

# SIGAR

**Special Inspector General for  
Afghanistan Reconstruction**

**SIGAR 21-31 Financial Audit**

USAID's Facilitating Afghanistan's Sustainability  
Through Emergency Response Program: Audit  
of Costs Incurred by the International Rescue  
Committee Inc.



APRIL  
2021

# SIGAR

## Special Inspector General for Afghanistan Reconstruction

### WHAT THE AUDIT REVIEWED

The U.S. Agency for International Development's Office of U.S. Foreign Disaster Assistance (USAID/OFDA) awarded the International Rescue Committee Inc. (IRC) three grants to support the three phases of USAID/OFDA's Facilitating Afghanistan's Sustainability Through Emergency Response (FASTER) program. The grants' purposes were to provide emergency shelter, cash, and hygiene-related services to people affected by disasters, and provide disaster risk reduction activities and training in eight provinces. The budgets for the grants totaled \$10,589,589, and their collective period of performance was from September 29, 2016, through September 28, 2019. After two modifications, the end date changed to December 31, 2019, but the budget did not change.

SIGAR's financial audit, performed by Crowe LLP (Crowe), reviewed \$10,481,094 in costs incurred for the three grants from September 29, 2016, through December 31, 2019. The objectives of the audit were to (1) identify and report on significant deficiencies or material weaknesses in IRC's internal controls related to the grants; (2) identify and report on instances of material noncompliance with the terms of the grants and applicable laws and regulations, including any potential fraud or abuse; (3) determine and report on whether IRC has taken corrective action on prior findings and recommendations; and (4) express an opinion on the fair presentation of IRC'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 audit work performed. Accordingly, SIGAR oversaw the audit and reviewed its results. Our review disclosed no instances where Crowe did not comply, in all material respects, with U.S. generally accepted government auditing standards.

---

April 2021

USAID's Facilitating Afghanistan's Sustainability Through Emergency Response Program: Audit of Costs Incurred by the International Rescue Committee Inc.

---

SIGAR 21-31-FA

### WHAT SIGAR FOUND

Crowe found two material weaknesses in IRC's internal controls and one instance of noncompliance with the terms of the grants. For example, the auditors found that IRC's procurement policy did not have controls in place to ensure purchases worth less than \$2,500 were distributed equitably among qualified suppliers, as required by the Code of Federal Regulations.

Crowe did not identify any questioned costs, which would have consisted of ineligible costs (costs prohibited by the agreement, applicable laws, or regulations) and unsupported costs (costs not supported with adequate documentation or that did not have required prior approval).

Crowe found one previous audit report with two findings that were material to the three grants. The auditors found that IRC took corrective action on one finding and was in the process of doing so on the second.

Crowe issued an unmodified opinion on IRC'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 USAID/OFDA:

- 1. Advise IRC to address the report's two internal control findings.**
- 2. Advise IRC to address the report's one noncompliance finding.**



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

April 12, 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 Crowe LLC (Crowe) to audit the costs incurred by the International Rescue Committee Inc. (IRC) under three grants from the U.S. Agency for International Development's Office of U.S. Foreign Disaster Assistance (USAID/OFDA) for the Facilitating Afghanistan's Sustainability Through Emergency Response (FASTER) program.<sup>1</sup> The grants' purposes were to give emergency shelter, cash, and hygiene-related services to people affected by disasters and provide disaster risk reduction activities and training in eight provinces.

Crowe's audit covered \$10,481,094 in costs incurred for the three grants from September 29, 2016, through December 31, 2019. Our contract with Crowe required that the audit be performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

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

- 1. Advise IRC to address the report's two internal control findings.**
- 2. Advise IRC to address the report's one noncompliance finding.**

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

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

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

(F-190)

<sup>1</sup> The grant numbers are AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and 720FDA18GR00033



**International Rescue Committee, Inc.**  
**Financial Audit of Costs Incurred under**  
**Grant Agreement No.**  
**AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and**  
**72OFDA18GR00033**  
**Special Purpose Financial Statement**  
**For the Period September 29, 2016 to December 31, 2019**  
**(With Independent Auditor's Report Thereon)**

## TABLE OF CONTENTS

TRANSMITTAL LETTER .....	1
SUMMARY .....	2
INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT .....	7
SPECIAL PURPOSE FINANCIAL STATEMENT .....	9
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENT .....	10
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL .....	12
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE .....	14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	16
SUMMARY SCHEDULE OF PRIOR AUDIT, REVIEW AND ASSESSMENT FINDINGS .....	19
APPENDIX A: VIEWS OF RESPONSIBLE OFFICIALS .....	20
APPENDIX B: AUDITOR'S REBUTTAL .....	21
APPENDIX C: FINAL PHYSICAL INVENTORY FOR FASTER, FASTER II, AND FASTER III .....	22

In accordance with applicable professional standards, some firm services may not be available to attest clients.

Crowe LLP and its subsidiaries are independent members of Crowe Global, a Swiss organization. "Crowe" is the brand used by the Crowe Global network and its member firms, but it is not a worldwide partnership. Crowe Global and each of its members are separate and independent legal entities and do not obligate each other. Crowe LLP and its subsidiaries are not responsible or liable for any acts or omissions of Crowe Global or any other Crowe Global members, and Crowe LLP and its subsidiaries specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Global or any other Crowe Global member. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Crowe LLP or any other member. Crowe Global and its other members are not responsible or liable for any acts or omissions of Crowe LLP and its subsidiaries and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe LLP and its subsidiaries. Visit [www.crowe.com/disclosure](http://www.crowe.com/disclosure) for more information about Crowe LLP, its subsidiaries, and Crowe Global.



