/matching expenses over the life of the Cooperative Agreement.

(7) Subsequent Events

RoP has evaluated subsequent events through February 7, 2021, which is the date the SPFS was available to be issued. There were no events subsequent to this date that would impact the SPFS.

# ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement 306-A-00-10-00512  
Commercial Horticulture and Agriculture Marketing Program (CHAMP)

Notes to Questioned Costs Presented on the Special Purpose Financial Statement<sup>2</sup>

For the Period January 1, 2019 through January 31, 2020

There are two categories of questioned costs, ineligible and unsupported. Ineligible costs are those costs that are explicitly questioned because they are unreasonable, prohibited by the Cooperative Agreement, prohibited by applicable laws and regulations, or not Cooperative Agreement related. Unsupported costs are not supported with adequate documentation or did not have required prior approvals or authorizations.

(A) Salaries

RoP reported salaries costs in the amount of \$2,967,792 for the period January 1, 2019 through January 31, 2020. During our audit of these costs, we identified \$22,428 of ineligible costs included on the SPFS that were not related to CHAMP. See Finding No. 2020-01.

(B) RoP Overhead

RoP reported RoP overhead in the amount of \$2,383,405 for the period January 1, 2019 through January 31, 2020. The indirect cost rates described in Note 4 of the Notes to Special Purpose Financial Statement were applied to the associated questioned costs identified in Note A, which resulted in questioned (ineligible) RoP overhead of \$5,535.

(C) Outstanding Fund Balance

The total outstanding fund balance as of January 31, 2020 in the amount of \$(27,963) represents the total questioned ineligible costs of \$27,963.

(D) Recipient Cost Share/Matching

RoP reported recipient cost share/matching costs in the amount of \$3,402,183 for the period January 1, 2019 through January 31, 2020. During our audit of these costs, we identified \$180,759 of in-kind contributions that were incurred prior to January 1, 2019. See Finding No. 2020-02.

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<sup>2</sup> The Notes to Questioned Costs presented on the Special Purpose Financial Statement with an alphabetical identifier were prepared by Davis Farr LLP for information purposes only and as such are not a part of the audited Special Purpose Financial Statement.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF THE SPECIAL PURPOSE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Roots of Peace  
4000 Civic Center Drive, Suite 330  
San Rafael, California 94903

Office of the Special Inspector 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 of Roots of Peace (RoP) under Cooperative Agreement No. 360-A-00-10-0512 (Cooperative Agreement) with the United States Agency for International Development (USAID) for the Commercial Horticultural and Agricultural Marketing Program (CHAMP) for the period January 1, 2019 through January 31, 2020, and the related notes to the Special Purpose Financial Statement, and have issued our report thereon dated February 7, 2021.

#### Internal Control over Financial Reporting

In planning and performing our audit of the Special Purpose Financial Statement, we considered RoP's internal control over financial reporting (internal control) to determine the audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the Special Purpose Financial Statement, but not for the purpose of expressing an opinion on the effectiveness of RoP's internal control. **Accordingly, we do not express an opinion on the effectiveness of RoP'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 financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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4000 Civic Center Drive, Suite 330  
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Office of the Special Inspector General for Afghanistan Reconstruction  
2530 Crystal Drive  
Arlington, Virginia 22202

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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 have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify two deficiencies in internal control, described in the accompanying Detailed Audit Findings as Finding Numbers 2020-01 and 2020-02 that we consider to be significant deficiencies.

### RoP's Response to Findings

RoP's response to the findings identified in our audit is included verbatim in Appendix A. RoP's response was not subjected to the auditing procedures applied in the audit of the Special Purpose Financial Statement and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the result 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.

