

# SIGAR

**Special Inspector General for  
Afghanistan Reconstruction**

**SIGAR 14-95 Financial Audit**

## Department of State's Demining Activities in Afghanistan: Audit of Incurred Costs by Mine Clearance Planning Agency



SEPTEMBER  
2014

# SIGAR

## Special Inspector General for Afghanistan Reconstruction

### WHAT THE AUDIT REVIEWED

From April 1, 2008, to March 31, 2013, the Department of State's Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (PMWRA) issued five grants to the Mine Clearance Planning Agency (MCPA)—an Afghanistan-based international humanitarian demining organization—for demining activities in Afghanistan. Totaling over \$13 million, these grants were to provide support for the removal of land mines and unexploded ordnance in Afghanistan.

SIGAR's financial audit, performed by RMA Associates, LLC (RMA), reviewed \$13.4 million in expenditures charged to the five grants from April 1, 2008, through March 31, 2013. The objectives of the audit were to (1) identify and report on significant deficiencies or material weaknesses in MCPA'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 MCPA had taken corrective action on prior findings and recommendations; and (4) express an opinion on the fair presentation of MCPA's Special Purpose Financial Statement. See RMA's report for the precise audit objectives.

In contracting with an independent audit firm and drawing from the results of a contracted audit, SIGAR is required by auditing standards to provide oversight of the work performed. Accordingly, SIGAR reviewed RMA's audit results and found them to be in accordance with generally accepted government auditing standards.

September 2014

## Department of State's Demining Activities in Afghanistan: Audit of Incurred Costs by Mine Clearance Planning Agency

### SIGAR 14-95-FA

#### WHAT THE AUDIT FOUND

RMA Associates, LLC (RMA) identified four internal control deficiencies and one instance of noncompliance in its audit of costs incurred by the Mine Clearance Planning Agency (MCPA). For example, MCPA lacked documentation to support its comparative price analysis and purchase requisitions, lacked purchase requisition documents, and did not provide business supplier identification. Specifically, for costs incurred under three grants, MCPA did not complete its internal control process for price analysis in compliance with the Federal Acquisition Regulation for five equipment procurements. Completing that process would have ensured that the U.S. government received the best value for its money. In eight instances, MCPA lacked requisite documentation to validate that its management signed and/or properly coded expense statements. Also, MCPA could not provide purchase requisitions forms for four procurement transactions. Finally, MCPA did not collect from suppliers required business registration information or a national identification for four procurements. These are generally accepted forms of identification that provide some assurance that a vendor is credible and will use U.S. government funds appropriately.

As a result, RMA identified \$688,206 in unsupported costs (costs not supported by sufficient documentation to allow auditors to determine their accuracy and allowability). RMA did not find any ineligible costs (costs prohibited by the grant, applicable laws, or regulations).

Category	Questioned Costs Total	Ineligible	Unsupported
Personnel	\$16,149	\$0	\$16,149
Expendable Equipment	\$113,852	\$0	\$113,852
Non Expendable Equipment	\$509,885	\$0	\$509,885
Operating Expenses	\$48,320	\$0	\$48,320
<b>Total</b>	<b>\$688,206</b>	<b>\$0</b>	<b>\$688,206</b>

RMA identified and obtained previous audits of MCPA, but no findings were deemed pertinent to this audit.

In RMA's opinion, MCPA's Special Purpose Financial Statement presented fairly in all material respects, revenues received, costs incurred, and the balance for the indicated period in accordance with requirements established by SIGAR.

A reconciliation of funds showed an outstanding balance of \$50,337, which MCPA reported to the Department of State (State) on December 31, 2012. In May 2014—more than a year after the end of five grants—MCPA requested that State approve its use of the remaining funds. However, SIGAR is questioning the amount because the request, its possible approval, and any use of the funds fell well outside the scope of the audit and the period of performance of any of the grants.

### WHAT SIGAR RECOMMENDS

Based on the results of the audit, SIGAR recommends that State's Grants Officer:

1. Determine the allowability of and recover, as appropriate, \$688,206 in unsupported costs identified in the report.
2. Collect from MCPA the \$50,337 due to the Department of State.
3. Advise MCPA to address the report's four internal control findings.
4. Advise MCPA to address the report's one noncompliance finding.



**SIGAR**

**Office of the Special Inspector General  
for Afghanistan Reconstruction**

September 8, 2014

The Honorable John F. Kerry  
Secretary of State

The Honorable James B. Cunningham  
U.S. Ambassador to Afghanistan

This letter transmits the results of our audit of costs incurred by the Mine Clearance Planning Agency (MCPA) under five grants awarded by the Department of State (State).<sup>1</sup> These grants for mine clearing operations in Afghanistan were in support of State's Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement. The audit, performed by RMA Associates, LLC, covered the period April 1, 2008, through March 31, 2013, and expenditures of \$13.4 million. Based on the results of the audit, SIGAR recommends that the Grants Officer:

1. **Determine the allowability of and recover, as appropriate, \$688,206 in unsupported costs identified in the report.**
2. **Collect from MCPA the \$50,337 due to the Department of State.**
3. **Advise MCPA to address the report's four internal control findings.**
4. **Advise MCPA to address the report's one noncompliance finding.**

We will be following up with your agency to obtain information on the corrective actions taken in response to our recommendations.

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

(F-034)

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<sup>1</sup> Those five grants are: S-PMWRA-08-GR-004, S-PMWRA-09-GR-017, S-PMWRA-10-GR-009, S-PMWRA-10-GR-109, and S-PMWRA-11-GR-012.

**MINE CLEARANCE PLANNING AGENCY**

Financial Audit of Costs Incurred Under Awards

S-PMWRA-08-GR-004, S-PMWRA-09-GR-017, S-PMWRA-10-GR-009,

S-PMWRA-10-GR-109, and S-PMWRA-11-GR-012

For the Period April 1, 2008 through March 31, 2013

(With Independent Auditor's Report Thereon)

## Transmittal Letter

15 July 2014

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

Dear Sir/Madam:

RMA Associates, LLC (RMA) is pleased to submit our audit reports to the Special Inspector General for Afghanistan Reconstruction's audit of costs incurred over U.S. Department of State grants to the Mine Clearance Planning Agency's (MCPA's) for the period April 1, 2008 through March 31, 2013.