**Crowe LLP**  
Independent Member Crowe Global  
1455 Pennsylvania Avenue, N.W., Suite 700  
Washington, D.C. 20004-1008  
Tel +1 202 624 5555  
Fax +1 202 624 8858  
www.crowe.com

## TRANSMITTAL LETTER

February 16, 2021

To the Board of Directors and Management of International Rescue Committee, Inc.  
122 East 42<sup>nd</sup> Street  
New York, New York 10168-1289

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

We appreciate the opportunity to provide to you our report regarding the procedures that we have completed during our audit of the special purpose financial statement applicable to United States Agency for International Development ("USAID") grant numbers AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and 720FDA18GR00033 awarded to the International Rescue Committee, Inc. ("IRC") on September 29, 2016, September 29, 2017, and September 29, 2018, respectively.

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 report, we considered comments, feedback, and interpretations of IRC, the USAID, and the Office of the Special Inspector General for Afghanistan Reconstruction, provided both in writing and orally throughout the audit planning and fieldwork phases. Management's final written responses have been incorporated as an appendix to this report.

Thank you for providing us the opportunity to work with you and to conduct the financial audit of IRC's awarded grants.

Sincerely,

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

Bert Nuehring, CPA, Partner  
Crowe LLP

## SUMMARY

### Background

The United States Agency for International Development (“USAID”) awarded grant numbers AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and 720FDA18GR00033 to the International Rescue Committee, Inc. (“IRC”) to provide support for a program entitled Facilitating Afghanistan’s Sustainability Through Emergency Response (“FASTER”), FASTER II, and FASTER III, respectively. The purpose of the program is to provide rapid emergency assistance to man-made and natural disaster affected populations with the provision of emergency shelter, distribution of cash and emergency Water, Sanitation, and Hygiene (“WASH”) assistance and to expand its Disaster Risk Reduction activities and training to new districts of Badghis, Helmand, Herat, Khost, Laghman, Logar, Nangarhar and Paktia provinces.

IRC was tasked with providing the following types of assistance activities under each award (except as otherwise noted), to a targeted number of beneficiaries, based on ongoing emergency needs assessments:

1. Logistic Support and Relief Commodities - To respond to the urgent Non-Food Item (NFI) needs of crisis-affected populations in an effective and coordinated manner;
2. Natural and Technological Risks (FASTER Only) - Mitigating the risks of hydrometeorological natural disasters;
3. Risk Management Policy and Practice - Building self-reliance of communities to mitigate risks of and responding to natural and mad-made disasters;
4. Shelter and Settlements (S&S) - Responding to urgent emergency shelter needs of crisis-affected populations in an effective and coordinated manner;
5. Water, Sanitation and Hygiene - Responding to urgent hygiene and sanitation needs of crisis-affected populations in an effective and coordinated manner; and
6. Protection (FASTER II and III Only) - Ensuring children are safe in their communities and benefit from positive parenting techniques.

Please see the period of performance and original budget amount for each grant agreement, below:

Program Title	Agreement Number	Performance Period	Award
FASTER	AID-OFDA-G-16-00245	September 29, 2016 – September 28, 2017	\$2,239,589
FASTER II	AID-OFDA-G-17-00117	September 29, 2017 – September 28, 2018	\$3,850,000
FASTER III	720FDA18GR00033	September 29, 2018 – December 31, 2019	\$4,500,000

USAID issued one modification to award 720FDA18GR00033, which changed the period of performance end date from September 28, 2019 to December 31, 2019. USAID also issued a modification to award AID-OFDA-G-16-00245 changing the Agreement Officer Representative.

The audit’s scope covered the full periods of performance of the three grants which included activities during the period September 29, 2016 through December 31, 2019, inclusive of closeout procedures. Within the period under audit, IRC reported \$10,481,094 in total costs incurred for the three grants.

## Work Performed

The Office of the Special Inspector General for Afghanistan Reconstruction (“SIGAR”) engaged Crowe LLP (“Crowe” or “we” or “our”) to conduct a closeout audit of grant numbers AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and 720FDA18GR00033.

## 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 Special Purpose Financial Statement (“SPFS”) for the grants presents fairly, in all material respects, revenues earned, costs incurred, and balance for the period audited in conformity with the terms of the grant and generally accepted accounting principles or other comprehensive basis of accounting.

### **Audit Objective 2 – Internal Controls**

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

### **Audit Objective 3 – Compliance**

Perform tests to determine whether IRC complied, in all material respects, with the grants and applicable laws and regulations; and identify and report on instances of material noncompliance with the terms of the grants 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 IRC has taken adequate corrective action to address findings and recommendations from previous engagements that could have a material effect on the special purpose financial statement or other financial data significant to the audit objectives.