This report is intended for the information of RoP, USAID, and the Special Inspector General for Afghanistan Reconstruction (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. However, subject to applicable laws, this report may be released to Congress and to the public by SIGAR in order to provide information about programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

*Dawn Furr LLP*

Irvine, California  
February 7, 2021

REPORT ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF THE SPECIAL PURPOSE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Roots of Peace  
4000 Civic Center Drive, Suite 330  
San Rafael, California 94903

Office of the Special Inspector 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 of Roots of Peace (RoP) under Cooperative Agreement No. 360-A-00-10-0512 (Cooperative Agreement) with the United States Agency for International Development (USAID) for the Commercial Horticultural and Agricultural Marketing Program (CHAMP) for the period January 1, 2019 through January 31, 2020, and the related notes to the Special Purpose Financial Statement, and have issued our report thereon dated February 7, 2021.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether RoP's **Special Purpose Financial Statement** is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and the aforementioned Cooperative Agreement, noncompliance with which could have a direct and material effect on the determination of Special Purpose Financial Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. As we performed our testing, we considered whether the information obtained during our testing indicated the possibility of fraud or abuse. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Detailed Audit Findings as Finding Numbers 2020-01 and 2020-02.

Roots of Peace  
4000 Civic Center Drive, Suite 330  
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Office of the Special Inspector General for Afghanistan Reconstruction  
2530 Crystal Drive  
Arlington, Virginia 22202

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### RoP's Response to Findings

RoP's response to the findings identified in our audit is included verbatim in Appendix A. RoP's response was not subjected to the auditing procedures applied in the audit of the Special Purpose Financial Statement and, accordingly, we express no opinion on it.

### Purpose of this Report

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

This report is intended for the information of RoP, USAID, and the Special Inspector General for Afghanistan Reconstruction (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. However, subject to applicable laws, this report may be released to Congress and to the public by SIGAR in order to provide information about programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

*Dawn Funn LLP*

Irvine, California  
February 7, 2021

# ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement 306-A-00-10-00512  
Commercial Horticulture and Agriculture Marketing Program (CHAMP)

## Detailed Audit Findings

For the Period January 1, 2019 through January 31, 2020

### Finding 2020-01: Costs Not Related to CHAMP Charged to Program

#### Nature of Finding:

Internal control – significant deficiency  
Noncompliance

#### Condition:

RoP reported salaries costs of \$2,967,792 for the period January 1, 2019 through January 31, 2020. We tested 66 out of 893 salaries transactions totaling \$1,485,271 and noted that RoP incorrectly charged CHAMP for one out of the 66 salary expense transactions tested in the amount of \$22,248. This payment was not specifically related to CHAMP and instead should have been charged to RoP's general and administrative expense account, from which the organization-wide overhead rate is calculated.

#### Cause:

The payroll expense was incorrectly entered into **ROP's accounting** system because of a clerical error and the error was not detected because of a lack of adequate payroll procedure review.

#### Criteria:

2 CFR 200.405, *Allocable costs*, states, in part:

**"(a)** A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

(1) **Is incurred specifically for the Federal award...**"

RoP's Finance and Accounting Procedure Manual dated May 1, 2018, states, in part:

**"... Payroll Procedure...**

Finance Manager prepares payroll spreadsheet summarizing the compensation, allowances, deductions and reimbursements for each employee and enters their data into Payroll Worksheet. A draft report from the payroll worksheet, along with the payroll supporting documents is provided to Deputy Finance Director and Finance Director for review. Finance Director finalizes review of payroll and returns package to Finance Manager. Finance Manager then obtains COP approval and emails the payroll and request for transfer to the respective bank..."

# ROOTS OF PEACE

## Financial Audit of Costs Incurred Under Cooperative Agreement 306-A-00-10-00512 Commercial Horticulture and Agriculture Marketing Program (CHAMP)

### Detailed Audit Findings

(Continued)

#### Effect:

Inadequate controls over the proper accounting of payroll resulted in reporting expenses that are not allocable to CHAMP and an overstatement of costs for the period January 1, 2019 through January 31, 2020. This results in USAID reimbursing costs not associated with the award and non-compliance with federal regulations.

#### Questioned Costs:

Total questioned costs (ineligible) resulting from the inclusion of expenses not related to CHAMP were \$27,963, inclusive of RoP overhead of 24.68%, as follows:

<u>Cost Category</u>	<u>Questioned Costs (Ineligible)</u>
Salaries	\$22,428
RoP overhead	<u>5,535</u>
Total questioned costs (ineligible)	<u>\$27,963</u>

#### Recommendation:

- (1) We recommend that RoP return \$27,963 to the U.S. Government.
- (2) We recommend that RoP provide training regarding the accuracy of recording costs to the proper account to the individual responsible for the clerical error.
- (3) We recommend that RoP strengthen its adherence to policies and procedures regarding adequate supervisory review to ensure that only program-related costs are charged to the program.

## ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement 306-A-00-10-00512  
Commercial Horticulture and Agriculture Marketing Program (CHAMP)

### Detailed Audit Findings

(Continued)

#### Finding 2020-02: Recipient Cost Share/Matching Incurred Outside of SPFS Period

##### Nature of Finding:

Internal control – significant deficiency  
Noncompliance

##### Condition:

RoP reported recipient cost share/matching in the amount of \$3,402,183 for the period January 1, 2019 through January 31, 2020. We tested 11 out of 100 transactions in the amount of \$2,636,884 and noted 2 transactions in the total amount of \$180,759 were for in-kind contributions that were incurred prior January 1, 2019, the beginning date of the period covered by the SPFS. RoP prepared its SPFS on the accrual basis of accounting. After the completion of fieldwork, RoP provided evidence that the above transactions were not previously reported as recipient cost share/matching to USAID when the in-kind contributions were made.

##### Cause:

RoP indicated that it has been their practice to report in-kind contributions as recipient cost share/matching only at the completion of an award.

##### Criteria:

2 CFR 200.34, *Expenditures*, states, in part:

**"Expenditures** means charges made by a non-Federal entity to a project or program for which a Federal award was received.

(a) The charges may be reported on a cash or accrual basis, as long as the methodology is disclosed and is consistently applied...

(c) For reports prepared on an **accrual basis, expenditures are the sum of:...**

(3) The value of third-party **in-kind contributions applied...**

RoP's Finance and Accounting Procedure Manual dated May 1, 2018, states, in part:

##### **"...Basis of Accounting**

Roots of Peace follows accrual basis of accounting and will report income and expenses **on an accrual basis...**

Expenditures are recorded when liabilities are incurred (i.e., when invoices are received or the amounts can readily be estimated). Expenditures include actual cash

## ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement 306-A-00-10-00512  
Commercial Horticulture and Agriculture Marketing Program (CHAMP)

### Detailed Audit Findings

(Continued)

disbursements paid for goods and services, amounts owed by the company for goods and services received but not yet disbursed in cash, and the value of donated services **received...**"

#### Effect:

Not reporting in-kind contributions as recipient cost share/matching on the accrual basis of accounting resulted in non-**compliance with Federal regulations and RoP's procedures, as well as an** overstatement of recipient cost share/matching for the period January 1, 2019 through January 31, 2020.

#### Questioned Costs:

Although RoP overreported its recipient cost share/matching by \$180,759 for the period January 1, 2019 through January 31, 2020, no costs were questioned as this amount was not previously reported to USAID.

#### Recommendation:

- (1) We recommend that RoP revise its practice to comply with its Finance and Accounting Procedure Manual and federal regulations by reporting in-kind contributions as recipient cost share/matching on the accrual basis of accounting.
- (2) We recommend that RoP add the process for accounting for in-kind contributions to its Finance and Accounting Procedure Manual and provide training to staff on changes made to its practice.

## ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement 306-A-00-10-00512  
Commercial Horticulture and Agriculture Marketing Program (CHAMP)

### Status of Prior Audit Findings

For the Period January 1, 2019 through January 31, 2020

We requested from RoP, SIGAR and USAID copies of any prior engagements including audits, reviews, attestation engagements and other studies that relate to RoP's **activities under the Cooperative Agreement**. We identified one financial audit report that contained three findings that could have a potential material effect on the SPFS or other financial data significant to the audit objectives. We have performed follow up procedures including discussion with management, reviewed the revised policies and procedures and conducted testing of similar areas surrounding these issues during our current audit. Accordingly, we have concluded that RoP has taken adequate corrective actions on two of the three findings.

