

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 23-15 Financial Audit

Department of the Army's Operations and
Maintenance Support and Networking
Services for the Afghan National Army and
Police Network Operations Centers: Audit of
Costs Incurred by IAP Worldwide Services Inc.



FEBRUARY
2023

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT THE AUDIT REVIEWED

In October 2018, the Department of the Army's Contracting Command awarded two 5-year, cost-plus-fixed-fee task orders, valued at \$103,884,083, to IAP Worldwide Services Inc. (IAP) to provide operations and maintenance support for the Afghan National Army and Police Network Operations Centers (NOC). The task orders' objectives were to maintain the NOC's existing infrastructure, assist with enhancements, and transition the operations to the Afghan government, among other activities. The Army modified the orders 45 times; the modifications increased the total value of the two task orders to \$134,889,544 and shortened the period of performance to June 30, 2022.

SIGAR's financial audit, performed by Williams, Adley & Company—DC LLP (Williams Adley), reviewed \$57,886,319 in costs charged to the task orders from November 25, 2019, through November 25, 2021. The objectives of the audit were to (1) identify and report on material weaknesses or significant deficiencies in IAP's internal controls related to the award; (2) identify and report on instances of material noncompliance with the terms of the award and applicable laws and regulations, including any potential fraud or abuse; (3) determine and report on whether IAP has taken corrective action on prior findings and recommendations; and (4) express an opinion on the fair presentation of IAP's Special Purpose Financial Statement (SPFS). See Williams Adley's report for the precise audit objectives.

In contracting with an independent audit firm and drawing from the results of the audit, auditing standards require SIGAR to review the work performed. Accordingly, SIGAR oversaw the audit and reviewed its results. Our review disclosed no instances wherein Williams Adley did not comply, in all material respects, with generally accepted government auditing standards issued by the Comptroller General of the United States.

February 2023

Department of the Army's Operations and Maintenance Support and Networking Services for the Afghan National Army and Police Network Operations Centers: Audit of Costs Incurred by IAP Worldwide Services Inc.

SIGAR 23-15-FA

WHAT SIGAR FOUND

Williams Adley identified three significant deficiencies in IAP's internal controls, and four instances of noncompliance with the terms of the task orders. For example, IAP charged the Department of the Army for travel costs that were specifically prohibited by the contract and for costs of an employee whose work did not support the orders. SIGAR notified IAP of these deficiencies and compliance issues prior to the publication of this report.

Because of the deficiencies in internal controls and the instances of noncompliance, Williams Adley identified \$35,595 in total questioned costs, consisting of \$23,204 in ineligible costs—costs prohibited by the task order and applicable laws and regulations—and \$12,391 in unsupported costs—costs not supported with adequate documentation or that did not have required prior approval.

Category	Ineligible	Unsupported	Total Questioned Costs
Labor	\$0	\$1,127	\$1,127
Travel	\$3,860	\$11,264	\$15,124
Other Direct Costs	\$19,344	\$0	\$19,344
Total Costs	\$23,204	\$12,391	\$35,595

Williams Adley identified two prior audit reports that were relevant to IAP's task orders. The reports had seven findings that could have a material effect on the SPFS. Williams Adley conducted follow-up procedures and concluded that IAP took adequate corrective action on all seven findings.

Williams Adley issued an unmodified opinion on IAP's SPFS, noting that it presents fairly, in all material respects, revenues earned, and costs incurred for the period audited.