## Scope

The scope of the audit included the period September 29, 2016 through December 31, 2019. The audit was limited to those matters and procedures pertinent to the grants that have a direct and material effect on the SPFS. The audit also included an evaluation of the presentation, content, and underlying records of the SPFS. Further, the audit included reviewing the financial records that support the SPFS to determine if there were material misstatements and if the SPFS was presented in the format required by SIGAR. In addition, the following areas were determined to be direct and material and, as a result, were included within the audit program for detailed evaluation:

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

## Methodology

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

For purposes of meeting Audit Objective 1 pertaining to the SPFS, transactions were selected from the financial records underlying the SPFS and were tested to determine if the transactions were recorded accurately and were consistent with the terms and conditions of the award; were incurred within the period covered by the SPFS and in alignment with specified cutoff dates; were appropriately allocated to each grant, as applicable; and were adequately supported.

Regarding Audit Objective 2 pertaining to internal control, Crowe requested, and the auditee provided, copies of policies and procedures to provide Crowe with an understanding of the system of internal control established by IRC during the periods 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 periods of performance. The system of internal control is intended to provide reasonable assurance of achieving reliable financial reporting and compliance with applicable laws and regulations. Crowe corroborated internal controls identified by the auditee and conducted testing of select key controls to understand if they were implemented as designed.

Audit Objective 3 required that tests be performed to obtain an understanding of the auditee's compliance with requirements applicable to the grants. Crowe identified – through review and evaluation of the grant agreements – 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, payment requests, equipment and real property, financial and programmatic reports, and procurements for testing. Supporting documentation was provided by the auditee and subsequently evaluated to assess IRC's compliance. Testing of indirect costs was limited to determining whether indirect costs were calculated and charged to the U.S. Government in accordance with the Negotiated Indirect Cost Rate Agreement established for each applicable IRC accounting period. We also performed procedures to determine if adjustments to billings that were based on preliminary or provisional rates were made, as required and applicable. We also performed procedures to determine IRC's compliance with closeout requirements associated with each grant agreement. This included reviewing the Final Program Performance Report and Final Financial Report for compliance with the grant requirements as well as determining that any remaining cash on hand was returned to USAID, if and as applicable.

During the course of the audit, management disclosed two instances of suspected fraud discovered during the audit period. We reviewed management's reports regarding each matter and the disclosures submitted to USAID. The first instance resulted in costs incurred of \$18 related to a transportation allowance. The cost was credited to USAID as it was considered unallowable. The second instance did not result in costs incurred under the grants. As a result, there was no impact on the SPFS from either matter. We also noted the disclosures were reported to USAID in a timely manner consistent with applicable federal regulations.

Regarding Audit Objective 4, Crowe inquired of IRC, SIGAR, and USAID personnel participating in the audit entrance conference to understand whether there were prior audits, reviews, or assessments that were pertinent to the audit scope. Crowe also conducted an independent search of publicly available information to identify audit and review reports. Crowe reviewed IRC's Financial Statement and Single Audit reports for Fiscal Year ("FY"), 2017, 2018, and FY 2019. Additionally, Crowe reviewed one prior report released by SIGAR as a result of an audit performed on separate cooperative agreements awarded to IRC. As a result of the aforementioned efforts, we identified a total four prior reports that are listed below – one of which contained findings and recommendations requiring follow up per Audit Objective 4.

1. International Rescue Committee, Inc. and Subsidiaries, Consolidated Financial Statements and Supplementary Information on Federal Awards Programs. September 30, 2017
2. International Rescue Committee, Inc. and Subsidiaries, Consolidated Financial Statements and Supplementary Information on Federal Awards Programs. September 30, 2018
3. International Rescue Committee, Inc. and Subsidiaries, Consolidated Financial Statements and Supplementary Information on Federal Awards Programs. September 30, 2019
4. SIGAR 20-08 Financial Audit – Department of State’s Programs for Supporting Livelihoods, Water, Sanitation, and Hygiene (WASH), Protection for Afghan Returnees and Internally Displaced People (IDP) and Vulnerable Host Communities Program. November 2019

Crowe reviewed the findings to ascertain whether the findings may be direct and material to the SPFS or the audit objectives. In any instances where findings may be direct and material to the audit objectives, Crowe determined whether corrective action from any of the prior findings and recommendations was denoted as unresolved, inadequate, or otherwise incomplete such that additional follow-up is necessary. We determined that two of the findings included within IRC’s Consolidated Financial Statements and Supplementary Information on Federal Awards Programs report could be direct and material to the SPFS or other financial objectives applicable to the audit. For findings determined to have a potential material effect on the SPFS, Crowe performed follow-up audit procedures which included, but were not limited to, testing specific transaction groups, reviewing modifications to internal procedures, and evaluating the status of the implementation of corrective actions regarding the finding or findings identified. The results of these procedures are noted in **Section II: Summary Schedule of Prior Audit, Review and Assessment Findings**.

## Summary of Results

Upon completion of Crowe’s procedures, Crowe identified two 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 grants; and/or (4) questioned costs resulting from identified instances of noncompliance.

Crowe issued an unmodified opinion on the SPFS.

Crowe also reported on both IRC’s internal controls over financial reporting and compliance with applicable laws, rules, regulations, and the terms and conditions of the grants. Two (2) material weaknesses in internal control and one (1) instance of noncompliance with the terms and conditions of the grant agreements were reported. In situations in which control and compliance findings pertained to the same matter, the findings were consolidated within a single finding.