Audit Report: SIGAR 17-39 **Financial Audit "USAID's Commercial Horticulture and Agriculture Marketing Program: Audit of Costs Incurred by Roots of Peace" for the period January 1, 2015 through December 31, 2015, which was conducted by Mayer Hoffman McCann PC on behalf of SIGAR, and issued by SIGAR on April 19, 2017.**

This audit report contained three findings, all of which could have a potential material effect on the SPFS or other financial data significant to the audit objectives. The results of our review are as follows:

- Finding 2017-1 (Costs Not Related to CHAMP and Indirect Costs Charged as Direct): The audit firm noted that RoP incorrectly charged an employee bonus to CHAMP when it should have been charged to a different federal program. Additionally, certain indirect costs were charged as direct costs.

Status: We tested 283 out of 5,605 transactions across various cost categories and noted one transaction in which CHAMP was charged for costs not related to CHAMP. As such, the correction action for this finding has not been adequately implemented. See Finding 2020-01 in the Detailed Audit Findings section of this report.

- Finding 2017-2 (Danger Pay Incorrectly Calculated): The audit firm noted that danger pay was incorrectly calculated for one individual.

Status: We tested 67 out of 332 allowance transactions without exception. As such, the corrective action has been adequately implemented.

- Finding 2017-3 (Timely Reconciliation of Cash Advances): The audit firm noted that cash advances to employees to make vendor purchases were not reconciled timely and recorded as an expenditure at the time of reconciliation.

Status: We reviewed and tested the cash advance process and found reconciliations were performed timely. As such, the corrective action has been adequately implemented.



February 1, 2021

Kyle Haas, CISA, CFE  
Manager  
Davis Farr  
[khaas@davisfarr.com](mailto:khaas@davisfarr.com)

Kyle,  
Please find the Management Response from Roots of Peace to the findings in your audit of AMP 2019 expenses for USAID.

Sincerely,

Gary Kuhn  
President

## ROP Management Response

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### **Finding #2020-1:**

ROP agrees with this finding and the amount of \$22,428. This amount, plus overhead collected totaling \$27,963 should be disallowed and repaid. This transaction was a complex entry of our payroll with over thirty journal entries. Contract codes for one portion of the entry were reversed, charging Home Office staff to CHAMP and CHAMP expenses to Home Office. This was not a deliberate attempt to charge additional costs to USAID, but rather an entry error.

### **Management Action:**

ROP has reviewed our payroll process and systems. The process of coding expenses and allocating expenses is currently a manual process with many lines of entries. These complex transactions are difficult. ROP has decided to implement a new payroll preparation system that will automate these complex entries and provide clear checks on the entry process. This new system will be online in March 2021.

**Finding #2020-2:**

The auditors are technically correct, but this is not a question of a disallowance. First, this is in-kind contributions, not expenses which ROP paid cash from USAID. Furthermore ROP believes our entries were correct given the situation. The identified in-kind contributions were made in 2018, which is outside of the audit period. This transaction was for a grant that was initiated in 2018 and completed in 2019. ROP's practice is to enter in-kind contributions when the grant and the documentation are complete. This grant included the installation of power, equipment, training and break-in of the equipment. Multiple pieces of equipment were included in this grant and the installation was spread over the two accounting periods. ROP practice is to enter in-kind contributions for each grant in a single entry when the grant is completed. Entering some of the transactions in a prior year before the grant is completed would mean that the entry was partial and the required supporting documentation would not be entered. The partial entry would most likely be disallowed since it would lack key supporting documents. Unless USAID can provide guidance on a better approach, ROP will continue with our current practice of entering in-kind contributions as a single entry upon conclusion of the grant.

ROOTS OF PEACE

Financial Audit of Costs Incurred Under  
Cooperative Agreement 306-A-00-10-00512  
Commercial Horticulture and Agriculture Marketing Program (CHAMP)

**Auditor's Rebuttal to RoP's Response to Findings**

For the Period January 1, 2019 through January 31, 2020

RoP agreed with Finding 2020-01, and indicated that Finding 2020-02 was technically correct. Since RoP did not disagree with either of the findings, a rebuttal is not warranted.

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

## Public Affairs

Public Affairs Officer

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