WHAT SIGAR RECOMMENDS

Based on the results of the audit, SIGAR recommends that the responsible contracting officer at the Department of the Army:

1. Determine the allowability of and recover, as appropriate, \$35,595 in questioned costs identified in the report.
2. Advise IAP to address the report's three internal control findings.
3. Advise IAP to address the report's four noncompliance findings.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

February 27, 2023

The Honorable Lloyd J. Austin III
Secretary of Defense

The Honorable Christine E. Wormuth
Secretary of the Army

We contracted with Williams Adley & Company–DC LLP (Williams Adley) to audit the costs incurred by IAP Worldwide Services Inc. (IAP) under two Army Contracting Command cost-plus-fixed-fee task orders to provide operations and maintenance support for the Afghan National Army and Police Network Operations Centers (NOC).¹ The task orders' objectives were to maintain the NOC's existing infrastructure, assist with enhancements, and transition the operations to the Afghan government, among other activities. Williams Adley reviewed \$57,886,319 in costs charged to the task orders from November 25, 2019, through November 25, 2021. Our contract with Williams Adley 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 contracting officer at the Department of the Army:

- 1. Determine the allowability of and recover, as appropriate, \$35,595 in questioned costs identified in the report.**
- 2. Advise IAP to address the report's three internal control findings.**
- 3. Advise IAP to address the report's four noncompliance findings.**

Williams Adley discusses the results of the audit in detail in the attached report. We reviewed Williams Adley's report and related documentation. We also inquired about Williams Adley's conclusions in the report and the firm's compliance with applicable standards. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on IAP's Special Purpose Financial Statements, or conclusions about the effectiveness of internal control over financial reporting or on compliance with laws and other matters. Williams Adley is responsible for the attached auditor's report, dated January 30, 2023, and the conclusions expressed therein. However, our review disclosed no instances where Williams Adley did not comply, in all material respects, with U.S. generally accepted government auditing standards issued by the Comptroller General of the United States.

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

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

(F-238)

¹ The task order numbers are 0004 and 0005 under contract no. W15P7T-17-D-0146.



Audit Report

Special Inspector General for Afghanistan Reconstruction (SIGAR)

**Financial Audit of Costs Incurred Under Contract No.
W15P7T-17-D-0146 – Task Orders 0004 and 0005**

IAP WORLDWIDE SERVICES, INC.

For the Period November 25, 2019 – November 25, 2021

Audit F-238



January 30, 2023

Contents

Transmittal Letter.....	1
Summary	4
Background	4
Work Performed.....	5
Engagement Objectives	5
Scope.....	6
Methodology	6
Summary of Results.....	7
Summary of Management Comments	8
References to Appendices.....	9
Independent Auditor’s Report on the Special Purpose Financial Statement	10
Special Purpose Financial Statement.....	12
Notes to the Special Purpose Financial Statement.....	13
Independent Auditor’s Report on Internal Control.....	13
Independent Auditor’s Report on Compliance	15
Section I – Schedule of Findings and Questioned Costs	20
Section II – Summary of Schedule of Prior Audit, Review, and Assessment Findings.....	31
Appendix A – IAP’s Response to the Findings	35
Appendix B – Auditor’s Response	41

Transmittal Letter

January 30, 2023

Board of Directors of IAP Worldwide Services, Inc.
7315 North Atlantic Avenue
Cape Canaveral, FL 32920

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

We hereby provide to you our draft report, which reflects results from the procedures we completed during our financial audit of costs incurred by IAP Worldwide Services, Inc. (IAP) under Department of Defense (DoD) contract number W15P7T-17-D-0146, Task Orders 0004 and 0005 for the period of November 25, 2019 through November 25, 2021.

Within the pages that follow, we provide a summary of the work performed. Following the summary, we provide our Report on the Special Purpose Financial Statement (the Statement), Report on Internal Control, and Report on Compliance. We do not express an opinion on the summary or any information preceding our reports.

When preparing our reports, we considered comments, feedback and interpretations provided by IAP and SIGAR, in writing and orally, throughout the audit. IAP's final written response to the audit reports and our corresponding auditor analysis are incorporated herein.

Thank you for providing us the opportunity to work with you and to conduct the audit of IAP's contract task order.