We have provided a summary of the work performed and of the results. Following the summary, we have included our report on the Special Purpose Financial Statement, report on internal controls, and report on compliance.

Thank you for providing us the opportunity to work with you to conduct the audit of MCPA.

Sincerely,



Reza Mahbod  
President  
RMA Associates, LLC

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## Summary

### Background

The Special Inspector General for Afghanistan Reconstruction (SIGAR) contracted with RMA Associates, LLC (RMA) to perform a financial audit of the costs incurred under various grant awards from the U.S. Department of State to Mine Clearance Planning Agency (MCPA) for the period of April 1, 2008 through March 31, 2013.

The Department of State's Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (PMWRA) awarded a series of grants totaling over \$13 million to the Mine Clearance Planning Agency to provide support for the removal of land mines and unexploded ordnance in Afghanistan. See chart of audited grants below.

TABLE A: Summary of Audited Awards

Grant Number	Award Date	End Date	Amount
S-PMWRA- 08-GR-004	04/01/2008	03/31/2009	\$1,500,000
S-PMWRA-09-GR-017	04/01/2009	03/31/2010	\$2,300,000
S-PMWRA-10-GR-009	04/01/2010	03/31/2011	\$4,000,000
S-PMWRA-10-GR-109	09/01/2010	12/31/2011	\$1,610,000
S-PMWRA-11-GR-012	04/01/ 2011	03/31/2013	\$4,000,000
<b>Total</b>			<b>\$13,410,000</b>

MCPA is an indigenous Afghanistan-based International Humanitarian Demining Organization, established under the auspices of the United Nations Office for the Coordination of Humanitarian Assistance to Afghanistan in March 1990, as an implementing partner of the United Nations Mine Action Program for Afghanistan. MCPA is registered as Non-Governmental Organization with the Ministry of Economy of the Islamic Republic of Afghanistan and accredited by Mine Action Coordination Center for Afghanistan.

MCPA is a specialized/professional organization in the fields of mine action surveys/research, mine clearance operation, mine risk education, capacity building, and quality Management. MCPA functions in the following mine action areas:

- Mine Action Surveys (technical and non-technical surveys)
- Manual clearance operation
- Mechanical Clearance operation
- Clearance through using mine detection dogs
- Explosive Ordnance disposal operation
- Battle area clearance operation

**Objectives**

The following objectives were defined by SIGAR in 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 five audited grants 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 grants and generally accepted accounting principles or other comprehensive basis of accounting.

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

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

***Audit Objective 3 – Compliance***

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

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

Determine and report on whether the MCPA 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.

**Scope**

The scope of this audit included grants issued by the U.S. Department of State to MCPA for the period from April 1, 2008 through March 31, 2013, and was limited to the matters and procedures that have a direct and material effect on the SPFS. The grants subject to the audit are listed in the table above. The audit included reviewing the financial records that support the SPFS to determine if there were material misstatements, the SPFS was prepared in accordance with accounting principles generally accepted in the United States of America, and the SPFS was presented in the format required by SIGAR. Some records supporting the audit were located in Afghanistan, where we used the services of a local firm.

**Methodology**

In order to accomplish the objectives of this audit, RMA performed substantive analytical procedures and tests of details to obtain sufficient, appropriate evidence that all material costs incurred are allowable, allocable, and reasonable under the terms of the awards and applicable costs principles. RMA assessed the overall design and effectiveness of entity level controls and performed control



activities transaction tests. We identified the applicable regulatory and requirement framework, and incorporated this into our transaction cycle testing for efficiency. We identified previous audits, and obtained existing reports. There were no prior findings noted in these reports.

Due to the location of MCPA and the fact that some supporting documents were located in Afghanistan, we used the resources of locally based subcontractors to complete certain on-site audit procedures, as deemed necessary.

### Summary of Results

Upon completion of all audit procedures, RMA identified four findings considered significant deficiencies in internal control, material weaknesses in internal control, and/or noncompliance with rules, laws, regulations, or the terms of and conditions of the awards.

RMA issued an unqualified opinion on the Special Purpose Financial Statement. However, we identified questioned costs as outlined below.

RMA also reported on both MCPA's internal controls and compliance with terms of the award and applicable laws and regulations. Two significant deficiencies in internal control were reported and two findings related to matters of noncompliance. We questioned a total of \$688,206 in costs. The questioned costs are summarized in the following table.

TABLE B: Summary of Findings and Questioned Costs

Finding Number	Determination	Matter	Questioned Costs	Cumulative Questioned Costs
2014-01	Significant Deficiency and Non-compliance	Procurement: Incomplete Price Analysis	\$272,520	\$272,520
2014-02	Significant Deficiency	Procurement: Lack of Signed and Coded Documents	\$353,924*	\$553,007
2014-03	Significant Deficiency	Procurement: Missing Purchase Requisition Forms	\$217,281**	\$663,757
2014-04	Significant Deficiency	Procurement: Obtaining Supplier Business Credentials	\$ 24,449	\$688,206
Total Questioned Costs				\$688,206

**\*\$73,437 in costs are questioned in multiple findings.**  
**\*\*\$106,531 in costs are questioned in multiple findings.**

**Review of Prior Findings and Recommendations**

There were no findings and recommendations from previous engagements that could have a material effect on the special purpose financial statement.

**Summary of Management’s Responses**

MCPA management provided formal responses to the audit report findings, which are shown in full in Appendix B. MCPA agreed with the determination of audit findings and did not refute the questioned costs.

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

To the Mine Clearance Planning Agency Management  
Kabul, Afghanistan

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

### **Report on the Special Purpose Financial Statement**

We have audited the Special Purpose Financial Statement (the “Statement”) of Mining Clearance Planning Agency (MCPA) for the related grants for the period April 1, 2008 through March 31, 2013, and the related notes to the Statement.