Crowe also requested copies of prior audits, reviews, and evaluations pertinent to IRC’s financial performance under the grants. Based on Crowe’s communications with IRC, SIGAR, and USAID, Crowe reviewed financial statement and single audit reports for each year within the period of scope as well as a prior SIGAR audit. Two of the reports included findings and recommendations. Per review of IRC’s Single Audit Report dated September 30, 2019, two (2) prior findings were identified that may be direct and material to the SPFS or significant to the audit objectives. Crowe conducted procedures to determine whether adequate corrective action had been taken on the prior findings. Crowe concluded that IRC had taken adequate corrective action regarding one finding while corrective action on the second finding remained in-process. **Section II: Summary Schedule of Prior Audit, Review and Assessment Findings** provides additional detail regarding the findings.

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**

<b>Finding No.</b>	<b>Finding Name</b>	<b>Classification</b>	<b>Questioned Costs (USD)</b>
2019-01	Undocumented Micro-Purchase Procurement Procedures for Equitable Distribution	Material Weakness in Internal Control	\$0
2019-02	Required Reporting of Budget Deviations Not Completed	Material Weakness in Internal Control and Noncompliance	\$0
<b>Total Questioned Costs:</b>			<b>\$0</b>

## Summary of Management Comments

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

- Management agreed with finding 2019-01.
- Management disagreed with finding 2019-02 due to IRC's belief that it was not required to obtain prior approval for budget deviations.

## Reference to Appendices

The auditor's reports are supplemented by three appendices: **Appendix A**, which contains management's responses to the audit findings, **Appendix B**, which contains Crowe's rebuttal, and **Appendix C**, which contains the final inventories for all three awards.

## INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT

To the Board of Directors and Management of International Rescue Committee, Inc.  
122 East 42<sup>nd</sup> Street  
New York, New York 10168-1289

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

**Report on the Special Purpose Financial Statement**

We have audited the Special Purpose Financial Statement (the "Statement") of International Rescue Committee, Inc. ("IRC"), and related notes to the Statement, with respect to grant numbers AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and 720FDA18GR00033 for the period September 29, 2016 through December 31, 2019.

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

Management is responsible for the preparation and fair presentation of the Statement in accordance with the requirements specified by the Office of the Special Inspector General for Afghanistan Reconstruction ("SIGAR") and the terms and conditions of grant numbers AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and 720FDA18GR00033. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a Statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement.

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

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

---

(Continued)

## **Opinion**

In our opinion, the Special Purpose Financial Statement referred to above pertaining to grant numbers AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and 720FDA18GR00033 presents fairly, in all material respects, the revenues earned, costs incurred, and balance for the indicated period in accordance with the basis of presentation and accounting described in Notes 1, 2, 4, 5, and 6.

## **Basis of Presentation and Accounting**

We draw attention to Notes 1, 2, 4, 5, and 6 to the Statement, which describe the basis of presentation and accounting. The Statement is prepared in a format required by SIGAR and presents those amounts as permitted under the terms of the grant numbers AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and 720FDA18GR00033, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the grants referred to above. Our opinion is not modified with respect to this matter.

## **Restriction on Use**

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

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

In accordance with Government Auditing Standards, we have also issued our reports dated February 2, 2021, on our consideration of IRC's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, grants, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IRC's internal control over financial reporting and compliance.

  
Crowe LLP

February 2, 2021  
Washington, D.C.

**International Rescue Committee, Inc.**  
**Facilitating Afghanistan's Sustainability through Emergency Response (FASTER I, II, and III)**  
**Special Purpose Financial Statement**  
**For the Period September 29, 2016 to December 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Questioned Costs</u>		<u>Notes</u>
			<u>Ineligible</u>	<u>Unsupported</u>	
<b>Revenues</b>					
AID-OFDA-G-16-00245 – GO326	\$ 2,239,589	\$ 2,239,589			
AID-OFDA-G-17-00117 – GO353	3,850,000	3,850,000			
720FDA18GR00033 – GO377	<u>4,500,000</u>	<u>4,391,505</u>			
Total Revenue	<u>\$ 10,589,589</u>	<u>\$ 10,481,094</u>			4
<b>Costs Incurred - AID-OFDA-G-16-00245</b>					
Logistic Support, Relief commodities	\$ 1,028,014	\$ 1,120,662			5
Shelter and Settlements (S&S)	182,845	216,036			
Risk Management Policy and Practice	434,584	313,943			
Natural and Technological Risks	209,725	200,909			
Water, Sanitation and Hygiene	<u>384,421</u>	<u>388,039</u>			
Total Costs Incurred - GO326	2,239,589	2,239,589			
<b>Costs Incurred - AID-OFDA-G-17-00117</b>					
Logistic Support, Relief Commodities	1,959,245	2,055,118			5
Protection	911,518	871,820			
Risk Management Policy and Practice	426,261	374,773			
Shelter and Settlements (S&S)	150,210	195,034			
Water, Sanitation and Hygiene	<u>402,766</u>	<u>353,255</u>			
Total Costs Incurred - GO353	3,850,000	3,850,000			
<b>Costs Incurred - 720FDA18GR00033 –</b>					
Logistic Support, Relief Commodities	1,944,960	1,850,550			5
Protection	1,064,587	1,061,248			
Risk Management Policy and Practice	399,296	356,558			
Shelter and Settlements (S&S)	82,141	80,451			
Water, Sanitation and Hygiene	<u>1,009,016</u>	<u>1,042,698</u>			
Total Costs Incurred - GO377	<u>4,500,000</u>	<u>4,391,505</u>			
Total Costs Incurred	<u>\$ 10,589,589</u>	<u>\$ 10,481,094</u>			
<b>Balance</b>		<u>\$ -</u>			6