Sincerely,



Leah Southers, CPA, CGFM, CISA, CFE
Principal

WILLIAMS, ADLEY & COMPANY-DC, LLP

Certified Public Accountants / Management Consultants

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Summary

Background

On October 26, 2018, the Department of the Army Contracting Command (ACC) awarded IAP Worldwide Services Inc. (IAP) two cost-plus-fixed-fee task orders to IAP worth \$103,884,083, to provide transition operations and maintenance support for the Afghan National Army and Police’s Network Operations Centers (NOC). The task orders required IAP to operate and maintain the NOC’s existing infrastructure, assist with site expansions, provide cybersecurity capabilities, ensure bandwidth functionality, and maintain supporting equipment. A further objective included transitioning all aspects of the NOC’s operations from IAP to the respective Afghan Government Communication’s Directorates. Upon the U.S. decision to drawdown from Afghanistan, the task orders’ objectives did not shift; IAP was directed to maintain existing services capabilities. However, IAP was instructed to immediately demobilize its coalition expatriate labor categories and relocate their Tier three Services that were U.S. citizens to Dubai to continue the work remotely.

At the time of issuance, IAP’s contract W15P7T-17-D-0146 - orders 0004 and 0005 included base periods plus four option periods, and the periods of performance were October 25, 2018, through November 25, 2023. The Army has modified the orders a collective 45 times, increasing the total value to \$134,889,544 and reducing the period of performance end dates to June 30, 2022. See summary of modifications below.

W15P7T-17-D-0146 Task Order 0004					
Task Order Value			Period of Performance		
				Beginning	End
		\$48,772,122		10/26/2018	11/25/2023
Modifications to W15P7T-17-D-0146 Task Order 0004					
Mod.	Change in TO Value	Task Order Value after Mod.	Modified Period of Performance		
			Period	Beginning	End
2			Base	11/26/2018	5/25/2019
4			Option Period 1	5/26/2019	11/25/2019
8			Option Period 2	11/26/2019	11/25/2020
13	\$4,273,959	\$53,046,081			
15			Option Period 3	11/26/2020	11/25/2021
17	\$7,499,988	\$60,546,069			
20			Option Period 4	11/26/2021	11/25/2022
22			TO Termination		6/30/2022
W15P7T-17-D-0146 Task Order 0005					
Task Order Value			Period of Performance		
				Beginning	End
		\$55,111,961		10/25/2018	11/24/2023
Modifications to W15P7T-17-D-0146 Task Order 0005					

Mod.	Change in TO Value	Task Order Value after Mod.	Modified Period of Performance		
			Period	Beginning	End
5			Base	10/25/2018	5/24/2019
5			Option Period 1	5/25/2019	11/24/2019
9			Option Period 2	11/25/2019	11/24/2020
14	\$5,731,515	\$60,843,476			
17			Option Period 3	11/25/2020	11/24/2021
18	\$13,499,999	\$74,343,475			
21			Option Period 4	11/25/2021	11/24/2022
23			TO Termination		6/30/2022
Combined Task Orders W15P7T-17-D-0146 Task Orders 0004 and 0005					
			Modified Period of Performance		
		Combined Task Order Value		Beginning	End
		\$134,889,544		10/25/2018	6/30/2022

Work Performed

The Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) contracted with Williams, Adley & Company-DC, LLP (Williams Adley) to conduct a financial audit of costs incurred for the period November 25, 2019 through November 25, 2021, under contract W15P7T-17-D-0146, Task Orders 0004 and 0005.

Engagement Objectives

The objectives of the audit of the aforementioned awards include the following:

Audit Objective 1 – Special Purpose Financial Statement (the Statement)

Express an opinion on whether the Special Purpose Financial Statement for the awards 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 awards and generally accepted accounting principles or other comprehensive basis of accounting.

Audit Objective 2 – Internal Controls

Evaluate and obtain a sufficient understanding of IAP's internal controls related to the awards, assess control risk, and identify and report on significant deficiencies, including material internal control weaknesses.