### **Management’s Responsibility for the Special Purpose Financial Statement**

Management is responsible for the preparation and fair presentation of the Statement in accordance with accounting principles generally accepted in the United States of America and the terms of the awards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are 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 audits 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. Those standards also require that the audit organization have an external peer review performed by reviewers independent of the organization at least once every three years. We subcontracted a portion of the audit to an independent chartered public accounting firm licensed and located in Kabul, Afghanistan. That firm did not have an external peer review, but did meet all other requirements. The work performed by our subcontractor consisted of substantive fieldwork in Afghanistan. Our subcontractor was not involved in the planning, directing or reporting aspects of the audit. The results of the audit were not affected as we directed the procedures performed and reviewed the work completed by our subcontractor.

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 risk 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.

### **Opinion**

In our opinion, the Statement referred to above presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and items and technical assistance directly procured by the U.S. Department of State for the indicated period in accordance with the terms of the agreements and in conformity with the accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued reports dated May 30, 2014, on our consideration of MCPA's internal controls and on our tests of its compliance with certain provisions of laws and regulations. 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 the internal control over financial reporting and compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*RMA Associates*

May 30, 2014

## Consolidated Special Purpose Financial Statement

Mine Clearance Planning Agency  
SPECIAL PURPOSE FINANCIAL STATEMENT  
April 1, 2008 to March 31, 2013

	Budget	Actual US\$	Ineligible	Questioned Costs		Notes
				Unsupported	Total	
<i>Revenues</i>						
S-PMWRA-08-GR-004	\$ 1,500,000	\$ 1,500,000			\$ -	2
S-PMWRA-09-GR-017	\$ 2,300,000	\$ 2,300,000			\$ -	
S-PMWRA-10-GR-009	\$ 4,000,000	\$ 4,000,000			\$ -	
S-PMWRA-10-GR-109	\$ 1,610,000	\$ 1,610,000			\$ -	
S-PMWRA-11-GR-012	\$ 4,000,000	\$ 4,000,000			\$ -	
<i>Total Revenues</i>	\$ 13,410,000	\$ 13,410,000			\$ -	
<i>Costs Incurred</i>						
	US\$	US\$				3
Personnel	6,083,455	6,014,358	-	16,149	\$ 16,149	
Field/Site Office Cost	362,221	169,815	-	-	\$ -	
Travel	1,658,013	1,490,705	-	-	\$ -	
Team Training	9,888	4,902	-	-	\$ -	
Expendable Equipment	747,225	858,789	-	113,852	\$ 113,852	
Non Expendable Equipment	2,118,457	2,190,007	-	509,885	\$ 509,885	
Premises	431,152	520,221	-	-	\$ -	
Operating Expenses	1,826,610	1,970,837	-	48,320	\$ 48,320	
Other Costs	172,979	120,440	-	-	\$ -	
(Gain)/Loss		19,589	-	-	\$ -	1(b)
<i>Total Direct Charges</i>	13,410,000	13,359,663	\$ -	\$ 688,206	\$ 688,206	A - D
<i>Indirect Charges</i>						
<i>Total Costs Incurred</i>	\$ 13,410,000	\$ 13,359,663	\$ -	\$ 688,206	\$ 688,206	
<i>Outstanding Balance (total revenue minus total costs)</i>	\$ -	\$ 50,337				5

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

## Notes to the Special Purpose Financial Statement

### Note 1. Summary of Significant Accounting Policies

#### (a) Basis of Accounting

The accompanying Special Purpose Financial Statement (SPFS) includes costs incurred under (awards) for the period April 1, 2008 through March 31, 2013. Because the SPFS presents only a selected portion of the operations of MCPA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MCPA. 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 aforementioned cooperative agreements. As such, the SPFS does not contain any entries related to the other operations program that may have been recorded and included in the basic financial statements. Therefore, some amounts presented in this SPFS will differ from amounts presented in, or used in the preparation of, the basic financial statements.

All amounts presented are shown in U.S. dollars (USD), the reporting currency of MCPA. Costs incurred in a foreign country and recorded in a foreign currency have been converted to USD consistent with MCPA's foreign currency conversion policy.

Expenditures 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 expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations. The SPFS, as presented, reflects all Federal Financial Report SF-425s submitted to U.S. Department of State as of March 31, 2013.

#### (b) Foreign Currency Conversion Method

All financial statements are prepared in USD. All financial transactions are converted into USD. MCPA's multi-currency computer-based accounting system supports the conversion of all transactions to USD for reporting purposes. MCPA uses the United Nations monthly exchange rate. The conversion of transactions to USD resulted in minor exchange rate gains and/or losses during the award period, which are reported as such in the SPFS. Cumulatively an exchange loss of \$19,589 is reported in the SPFS.

#### (c) Questioned Costs

There are two categories of questioned costs, ineligible and unsupported. Ineligible costs are those costs that are deemed to not be allowable in accordance with the terms of the Agreement and applicable laws and regulations. Unsupported costs are those costs for which inadequate supporting documentation was provided.

#### Note 2. Revenues

As of March 31, 2013, MCPA has reported \$13,410,000 in revenue for the period April 1, 2008 through March 31, 2013. MCPA has drawn a total of \$13,410,000 from its U.S. Department of State issued letter of Credit. Total expenditures of \$13,359,663 was reported to U.S. Department of State on all cumulative Federal Financial Report SF-425 forms through March 31, 2013.

#### Note 3. Costs Categories

The budget categories presented and associated amounts reflect the budget line items presented within the final, U.S. Department of State approved award budget.

#### Note 4. Indirect Costs

MCPA has not claimed indirect costs for the period April 1, 2008 through March 31, 2013.

#### Note 5. Reconciliation of the SPFS and Subsequent Events

MCPA performed a reconciliation of funds as of March 31, 2013. There was \$50,337 outstanding fund balance under the grant awards. Management has performed a thorough investigation of subsequent events through June 24, 2014, the date the final SPFS was available for issuance, and identified no issues or matters that would materially alter the SPFS, as presented.

### **Notes to Questioned Costs in the Special Purpose Financial Statement**

#### Note A. Questioned Costs: Procurement Proposal Analysis

Finding 2014-01 questions \$272,520 in costs due to lack of documentation to support procurement comparative price analysis.