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

**International Rescue Committee, Inc.**  
**Facilitating Afghanistan's Sustainability through Emergency Response (FASTER I, II, and III)**  
**Notes to the Special Purpose Financial Statement**  
**For the Period September 29, 2016 to December 31, 2019**

---

**NOTE 1 - Basis of Presentation**

The accompanying Special Purpose Financial Statement (the "Statement") includes costs incurred under Grant Agreement Numbers AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and 720FDA18GR00033 for the Facilitating Afghanistan's Sustainability through Emergency Response (FASTER I, II, and III) Project for the period September 29, 2016 to December 31, 2019. Because the Statement presents only a selected portion of the operations of International Rescue Committee, Inc. ("IRC"), it is not intended to and does not present the financial position, changes in net assets, or cash flows of IRC. 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 grant agreements. Therefore, some amounts presented in this Statement may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - Basis of Accounting**

Revenue and Expenditures on the Statement have been reported using the accrual basis of accounting. Expenditures are recognized following the cost principles contained in 2 CFR Part 200, Subpart E, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - Foreign Currency Translation Method**

For purposes of preparing the Statement, conversions from local currency to United States dollars were completed using the weighted average method.

**NOTE 4 - Revenues**

Revenues on the Statement represent the amount of funds to which IRC is entitled to receive from the United States Agency for International Development ("USAID") for allowable, eligible costs incurred under the grant agreements during the periods of performance.

**NOTE 5 - Costs Incurred by Budget Category**

The budget categories presented, and associated amounts reflect the budgets presented within the final, USAID-approved grant agreement budgets adopted, including all the modifications for each of the three USAID grant agreements under audit.

**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 grants 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.

---

(Continued)

**International Rescue Committee, Inc.**  
**Facilitating Afghanistan's Sustainability through Emergency Response (FASTER I, II, and III)**  
**Notes to the Special Purpose Financial Statement**  
**For the Period September 29, 2016 to December 31, 2019**

---

**NOTE 7 - Currency**

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

**NOTE 8 - Program Status**

The Facilitating Afghanistan's Sustainability through Emergency Response (FASTER I, II, and III) Project is complete. The periods of performance for the grant agreements under audit concluded on September 28, 2017, September 28, 2018, and December 31, 2019, respectively.

**NOTE 9 - Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to the September 29, 2016 to December 31, 2019, period covered by the Statement. Management has performed their analysis through February 2, 2021.

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Board of Directors and Management of International Rescue Committee, Inc.  
122 East 42<sup>nd</sup> Street  
New York, New York 10168-1289

To the 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 (the "Statement") of International Rescue Committee, Inc. ("IRC"), and related notes to the Statement, with respect to United States Agency for International Development ("USAID") grant numbers AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and OFDA18GR00033 for the Facilitating Afghanistan's Sustainability through Emergency Response (FASTER I, II, and III) Project for the period September 29, 2016 to December 31, 2019. We have issued our report thereon dated February 2, 2021.

**Internal Control over Financial Reporting**

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

In planning and performing our audit of the Statement for the period September 29, 2016 to December 31, 2019, we considered IRC'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 IRC's internal control. Accordingly, we do not express an opinion on the effectiveness of IRC's internal control.

---

(Continued)

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.

Our consideration of internal control was for the limited purpose described in the second paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Findings 2019-01 and 2019-02 that we consider to be material weaknesses.

### **International Rescue Committee's Response to the Findings**

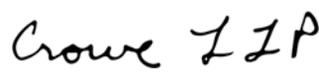
IRC's response to the findings identified in our audit are described in Appendix A to our report. IRC's response to the findings was not subject to the auditing procedures applied in the audit of the Statement and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

### **Restriction on Use**

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

  
Crowe LLP

February 2, 2021  
Washington, D.C.

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the Board of Directors and Management of International Rescue Committee, Inc.  
122 East 42<sup>nd</sup> Street  
New York, New York 10168-1289

To the 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 (the "Statement") of International Rescue Committee, Inc. ("IRC"), and related notes to the Statement, with respect to grant numbers AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and OFDA18GR00033 for the Facilitating Afghanistan's Sustainability through Emergency Response (FASTER I, II, and III) Project for the period September 29, 2016 to December 31, 2019. We have issued our report thereon dated February 2, 2021.

**Management's Responsibility for Compliance**

Compliance with Federal rules, laws, regulations, and the terms and conditions applicable to the grant agreements is the responsibility of the management of IRC.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Statement is free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2019-02.

**International Rescue Committee's Response to the Findings**

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

---

(Continued)

## **Purpose of this Report**

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

## **Restriction on Use**

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

*Crowe LLP*  
Crowe LLP

February 2, 2021  
Washington, D.C.

**International Rescue Committee, Inc.**  
**Facilitating Afghanistan's Sustainability through Emergency Response (FASTER I, II, and III)**  
**Section I: Schedule of Findings and Questioned Costs**  
**For the Period September 29, 2016 to December 31, 2019**

---

**FINDING 2019-01: Undocumented Micro-Purchase Procurement Procedures for Equitable Distribution**

Material Weakness in Internal Control

Condition: International Rescue Committee, Inc's ("IRC") procurement procedures established a micro-purchase threshold of \$2,500, whereby any procurement under \$2,500 shall be conducted directly (no bids required) with an authorized or contracted supplier. During our assessment of IRC's procurement policy and procedures, we noted that IRC's written procurement policy and procedures omit controls to ensure that there is an equitable distribution of micro-purchases amongst qualified suppliers.". In addition, procedures to ensure the total value of goods and services procured per vendor, in the aggregate, does not exceed the \$2,500 micro-purchase threshold established in IRC's policy were not included in the policy or procedures. IRC approved 454 micro-purchases made by 217 vendors totaling \$186,391 for the three awards under audit, which is material to the SPFS."