Audit Objective 3 – Compliance

Perform tests to determine whether IAP 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 IAP 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 our audit covers IAP's costs incurred under Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005 for the period of November 25, 2019 through November 25, 2021. Within the period under audit, IAP reported \$57,886,319 in total revenue, which consisted of \$57,084,965 in reimbursable costs and \$801,354 in fixed fees earned under the task orders. The audit was limited to those matters and procedures pertinent to the task orders that have a direct and material effect on the Statement. The audit also included an evaluation of the presentation, content, and underlying records of the Statement. Further, the audit included reviewing the financial records that support the Statement to determine if there were material misstatements and if the Statement 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:

- Administrative Procedures and Fraud Risk Assessment
- Budget Management
- Disbursements and Financial Reporting
- Procurement and Inventory Management

Methodology

Our audit was performed in accordance with United States Generally Accepted Government Auditing Standards (GAGAS, or the "Yellow Book") issued by the Comptroller General of the U.S. Government Accountability Office (GAO). To meet the abovementioned objectives, we designed our audit procedures to include the following:

Audit Objective 1 – Special Purpose Financial Statement (the Statement)

Transactions were selected both statistically and non-statistically from the general ledger detail supporting the Statement and were tested to determine if the transactions were recorded accurately and consistent with the terms and conditions of the task orders; were incurred within the period covered by the Statement; were appropriately allocated to the task orders; and were adequately supported.

Audit Objective 2 – Internal Controls

We obtained and reviewed IAP's policies and procedures to gain an understanding of the system of internal control established by IAP during the period of performance. Additionally, we obtained questionnaire responses to obtain an understanding of the processes that were in place during the period of performance. We confirmed internal controls identified by IAP and assessed the control risk for sampling and testing purposes.

Audit Objective 3 – Compliance

We reviewed the task orders issued by ACC to identify criteria against which to test the Statement. Using various sampling techniques, we selected transactions, procurement actions, materials, and reports for testing. Supporting documentation was provided by IAP and subsequently evaluated to assess IAP's compliance with the task orders and allowable costs per the Code of Federal Regulations (CFR) cost principles. Testing of indirect costs was limited to determining whether indirect costs were calculated and charged to the U.S. Government in accordance with the provisional billing rate letters issued by the Defense Contract Management Agency (DCMA).

Audit Objective 4 – Corrective Action on Prior Findings and Recommendations

We requested prior audit reports, reviews, and assessments pertinent to IAP's activities under the Contract Task Orders. We also performed independent research of publicly available information to identify and review reports. For prior audits that indicated a need for corrective action to be taken by IAP, we determined through inquiry, observation, and testing whether the necessary steps were taken to adequately address those findings and recommendations.

Summary of Results

We issued an unmodified opinion on IAP's Statement as it presented fairly, in all material respects, the revenues earned, costs incurred, and balances for the indicated period. We also reported on IAP's internal control and compliance with contract terms, laws, and regulations. No material weaknesses were identified during our testing. However, we noted three significant deficiencies in internal control. In the four instances where we concluded IAP had not complied with award requirements and applicable laws and regulations, we categorized those findings as noncompliance. In situations in which control and compliance findings pertained to the same matter, the findings were consolidated within a single finding.

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

Prior Year Audit Findings

Additionally, we conducted procedures to determine whether adequate corrective action was taken in response to prior year audit findings and recommendations applicable to this audit. We obtained the two most recent SIGAR Audit Reports conducted on these Task Orders for the period November 25, 2018 through November 25, 2019. We identified four (4) findings related to Task Order 0004 and three (3) findings relates to Task Order 0005 that could have a direct and material effect on the Statement or other financial data significant to the audit objectives. We concluded that IAP took adequate corrective action on all of the findings and recommendations that could have a direct and material effect on the Statement or other financial data significant to the audit objectives. The specific results of the follow-up procedures and the status of the findings are noted within Section II: Summary Schedule of Prior Audit, Review, and Assessment Findings.

This summary is intended to present an overview of the results of the procedures completed for the purpose described herein and is not intended to be a representation of the audit results in their entirety.