#### Note B. Questioned Costs: Lack of Signed and Coded Documents

Finding 2014-02 questions \$353,924 in costs due to lack of signed and coded documents for the related expenditure. \$73,437 in costs are questioned in multiple findings.

#### Note C. Questioned Costs: Missing Purchase Requisition Documents

Finding 2014-03 questions \$217,281 in costs due to missing purchase requisition forms to support equipment requests to the purchase committee. \$106,531 in costs are questioned in multiple findings.

#### Note D. Questioned Costs: Missing National ID

Finding 2014-04 questions \$24,449 in costs due to missing business supplier identification.

Questioned costs for Note A through Note D above (after backing out costs in multiple findings) total \$688,206. These questioned costs for all findings were allocated to their respective cost categories.

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

To the Mine Clearance Planning Agency Management  
Kabul, Afghanistan

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

We have audited the special purpose financial statement of Mine Clearance Planning Agency (MCPA) for the period April 1, 2008 through March 31, 2013, and have issued our report on it dated May 30, 2014.

We conducted our audit in accordance with 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 of material misstatement. Those standards also require that the audit organization have an external peer review performed by reviewers independent of the organization at least once every three years. We subcontracted a portion of the audit to an independent chartered public accounting firm licensed and located in Kabul, Afghanistan. That firm did not have an external peer review, but did meet all other requirements. The work performed by our subcontractor consisted of substantive fieldwork in Afghanistan. Our subcontractor was not involved in the planning, directing or reporting aspects of the audit. The results of the audit were not affected as we directed the procedures performed and reviewed the work completed by our subcontractor.

The management of MCPA is responsible for establishing and maintaining 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 agreements; and transactions are recorded properly to permit the preparation of the special purpose financial statement in conformity with the basis of accounting described in Note 1 to the special purpose financial 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 special purpose financial statement of MCPA for the period April 1, 2008 through March 31, 2013, we obtained an understanding of internal control. With respect to internal control, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the special



purpose financial statement and not to provide an opinion on internal control. Accordingly, we do not express such an opinion.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants (AICPA). A significant 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 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. We noted four matters involving internal control and its operation that we consider to be significant deficiencies as defined above.

*RMA Associates*

May 30, 2014

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

To the Mine Clearance Planning Agency Management  
Kabul, Afghanistan

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

We have audited the special purpose financial statement of Mine Clearance Planning Agency (MCPA) for the period April 1, 2008 through March 31, 2013, and have issued our report on it dated May 30, 2014.

We conducted our audit in accordance with 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 of material misstatement resulting from violations of agreement terms and laws and regulations that have a direct and material effect on the determination of the special purpose financial statement amounts. Those standards also require that the audit organization have an external peer review performed by reviewers independent of the organization at least once every three years. We subcontracted a portion of the audit to an independent chartered public accounting firm licensed and located in Kabul, Afghanistan. That firm did not have an external peer review, but did meet all other requirements. The work performed by our subcontractor consisted of substantive fieldwork in Afghanistan. Our subcontractor was not involved in the planning, directing or reporting aspects of the audit. The results of the audit were not affected as we directed the procedures performed and reviewed the work completed by our subcontractor.

Compliance with agreement terms and laws and regulations applicable to MCPA is the responsibility of MCPA's management. As part of obtaining reasonable assurance about whether the special purpose financial statement is free of material misstatement, we performed tests of MCPA's compliance with certain provisions of agreement terms and laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards.

*RMA Associates*

May 30, 2014

## Schedule of Findings and Questioned Costs

### Finding 2014-01: Procurement Proposal Analysis

Significant Deficiency and Non-compliance

**Criteria:** MCPA’s internal control policy for procurement price analysis states that a minimum of three quotations will be obtained for purchases ranging from \$2,500 - \$150,000. A comparative analysis statement is used to document the selection and “approval of the lowest quotation”.

In addition, FAR 15.404-1(a)(1) specifies that the objective of proposal analysis is to ensure that the final agreed-to price is fair and reasonable, offering the best value to the Government. The contracting officer is responsible for evaluating the reasonableness of the offered prices. FAR 15.404-4(c)(4)(ii) specifies that the contracting officer’s signature on the documentation supporting determination of fair and reasonable price documents the contracting officer’s determination that the statutory price or fee limitations have not been exceeded. OMB Circular A-122 *Cost Principles for Non-Profit Organizations*, as the guidance presenting guidelines for allowability of direct costs, requires that the grantee must comply with its established policies and procedures.

**Condition:** We noted that for 5 equipment procurements, MCPA did not complete its internal control process for price analysis. Failure to obtain the minimum quotes and prepare documented comparative analysis is a departure from MCPA’s established policy.

In additional, because MCPA did not document the completed proposal analysis, these findings represent non-compliance with the provisions of FAR 15.404 and OMB Circular A-122 as noted above.

Award Number	Condition	Questioned Cost
S-PMWRA-09-GR-017	JV/154 - The contract for construction of the MCPA Mine Detection Dog facility at Charasiab Kabul for was not supported by an approved comparative statement identifying the Mohammad Taqi Husseini Construction Company as the selected bidder.	\$40,933
S-PMWRA-10-GR-109	JV/52 - The purchase of a second hand caterpillar loader for was not supported by an approved comparative statement identifying the selected bidder. Two quotations were received from different companies.	\$111,720
S-PMWRA-10-GR-109	BPV/225 - The purchase of demining equipment for was not supported by an approved comparative statement identifying Rofi Industries as the selected bidder. No other quotations were received.	\$49,054

<b>S-PMWRA-10-GR-109</b>	JV/71 - The purchase of Motorola Radios for was not supported by an approved comparative statement identifying Danimex as the selected bidder. No other quotations were received.	\$24,383
<b>S-PMWRA-11-GR-012</b>	JV/04 - The purchase of a second hand Mercedes Benz truck for was not supported by an approved comparative statement identifying the selected bidder. Three quotations were received from different companies.	\$46,430
<b>Total</b>		<b>\$272,520</b>

**Questioned Costs:** \$ 272,520

**Effect:** In the absence of an approved comparative statement, MCPA's proposal analysis has not been completed and authorized. Additionally MCPA may not have ensured that the U.S. Government received the best value for its money.