Criteria: Pursuant to 2 CFR Part 200.303(a), *Internal controls*, IRC is required to "establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award..."

2 CFR Part 200.320(a), *Methods of procurement to be followed*, states in part: Procurement by micro-purchase is "the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers...Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable..."

Section 4.4 *Procurement under \$2,500* of the IRC Supply Chain Manual states: "All procurement with a value of over \$500.00 shall be conducted by Supply Chain. Procurement under \$2500 shall be conducted directly (no bids required) with an Authorized or Contracted Supplier. If an Authorized or Contracted Supplier is not available, then an Ad-hoc supplier may be used."

Effect: In the absence of a formal policy or procedure pertaining to micro-purchases, the likelihood that IRC will distribute micro-purchases to vendors in an unequitable manner or purchase goods and services through micro-purchase processes that exceed the threshold in the aggregate is increased.

Questioned Costs: N/A

Cause: IRC did not consider it necessary to document in its policy or procedures, nor train staff regarding the equitable distribution or micro purchases.

Recommendation: We recommend that IRC:

1. Develop, document, and implement a policy or procedure regarding the equitable distribution of micro-purchases and that incorporates monitoring of micro-purchases for compliance with the Uniform Guidance; and
2. Provide training to staff regarding the implementation of the policy.

---

(Continued)

**International Rescue Committee, Inc.**  
**Facilitating Afghanistan’s Sustainability through Emergency Response (FASTER I, II, and III)**  
**Section I: Schedule of Findings and Questioned Costs**  
**For the Period September 29, 2016 to December 31, 2019**

---

**FINDING 2019-02: Required Reporting of Budget Deviations Not Completed**

Material Weakness in Internal Control and Noncompliance

Condition: During our review of the amounts reported on IRC Special Purpose Financial Statement, we noted deviations from the budgeted amounts in each of the itemized budget line items (see table below for details). Based upon our review of programmatic and financial reports provided by management, we noted IRC did not report the budget deviations to USAID. We also inquired of IRC to ascertain whether the deviations were reported through other means to USAID. No additional support was provided. The budget deviations are presented, below, and are considered material, in the aggregate, to the audit.

	<u>Budget</u>	<u>Actuals</u>	<u>Overage</u>
Costs Incurred			
<b>AID-OFDA-G-16-00245 – GO326</b>			
Logistic Support, Relief commodities	\$ 1,028,014	\$ 1,120,662	\$ (92,648)
Shelter and Settlements (S&S)	182,845	216,036	(33,191)
Water, Sanitation and Hygiene	<u>384,421</u>	<u>388,039</u>	<u>(3,618)</u>
	1,595,280	1,724,737	(129,457)
 <b>AID-OFDA-G-17-00117–GO353</b>			
Logistic Support, Relief commodities	1,959,245	2,055,118	(95,873)
Shelter and Settlements (S&S)	<u>150,210</u>	<u>195,034</u>	<u>(44,824)</u>
	2,109,455	2,250,152	(140,697)
 <b>720FDA18GR00033–GO377</b>			
Water, Sanitation and Hygiene	1,009,016	1,042,698	<u>(33,682)</u>
 Total Overages			<u>\$ (303,836)</u>

Criteria: According to section 1.4 *Agreement Budget* for agreement Nos. AID-OFDA-G-16-00245, AID-OFDA-G-17-00117, and 720FDA18GR00033, part (b) *Budget Revisions, subpart (1) Reporting of Deviations from Budget Plan* states that the summary budget set forth:

“is based on the detailed budget that the Recipient submitted with its application for this Agreement. The Recipient’s detailed budget (as may be adjusted by USAID to correct any mathematical errors) constitutes the approved budget plan for this Agreement. The Recipient shall report deviations from the approved budget plan in accordance with 2 CFR 200.308(b).”

Pursuant to 2 CFR 200.308(b), *Revision of budget and program plans*, “Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from Federal awarding agencies for budget and program plan revisions...”

According to IRC’s International Programs Finance Manual, IRC employs the use of a Budget to Actual (BVA) report that is prepared on a monthly basis. According to the manual:

“The budget to actual report shows cumulative actual expenses to date plus committed expenditures yet to be paid ensuring budget holders have the most up to date picture of grant spending. This report is used as a compliance monitoring tool to ensure grant spending is on track, charges are appropriate, and issues can be quickly identified, enabling timely corrections to avoid budget over/underspending.”

---

(Continued)

**International Rescue Committee, Inc.**  
**Facilitating Afghanistan's Sustainability through Emergency Response (FASTER I, II, and III)**  
**Section I: Schedule of Findings and Questioned Costs**  
**For the Period September 29, 2016 to December 31, 2019**

---

The BVA report is a compliance tool “used to review budget variances, over/under spending and the reasonable, allocable and allowable charges to each grant as per donor regulations.”