Schedule of Findings and Questioned Costs

We identified five findings that resulted in total questioned costs in the amount of \$35,595. SIGAR requires questioned costs to be classified as either “ineligible” or “unsupported.” SIGAR defines ineligible costs as those that are explicitly questioned because they are unreasonable, prohibited by the audited contract or applicable laws and regulations, or that are unrelated to the award. Of the total questioned costs, we identified \$23,204 as ineligible. Unsupported costs are those that are not supported with adequate documentation or did not have the required prior approvals or authorizations. Of the total questioned costs, we identified \$12,391 as unsupported.

Finding		Classification	Ineligible	Unsupported	Total Questioned Costs
2022-01	Misallocation of Expenses Between Awards	Significant Deficiency and Noncompliance	-	-	-
2022-02	Unallowable Travel Costs	Significant Deficiency and Noncompliance	\$3,860	\$11,264	\$15,124
2022-03	Other Direct Costs Recorded Erroneously	Significant Deficiency	\$19,344		\$ 19,344
2022-04	Overtime Labor Costs Missing Approvals	Noncompliance	-	\$1,127	\$ 1,127
2022-05	Unallowable Classification of Costs Incurred	Noncompliance	-	-	-
Total Questioned Costs					\$ 35,595

Summary of Management Comments

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

Finding 2022-01: Misallocation of Expenses Between Awards. IAP concurred with the finding and recommendations, and noted they have adjusted their cost records and billings.

Finding 2022-02: Unsupported Travel Costs. IAP disagreed with the finding and the recommendations and did not agree that the identified transactions reflected a significant deficiency or instance of noncompliance.

Finding 2022-03: Unallocable and Unsupported DBA Charges. IAP concurred with the finding and recommendations. IAP stated they corrected their cost records and billings to credit the government for amounts billed inadvertently.

Finding 2022-04: Overtime Labor Costs Missing Approvals. IAP concurred with the condition in the finding – noting Williams Adley correctly identified 16 hours of unapproved overtime. However, they disagreed with Williams Adley’s assertion IAP lacked controls requiring approval for overtime.

Finding 2022-05: Hazard Pay Costs Requiring Reclassification. IAP concurred with the findings and recommendations and stated they made the necessary reclassifications.

Our rebuttal to management comments is detailed in Appendix B of this report.

References to Appendices

The auditor’s reports are supplemented by two appendices: Appendix A, which contains management’s response to the audit findings; and Appendix B, which contains the auditor’s rebuttal.



Independent Auditor's Report on the Special Purpose Financial Statement

Board of Directors of IAP Worldwide Services, Inc.
7315 North Atlantic Avenue
Cape Canaveral, FL 32920

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 IAP Worldwide Services, Inc. (IAP) and the related notes to the Statement, with respect to the Army Contracting Command (ACC) Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005 for the period of November 25, 2019 through November 25, 2021.

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 provided by the Special Inspector General for Afghanistan Reconstruction (SIGAR). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 IAP'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 IAP's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

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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.

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues earned, costs incurred, and balances for the indicated period in accordance with the terms of the agreements and in conformity with the basis of accounting described below.

Basis of Accounting

We draw attention to Note 2 to the Statement, which describes the basis of accounting. As described in Note 2 to the Statement, the Statement is prepared by IAP on the basis of the requirements provided by SIGAR, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports, dated January 30, 2023, on our consideration of IAP's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IAP's internal control over financial reporting and compliance.

Restriction on Use

Our report is intended solely for the information of IAP, the ACC, and SIGAR, and is not intended to be and should not be used by anyone other than these specified parties. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public.