**Cause:** Inconsistent implementation of MCPA internal control procurement policies and procedures requiring comparative price analysis to ensure the U.S. Government receives the best value for its money.

**Recommendation:** We recommend that MCPA strengthen the existing procurement policy for proposal analysis by providing additional training to those responsible for approval, ensuring that policies are consistently implemented.

Additionally, we recommend that MCPA provide the missing support to the U.S. Department of State or refund the questioned costs of \$272,520.

**Management's Response:**

*S-PMWRA-09-GR-017: JV/154. The contract for construction of the MCPA MDD Facility:*

Management Response: MCPA obtained three quotations for the contract agreement and the lowest priced one was selected. As the financial records were shifted to other offices several times due to space limitations and even during the auditing period, the comparative statement was unfortunately misplaced. MCPA affirms that it has been obtaining three quotations for every procurement and practicing this policy. We affirm that this policy will be strictly followed in the future.

*S-PMWRA-10-GR-109: JV/52. The Purchase of second hand caterpillar loader:*

Management Response: According to our policies a comparative analysis should be performed, but as this was the purchase of second hand machinery, we searched to find machines with the same condition to obtain a comparative statement. Since there was great variation in the conditions, a comparative statement was not completed. The two quotations were obtained for MCPA's understanding of the cost and work ability. After a comprehensive market analysis MCPA's Executive Committee decided to purchase the best one. MCPA is practicing the comparative statement policy for the purchase of first hand items. This will also be followed in the future for second hand items if they are comparable. MCPA is including the Executive Operation Manager, Executive AFL Manager, Senior Logistic Manager and Mechanic in the Executive Committee for the purchase of second hand vehicles.

*S-PMWRA-10-GR-109: BPV/225. The Purchase of Demining Equipment:*

Management Response: According to the United Nations Mine Action Center for Afghanistan (UNMACA), Vest Ravelin (Rofi Denmark Made) and SD 450 Apron (Security Device Zimbabwe Made) were common suppliers for demining materials used by all demining NGOs in Afghanistan. We do not know if they are the sole suppliers of such materials. MCPA will research if alternative suppliers are available internationally to make a comparison in the future.

*S-PMWRA-10-GR-109: JV/71. The Purchase of Motorola Radios:*

Management Response: MCPA will ensure that the policy is adhered to in the future.

*S-PMWRA-11-GR-012: JV/o4. The Purchase of Second Hand Mercedes Benz Truck:*

Management Response: Again, as this is the case of a second hand truck, we searched to find machines with the same condition to obtain a comparative statement. Since there was great variation in the conditions, a comparative statement was not completed. Two quotations were obtained for MCPA's understanding of the cost and work ability. After a comprehensive market analysis, MCPA's LCAP committee decided to purchase the best one. MCPA is practicing this policy for the purchase of first hand items. This will also be followed in the future for second hand items if they are comparable. MCPA is including the Executive Operation Manager, Executive AFL Manager, Senior Logistic Manager and Mechanic in the Executive Committee for the purchase of second hand vehicles.

**Finding 2014-02: Procurement: Lack of Signed and Coded Documents**

## Significant Deficiency

**Criteria:** MCPA's internal control policies for financial reporting require that all transactions occurring at off-site locations follow the same accounting documentation processes maintained at headquarters, with appropriate management authorization and coding to identify the project and cost categories.

Additionally, FAR 31.201-2(d) states that the auditee is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred, are allocable to the contract, and comply with applicable cost principles. OMB Circular A-122 *Cost Principles for Non-Profit Organizations*, requires the auditee to maintain supporting documentation adequate to evaluate the determination and allowability of costs incurred.

**Condition:** For eight equipment procurements, MCPA management did not sign and/or properly code expense statements. For one equipment procurement, the comparative statement was not signed and the expense statement was not signed or coded.

In addition, MCPA did not maintain proper supporting documentation as required by the criteria above.

Award Number	ID	Procured Item(s)	Questioned Costs
S-PMWRA-10-GR-009	JV/14	Vehicles (8)	\$196,180
S-PMWRA-10-GR-009	JV/79	Kitchen Utensils	\$587
S-PMWRA-10-GR-109	BPV/265	Non-expendable Demining Tools	\$81,561
S-PMWRA-10-GR-109	BPV/225	Non-expendable Demining Tools	\$49,054*
S-PMWRA-10-GR-109	JV/71	Motorola Radios	\$24,383*
S-PMWRA-10-GR-109	JV/33	Hand Held Radios	\$556
S-PMWRA-10-GR-109	JV/15	Mobile Phone(5)	\$129
S-PMWRA-11-GR-012	BPV/150	Generator	\$1,474
<b>Total</b>			<b>\$353,924</b>

\*Item is questioned in another finding.

**Questioned Costs:** \$353,924

**Effect:** In the absence of authorized signatures and account coding, there is an increased risk of the misuse of U.S. Government funds.

**Cause:** Inconsistent implementation of MCPA internal control policies for financial reporting require that all transactions occurring at off-site locations follow the same accounting documentation processes maintained at headquarters, with appropriate management authorization and coding to identify the project and cost categories.

**Recommendation:** We recommend that MCPA implement a control, such as an authorization checklist, to ensure that proper authorization and coding are completed. In addition, training of off-site personnel should include a robust reinforcement of existing policies and procedures.

Additionally, we recommend that MCPA provide the missing documents to the U.S. Department of State or a refund of the questioned costs of \$353,924.

**Management's Response:** All of MCPA's projects usually start at one time during the months of April and May each year when the workload is heavy. We are affirming that we normally properly complete expense and comparative statements, but in this instance it was missed due to workload. We note that the rest of the relevant papers such as PO, PR, comparative statement and GRR were approved. We affirm that care should be taken to avoid such mistakes in the future.