The manual further states that:

“Budget holders have the responsibility to ensure the program is implemented according to the proposal and implementation plan; donor funds are spent in full, according to the approved budget and within the flexibility limits set by the donor. To manage the grant, there is a need to review expenses on a monthly basis to keep up to date with the patterns of grant spending, identify any problems and work on corrective actions to remedy in a timely manner without affecting implementation; to correct under/overspending. If a need for realignment is identified, the grant budget holder should lead that process.”

Effect: Due to the over-spending by line item, funds may not have been expended as intended by the Government.

Questioned Costs: N/A

Cause: IRC does not have an adequate monitoring system to track budget versus actual to ensure that costs do not exceed the approved budget. The BVA report used to ensure compliance is an ineffective tool.

Recommendation: We recommend that IRC:

1. Develop, document, and implement a procedure to regularly monitor and report budget deviations in accordance with federal regulations.
2. Develop, document, and implement a procedure for requesting prior approval from the government requirements related to deviations of budgeted amounts; and
3. Provide training to staff regarding the implementation of these procedures.

**International Rescue Committee, Inc.**  
**Facilitating Afghanistan's Sustainability through Emergency Response (FASTER I, II, and III)**  
**Summary Schedule of Prior Audit, Review, and Assessment Findings**  
**For the Period September 29, 2016 to December 31, 2019**

---

Crowe also requested copies of prior audits, reviews, and evaluations pertinent to International Finance Committee's ("IRC's") financial performance under these grant numbers. Based on Crowe's communications with IRC, SIGAR, and USAID, financial and Single Audit Reports existed that could have direct and material risk to the Special Purpose Financial Statement or other financial information significant to the audit objectives. Crowe reviewed four prior audit reports. One of the reports contained findings and recommendations. We assessed the findings to ascertain whether the matters may be direct and material to the Special Purpose Financial Statement or other financial information significant to the audit objectives. In addition, we reviewed the prior auditor's comments regarding the status of prior audit findings. During our review of the audit findings, we noted two findings that were direct and material to the award. The report containing findings is listed below:

- INTERNATIONAL RESCUE COMMITTEE, INC. AND SUBSIDIARIES, Consolidated Financial Statements and Supplementary Information on Federal Awards Programs, September 30, 2019.

We have summarized the results of our procedures, below.

**FINDING NO. 2019-001: Period of Performance**

Report: INTERNATIONAL RESCUE COMMITTEE, INC. AND SUBSIDIARIES, Consolidated Financial Statements and Supplementary Information on Federal Awards Programs, September 30, 2019.

Issue: IRC's internal controls over costs charged to a Federal award include procedures to ensure costs incurred are during the period of performance. During the auditor's testwork over period of performance, they reviewed all transactions before the period of performance and after the period of performance for IRC's Federal grants. As a result of the auditor's testwork, they identified 6 costs incurred before the grant period and 5 costs incurred after the grant period.

Status: IRC stated and provided evidence that they have developed a tool to help finance staff to proactively identify all transactions that fall outside the period of performance (before the start date or after the end date) and reclassify those to unrestricted if justification and prior approval were not requested and provided. Finance staff is utilizing the tool to identify exceptions, work with the program team and Regional Grant Directors to investigate allowability and document if those transactions are allowable or reclassify to unrestricted or temporary restricted funding. In addition, we conducted testing of allowable costs and did not identify any of expenditures incurred outside the periods of performance.

**FINDING NO. 2019-002: Procurement**

Report: INTERNATIONAL RESCUE COMMITTEE, INC. AND SUBSIDIARIES, Consolidated Financial Statements and Supplementary Information on Federal Awards Programs, September 30, 2019.

Issue: Uniform Guidance requires price or rate quotations from an adequate number of qualified sources for small purchases. The auditor selected eleven procurements, noting for one selection, the appropriate number of price or rate quotations was not obtained.

Status: IRC stated that they are in the process of updating their framework agreement with affiliates to strengthen its procurement protocols and controls to be consistent with donor requirements to prevent future exceptions. Therefore, the corrective action is still in-process.

We conducted testing of procurements and did not identify any procurements missing the required number of price or rate quotes required.

---

---

## APPENDIX A: VIEWS OF RESPONSIBLE OFFICIALS

IRC provided the following response to Crowe via email on February 11, 2020, regarding the findings contained in the draft report. The response has been included herein verbatim and source formatting retained.

### **FINDING 2019-01: Undocumented Micro-Purchase Procurement Procedures for Equitable Distribution**

IRC Afghanistan accepts this finding and has developed a Standard Operating Procedures (SOP) Micro Purchase on November 1, 2020 and introduced it across its mission with proper implementation guidance.

### **FINDING 2019-02: Required Reporting of Budget Deviations Not Completed**

IRC disagrees with this finding. The exceeded amounts highlighted in the finding do not require prior approval for the following reasons:

- a) These changes did not trigger the prior approval requirements included in section 1.4 (b) (2) of the agreements, and pursuant to 2CFR200.308(c); and
- b) Prior approval was not required per the following clause included under section **1.4 (b) (3)** in the said agreements:

**1.4 (b) (3) Prior Approval Not Required for Transferring Funds Among Direct Cost Categories by More Than 10% of Total Estimated Amount**

“If the total estimated USAID amount of this Agreement exceeds the Simplified Acquisition Threshold described in 48 CFR 2.1 (currently at \$150,000 but periodically increased), 2 CFR 200.308(e) enables USAID to restrict the transfer of funds among direct cost categories or programs, functions, and activities by requiring the prior approval of the Agreement Officer for budget transfers which exceed the Simplified Acquisition Threshold (currently at \$150,000) and the cumulative amount of such transfers exceeds or is expected to exceed 10% of the total budget as last approved by the Agreement Officer. However, such approval is not required under this Agreement. Approvals are only required for the budget revisions described in in 2 CFR 200.308(c)(1)(i) through (c)(1)(viii) for non-construction awards and 2 CFR 200.308(g)(1) through (g)(5) for construction awards (to the extent that construction is approved in the Standard Provision set forth in Attachment 3 of this Agreement entitled “Limiting Construction Activities”). If this Agreement supports both non-construction and construction work, the foregoing applies separately to each type of work, but paragraph (4) below applies to transfers between construction and non-construction activities.”