**Finding 2014-03: Procurement: Missing Purchase Requisition Forms**

## Significant Deficiency

**Criteria:** MCPA's internal control policy for procurement requires that demand for equipment, the identified need followed by a request, be documented by purchase requisition forms that are submitted for approval. Purchases of \$100-\$150,000 require purchase requisition forms that are approved by MCPA Logistics. Purchases over \$150,000 must be approved by the Purchase Committee.

**Condition:** For four procurement transactions, MCPA could not provide purchase requisition forms. There was no committee action or approval noted. While purchase requisitions for the noted procurements could not be provided, MCPA was able to provide signed purchase orders to the suppliers for each transaction.

Award Number	ID	Procured Item(s)	Questioned Costs
S-PMWRA-10-GR-009	BPV/119	Demining Tools	\$ 110,750
S-PMWRA-10-GR-109	BPV/265	Non-expendable Demining Tools	\$81,561*
S-PMWRA-10-GR-109	JV/71	Motorola Radios	\$24,383*
S-PMWRA-10-GR-009	JV/79	Kitchen Utensils	\$587*
<b>Total</b>			<b>\$217,281</b>

\*Item is questioned in another finding.

**Questioned Costs:** \$217,281

**Effect:** Missing steps in management approval increases the risk that items will be procured outside of the scope of the award.

**Cause:** There was a failure in document retention controls. MCPA states that the forms were misplaced.

**Recommendation:** We recommend that MCPA strengthen its existing document retention policies and procedures to ensure that all required documents are maintained.

Additionally, we recommend that MCPA provide the missing support to the U.S. Department of State or refund the questioned costs of \$217,281.

**Management's Response:** Some documents may have been misplaced due to internal shift of files from one office to another. The rest of the procurement documents were made available. We affirm that care should be taken to avoid such mistakes in the future.



**Finding 2014-04: Procurement: Obtaining Supplier Business Credentials**

## Significant Deficiency

**Criteria:** FAR 31.201-3(b) states that costs are “allowable”, if among other things, they are “reasonable” and follow “generally accepted sound business practices”. Additionally “the grantees’ responsibilities is to the Government and the public at large”.

**Condition:** For four procurement transactions, the supplier information did not include business registration information or a copy of the national ID (Tazkira). These documents are the generally accepted forms of documentation in Afghanistan and demonstrate that MCPA is conducting business with credible organizations.

Award Number	ID	Procured Item(s)	Questioned Costs
S-PMWRA-08-GR-004	BPV/89	Medical Supplies	\$913
S-PMWRA-08-GR-004	BPV/15	Vehicle Maintenance	\$624
S-PMWRA-10-GR-009	JV/31	Vehicle Rental	\$6,763
S-PMWRA-10-GR-109	BPV/58	Life Insurance	\$16,149
<b>Total</b>			<b>\$24,449</b>

**Questioned Costs:** \$24,449

**Effect:** There is an increased risk of conducting business with those with terrorist ties. U.S. Government funds could be used to indirectly fund terrorist organization.

**Cause:** MCPA states that some small businesses do not have the national ID. MCPA does not have a policy to document the business registration information or national ID in order to determine the vendor is credible and reduce the risk of U.S. Government funds being used inappropriately.

**Recommendation:** We recommend that MCPA implement a policy to ensure and document that it only does business with credible individuals and organizations. MCPA should demonstrate this by obtaining a copy of the national ID or business registration information from all suppliers.

Additionally, we recommend that MCPA provide the missing support to the U.S. Department of State or refund the questioned costs of \$24,449.

**Management’s Response:** It was not previously our policy to obtain business registration information or ID/Tazkira from suppliers or service providers. However, we recognize the importance of this practice. In the future MCPA will request business registration information or ID/Tazkira. Externally, the Bank Officer should also cross check the ID when the check is presented, which should mitigate the risk of US money going to the wrong people. MCPA will update its relevant SOPs/policies and include this as the essential criteria.

## Appendix A - Individual Award Special Purpose Financial Statements

**Mine Clearance Planning Agency  
SPECIAL PURPOSE FINANCIAL STATEMENT  
April 1, 2008 to March 31, 2009**

	Budget	Actual	Ineligible	Questioned Costs	
		US\$		Unsupported	Total
<i>Revenues</i>					
S-PMWRA-08-GR-004	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -	\$ -
<i>Total Revenues</i>	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -	\$ -
	US\$	US\$			
<i>Costs Incurred</i>					
Personnel	534,430	490,080	\$ -	\$ -	\$ -
Field/Site Office Cost	-		\$ -	\$ -	\$ -
Travel	147,411	127,590	\$ -	\$ -	\$ -
Team Training	576	1,016	\$ -	\$ -	\$ -
Expendable Equipment	51,956	61,662	\$ -	\$ 912	\$ 912
Non Expendable Equipment	533,690	564,435	\$ -	\$ -	\$ -
Premises	50,791	44,183	\$ -	\$ -	\$ -
Operating Expenses	162,782	194,302	\$ -	\$ 624	\$ 624
Other Costs	18,364	15,917	\$ -		\$ -
(Gain)/Loss		815	\$ -	\$ -	\$ -
<i>Total Direct Charges</i>	\$ 1,500,000	\$ 1,500,000	\$ -	\$ 1,536	\$ 1,536
Indirect Charges					
<i>Total Costs Incurred</i>	\$ 1,500,000	\$ 1,500,000	\$ -	\$ 1,536	\$ 1,536
<i>Outstanding Balance (total revenue minus total costs)</i>	\$ -	\$ -			

**Mine Clearance Planning Agency  
SPECIAL PURPOSE FINANCIAL STATEMENT  
April 1, 2009 to March 31, 2010**

	Budget	Actual US\$	Ineligible	Questioned Costs	
				Unsupported	Total
<i>Revenues</i>					
S-PMWRA-09-GR-017	\$ 2,300,000	\$ 2,300,000			
<i>Total Revenues</i>	\$ 2,300,000	\$ 2,300,000			
	US\$	US\$			
<i>Costs Incurred</i>					
Personnel	1,232,735	1,191,086		\$ -	-
Field/Site Office Cost				\$ -	-
Travel	297,273	286,500		\$ -	-
Team Training	1,296	1,392		\$ -	-
Expendable Equipment	159,407	195,528		\$ -	-
Non Expendable Equipment	117,091	137,655		\$ -	-
Premises	107,091	100,099		\$ -	-
Operating Expenses	349,357	365,593		\$ 40,933	\$ 40,933
Other Costs	35,750	22,147		\$ -	-
				\$ -	-
(Gain)/Loss				\$ -	-
<i>Total Direct Charges</i>	\$ 2,300,000	\$ 2,300,000	\$ -	\$ 40,933	\$ 40,933
Indirect Charges					
<i>Total Costs Incurred</i>	\$ 2,300,000	\$ 2,300,000	\$ -	\$ 40,933	\$ 40,933
<i>Outstanding Balance (total revenue minus total costs)</i>	\$ -	\$ -			

**Mine Clearance Planning Agency  
SPECIAL PURPOSE FINANCIAL STATEMENT  
April 1, 2010 to March 31, 2011**

	Budget	Actual	Ineligible	Questioned Costs	
		US\$		Unsupported	Total
<i>Revenues</i>					
S-PMWRA-10-GR-009	\$ 4,000,000	\$ 4,000,000			
<i>Total Revenues</i>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>			
	US\$	US\$			
<i>Costs Incurred</i>					
Personnel	1,825,780	1,822,685		\$ -	
Field/Site Office Cost				\$ -	
Travel	548,056	472,969		\$ -	
Team Training	4,104	2,494		\$ -	
Expendable Equipment	199,930	221,559		\$ 111,337	\$ 111,337
Non Expendable Equipment	768,031	754,426		\$ 196,180	\$ 196,180
Premises	122,043	126,738		\$ -	
Operating Expenses	476,229	557,917		\$ 6,763	\$ 6,763
Other Costs	55,827	40,788		\$ -	
				\$ -	
(Gain)/Loss		424		\$ -	
<i>Total Direct Charges</i>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ 314,280</u>	<u>\$ 314,280</u>
Indirect Charges					
<i>Total Costs Incurred</i>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ 314,280</u>	<u>\$ 314,280</u>
<i>Outstanding Balance (total revenue minus total costs)</i>	\$ -	\$ -			

**Mine Clearance Planning Agency**  
**SPECIAL PURPOSE FINANCIAL STATEMENT**  
**September 1 2010 to December 31, 2012**

	Budget	Actual	Ineligible	Questioned Costs	
		US\$		Unsupported	Total
<i>Revenues</i>					
S-PMWRA-10-GR-109	\$ 1,610,000	\$ 1,610,000			
<i>Total Revenues</i>	<u>\$ 1,610,000</u>	<u>\$ 1,610,000</u>			
	US\$	US\$			
<i>Costs Incurred</i>					
Personnel	346,488	372,346		\$ 16,149	\$ 16,149
Field/Site Office Cost	357,921	165,552		\$ -	\$ -
Travel	106,407	90,240		\$ -	\$ -
Team Training	1,320	-		\$ -	\$ -
Expendable Equipment	57,743	104,356		\$ 129	\$ 129
Non Expendable Equipment	528,025	643,771		\$ 267,275	\$ 267,275
Premises	24,000	16,290		\$ -	\$ -
Operating Expenses	188,096	167,108		\$ -	\$ -
Other Costs				\$ -	\$ -
(Gain)/Loss				\$ -	\$ -
<i>Total Direct Charges</i>	<u>\$ 1,610,000</u>	<u>\$ 1,559,663</u>	<u>\$ -</u>	<u>\$ 283,553</u>	<u>\$ 283,553</u>
Indirect Charges					
<i>Total Costs Incurred</i>	<u>\$ 1,610,000</u>	<u>\$ 1,559,663</u>	<u>\$ -</u>	<u>\$ 283,553</u>	<u>\$ 283,553</u>
<i>Outstanding Balance (total revenue minus total costs)</i>	\$ -	\$ 50,337			

**Mine Clearance Planning Agency  
SPECIAL PURPOSE FINANCIAL STATEMENT  
April 1, 2011 to March 31, 2013**

	Budget	Actual US\$	Ineligible	Questioned Costs	
				Unsupported	Total
<i>Revenues</i>					
S-PMWRA-11-GR-012	\$ 4,000,000	\$ 4,000,000			
<i>Total Revenues</i>	\$ 4,000,000	\$ 4,000,000			
	US\$	US\$			
<i>Costs Incurred</i>					
Personnel	2,144,022	2,138,161		\$ -	
Field/Site Office Cost	4,300	4,263		\$ -	
Travel	558,866	513,406		\$ -	
Team Training	2,592	-		\$ -	
Expendable Equipment	278,189	275,684		\$ 1,474	\$ 1,474
Non Expendable Equipment	171,620	89,720		\$ 46,430	\$ 46,430
Premises	127,227	232,911		\$ -	
Operating Expenses	650,146	685,917		\$ -	
Other Costs	63,038	41,588		\$ -	
				\$ -	
(Gain)/Loss		18,350		\$ -	
<i>Total Direct Charges</i>	\$ 4,000,000	\$ 4,000,000	\$ -	\$ 47,904	\$ 47,904
Indirect Charges					
<i>Total Costs Incurred</i>	\$ 4,000,000	\$ 4,000,000	\$ -	\$ 47,904	\$ 47,904
<i>Outstanding Balance (total revenue minus total costs)</i>	\$ -	\$ -			

**Appendix B – Management’s Response**



## Mine Clearance Planning Agency

House # 72 Rt, Shirkat Street, ward -06 Darul Aman Road, Opposite Habibia High School,  
Kabul Afghanistan. Mobil: # +93 (0) 70 199512  
E-mail: info@mcpa.org.af

May 30, 2014

From:  
Mine Clearance Planning Agency  
H# 72, Shirkat Street, Karte-3  
Kabul, AFGHANISTAN

To:  
RMA Associates, LLC  
1050 N. Taylor Street  
Suite 706  
Arlington, VA 22201

**Sub:** MCPA Management's Response to Finding 2014-01: Procurement Proposal Analysis, MCPA Management's Response to Finding 2014-02: Procurement: Lack of Signed and Coded Documents, MCPA Management's Response to Finding 2014-03: Procurement: Missing Purchase Requisition Forms and MCPA Management's Response to Finding 2014-04: Procurement: Obtaining Supplier Business Credentials

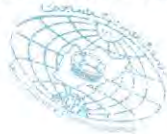
**Dear** RMA Associates, LLC,

We are providing this letter in connection with your audit of the special purpose financial statements for awards S-PMWRA-08-GR-004, S-PMWRA-09-GR-017, S-PMWRA-10-GR-009, S-PMWRA-10-GR-109, and S-PMWRA-11-GR-012 for the Period April 1, 2008 through March 31, 2013, containing MCPA management comments to the observation and findings raised by RMA associates during the audit period.