IRC has a Budget vs Actual monitoring process that explains the role and function of budget holder, Finance, and other functions in budget monitoring. The system provides budget holders with timely visibility on budget vs actuals. The BVA System is available for all projects with uploaded budgets in the accounting system. IRC regularly train budget holders on budget management and monitoring as part of continuous professional staff development.

## APPENDIX B: AUDITOR'S REBUTTAL

Crowe LLP ("Crowe" or "we" or "us") has reviewed the management of International Rescue Committee's ("IRC" or "the auditee") responses to the draft report audit findings provided to Crowe on February 11, 2021. In consideration of those views, Crowe has included the following rebuttal to certain matters presented by the auditee. Crowe incorporates a rebuttal in those instances where management disagrees with the facts presented within the condition, does not concur with Crowe's recommendation, or provides additional documentation for review. In those instances where management either agrees with the finding or does not disagree with the facts in the finding, as presented, no rebuttal is provided. Using this framework, Crowe has incorporated one rebuttal to management's comments, below.

### **FINDING 2019-02: Required Reporting of Budget Deviations Not Completed**

We have reviewed management's response and noted that IRC disagreed with the finding. In its response, IRC cited applicable Code of Federal Regulations sections, indicating that it was not required to obtain USAID's prior approval for budget transfers. However, the finding is based on USAID's requirement that IRC disclose deviations from the approved grant budgets (i.e., instances in which IRC exceeded the approved budgets) and does not assert that IRC was required to obtain prior approval from USAID. As detailed in Finding 2019-02, we noted that the issue related to IRC's not having reported the identified deviations from the approved budgets to USAID. We also noted that IRC did not provide additional documentation indicating they notified USAID of the budget deviations. In consideration of these matters, the finding has not been changed.

## APPENDIX C: FINAL PHYSICAL INVENTORY FOR FASTER, FASTER II, AND FASTER III

Contained herein are the final inventories required to close out each of the three FASTER awards under audit developed by IRC and provided to Crowe for audit. Crowe takes no responsibility for the inventories' contents or their accuracy.

IRC Afghanistan Closed Grants Inventory (AID-OFDA-G-16-00245)

Item	Department	Grant	Description	# of units	Jalalabad Total USD	# of units	Khost Total USD	# of units	Logar Total USD	# of units	Hirat Total USD	# of units	Badghis Total USD	Grant Start Date	Grant End Date	Total # of units	Total Price USD	Action to be taken
1	Emergency Response	GO326 (AID-OFDA-G-16-00245)	Latrine	50	\$ 3,915	1	\$ 77	0	\$ -	50	\$ 3,915	7	\$ 548	September 29, 2016	September 28, 2017	108	\$ 8,455	Transfer From: AID-OFDA-G-16-00245  Transfer To: AID-OFDA-G-17-00117
2			Hygiene kit	93	\$ 2,573	0	\$ -	32	\$ 895	75	\$ 2,086	7	\$ 129			207	\$ 5,683	
3			Tent	294	\$ 35,885	23	\$ 2,807	35	\$ 4,272	200	\$ 24,412	183	\$ 22,337			735	\$ 89,713	
																	\$ 103,851	

**VAT Tracking Sheet**

**Organization Name:** International Rescue Committee, Afghanistan  
**Contact Name :** Vicki Aken, Country Director  
**Contract / Agreement No.** AID-OFDA-G-17-00117  
**Period Covered:** From September 29, 2017 - September 28, 2018

Description	Date of Purchase	Purchased Under	Serial Number	Country in Which Item is Used	Acquisition Cost	IRC's Recommendation for Disposal
Tent for Emergency Shelter	July 17, 2018	AID-OFDA-G-17-00117	154	Afghanistan	\$ 15,522	Item to be transferred to new OFDA award - 720FDA18GR00033
Tent	July 17, 2018	AID-OFDA-G-17-00117	167	Afghanistan	\$ 6,209	Item to be transferred to new OFDA award - 720FDA18GR00034
Total					<b>\$ 21,731</b>	

International Rescue Committee (IRC) 3AF  
Assets Purchased under GO377 Grants

GENERAL INFORMATION						FINANCIAL INFORMATION					LOCATION			CONDITION	REMARKS
No.	Asset ID #	Description	Manufacturer	Model	Serial #	Invoice Cost (AFN)	Cost In USD	Donor Name	Grant Code No.	Date Acquired	Current Site	Current Sub Site	Assigned User	Status	Note
30	131974	Generator	UK	P110	RJ51175U665975D	1,092,500	\$ 14,278.47	OFDA	GO377	April 11, 2019	Helmand	HLM Office	Office Compound	Good	

## 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