Enclosed please find our management responses in three pages of total for the intended purpose.

Best regards,

  
Haji Attiqullah Director MCPA





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**MCPA Management's Response to Finding 2014-01:**  
**Procurement Proposal Analysis**

*S-PMWRA-09-GR-017: JV/154. The contract for construction of the MCPA MDD Facility:*

Management's Response: MCPA obtained three quotations for the contract agreement and the lowest priced one was selected. As the financial records were shifted to other offices several times due to space limitations and even during the auditing period, the comparative statement was unfortunately misplaced. MCPA affirms that it has been obtaining three quotations for every procurement and practicing this policy. We affirm that this policy will be strictly followed in the future.

*S-PMWRA-10-GR-109: JV/52. The Purchase of second hand caterpillar loader:*

Management's Response: According to our policies a comparative analysis should be performed, but as this was the purchase of second hand machinery, we searched to find machines with the same condition to obtain a comparative statement. Since there was great variation in the conditions, a comparative statement was not completed. The two quotations were obtained for MCPA's understanding of the cost and work ability. After a comprehensive market analysis MCPA's Executive Committee decided to purchase the best one. MCPA is practicing the comparative statement policy for the purchase of first hand items. This will also be followed in the future for second hand items if they are comparable. MCPA is including the Executive Operation Manager, Executive AFL Manager, Senior Logistic Manager and Mechanic in the Executive Committee for the purchase of second hand vehicles.

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Management's Response: MCPA will ensure that the policy is adhered to in the future.

*S-PMWRA-11-GR-012: JV/o4. The Purchase of Second Hand Mercedes Benz Truck:*

Management's Response: Again, as this is the case of a second hand truck, we searched to find machines with the same condition to obtain a comparative statement. Since there was great variation in the conditions, a comparative statement was not completed. Two quotations were obtained for MCPA's understanding of the cost and work ability. After a

*Rasmi*



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comprehensive market analysis, MCPA's LCAP committee decided to purchase the best one. MCPA is practicing this policy for the purchase of first hand items. This will also be followed in the future for second hand items if they are comparable. MCPA is including the Executive Operation Manager, Executive AFL Manager, Senior Logistic Manager and Mechanic in the Executive Committee for the purchase of second hand vehicles.

**MCPA Management's Response to Finding 2014-02: Procurement:  
Lack of Signed and Coded Documents**

**S-PMWRA-10-GR-009: JV/14. Procurement of Vehicles**  
**S-PMWRA-10-GR-009: JV/79. Procurement of Kitchen Utensils**  
**S-PMWRA-10-GR-109: BPV/265. Procurement of non-expendable demining tools:**  
**S-PMWRA-10-GR-109: JV/225. Procurement of Vehicles**  
**S-PMWRA-10-GR-109: JV/71. Procurement of Motorola Radios**  
**S-PMWRA-10-GR-109: JV/33. Procurement of Hand Held Radios**  
**S-PMWRA-10-GR-109: JV/15. Procurement of Mobile Phones:**  
**S-PMWRA-11-GR-012: BPV/150. Procurement of Generator:**

Management's Response: All of MCPA's projects usually start at one time during the months of April and May each year when the workload is heavy. We are affirming that we normally properly complete expense and comparative statements, but in this instance it was missed due to workload. We note that the rest of the relevant papers such as PO, PR, comparative statement and GRR were approved. We affirm that care should be taken to avoid such mistakes in the future.

**MCPA Management's Response to Finding 2014-03: Procurement:  
Missing Purchase Requisition Forms**

**S-PMWRA-10-GR-009: BPV/119. Missing Purchase requisition form for Demining Tools**  
**S-PMWRA-10-GR-109: BPV/265. Missing Purchase requisition form for non-expendable Demining Tools**  
**S-PMWRA-10-GR-109: JV/71. Missing Purchase requisition form for Motorola Radios**  
**S-PMWRA-10-GR-009: JV/79. Missing Purchase requisition form for Kitchen Utensils**

Management's Response: Some documents may have been misplaced due to internal shift of files from one office to another. The rest of the procurement documents were made available. We affirm that care should be taken to avoid such mistakes in the future.

Roshmi  


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**MCPA Management's Response to Finding 2014-04: Procurement:  
Obtaining Supplier Business Credentials**

**S-PMWRA-08-GR-004: BPV/89. Missing obtaining supplier ID/Tazkira for Medical Supplies:**

**S-PMWRA-08-GR-004: BPV/15. Missing obtaining supplier ID/Tazkira for vehicle maintenance:**

**S-PMWRA-10-GR-009: JV/31. Missing obtaining supplier ID/Tazkira for Rental Vehicles**

**S-PMWRA-10-GR-109: BPV/58. Missing obtaining supplier ID/Tazkira for life Insurance**

Management's Response: It was not previously our policy to obtain business registration information or ID/Tazkira from suppliers or service providers. However, we recognize the importance of this practice. In the future MCPA will request business registration information or ID/Tazkira. Externally, the Bank Officer should also cross check the ID when the check is presented, which should mitigate the risk of US money going to the wrong people. MCPA will update its relevant SOPs/policies and include this as the essential criteria.

*Resmi*



## 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 publically 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)
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2530 Crystal Drive  
Arlington, VA 22202