Williams, Adley & Company-DC, LLP

Washington, District of Columbia

January 30, 2023

IAP Worldwide Services, Inc.
Special Purpose Financial Statement¹
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the period from November 25, 2019 to November 25, 2021

	<u>Budget</u> ²	<u>Actual</u> ³	<u>Ineligible</u>	<u>Unsupported</u>	<u>Total Questioned Costs</u>	<u>Notes</u>
Revenues						
W15P7T-17-D-0146, Task Order 0004, 0005	\$ 106,334,570	\$ 57,886,319	\$ -	\$ -	\$ -	3
Total Revenue	\$ 106,334,570	\$ 57,886,319	\$ -	\$ -	\$ -	
Costs Incurred^{4 5}						
Labor	\$ 30,918,790	\$ 16,413,452	\$ (402)	\$ 1,127	\$ 725	5, C, D
Material	\$ 56,451,331	\$ 30,832,185	\$ -	\$ -	\$ -	
Travel	\$ 290,100	\$ 75,560	\$ 3,860	\$ 11,264	\$ 15,124	A
Other Direct Costs	\$ 17,475,702	\$ 9,763,768	\$ 19,746	\$ -	\$ 19,746	B, D
Total Costs Incurred	\$ 105,135,923	\$ 57,084,965	\$ 23,204	\$ 12,391	\$ 35,595	
Total Fixed Fees Charged	\$ 1,198,647	\$ 801,354	\$ -	\$ -	\$ -	
Total Costs Plus Fixed Fee	\$ 106,334,570	\$ 57,886,319	\$ 23,204	\$ 12,391	\$ 35,595	

¹ The accompanying Notes to the Special Purpose Financial Statement and Notes to the Questioned Costs Presented on the Special Purpose Financial Statement are an integral part of this Statement.

² Budgeted costs represent total funded amounts associated with the CLINs for the Base, and Option Years 1, 2, and 3 based on Modification 22 for Task Order 0004 and Modification 23 for Task Order 0005. Costs are inclusive of the associated indirect costs.

³ Actual costs represent incurred costs that have been billed for the period from November 25, 2019 to November 25, 2021, inclusive of Indirect Costs at the current DCAA approved provisional billing rates as of 1 July, 2021.

IAP Worldwide Services, Inc.
Notes to the Special Purpose Financial Statement
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the period from November 1, 2019 to December 31, 2021

Note 1. Basis of Presentation

The accompanying Special Purpose Financial Statement (the "Statement") includes costs incurred under Contract Number W15P7T-17-D-0146, Task Orders 0004 and 0005 for the Ministry of Interior and Ministry of Defense Programs for the period November 1, 2019 to December 31, 2021. Because the Statement presents only a selected portion of the operations of the company, it is not intended to and does not present the financial position, changes in net assets, or cash flows of IAP Worldwide Services, Inc. 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 Federal contract W15P7T-17-D-0146, Task Orders 0004 and 0005. 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

Expenditures reported on the Statement are reported on a modified accrual basis of accounting. Such expenditures are recognized following the cost principles referenced in the clauses of the aforementioned contract and IAP-disclosed cost accounting standard practices, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Revenues

Revenues on the Statement represent the amount of funds to which IAP is entitled to receive from the government for allowable, eligible costs incurred under the contract and fixed fees earned during the period of performance.

Note 4. Revenue Recognition

IAP recognizes revenue in accordance with generally accepted accounting principles for this timeframe. Revenue noted in the "Budget" and "Actual" sections is detailed in the footnotes on the Statement.

Note 5. Costs Incurred by Budget Category

The budget categories presented and associated amounts reflect the budget line items within the final, approved contract budget based on the contract funding obligations under Modification 22 for Task Order 0004 and Modification 23 for Task Order 0005, both with effective dates of June 30, 2022.

Note 6. Currency

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

Note 7. Program Status

The Ministry of Interior and Ministry of Defense contract were terminated for convenience by the government on June 30, 2022 while in Option Year 4.

Note 8. Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to the November 25, 2019 to November 25, 2021 period covered by the Statement. IAP did not discover any reportable subsequent events, or items that merited reporting, beyond what has already been captured by Williams Adley in their findings.

IAP Worldwide Services, Inc.
Notes to the Questioned Costs Presented on the Special Purpose Financial Statement⁶
Contract No. W15P7T-17-D-0146, Task Order 0004
For the period from November 25, 2019 to November 25, 2021

- A.** Finding 2022-02 questioned \$15,124 as a result of \$3,860 ineligible travel costs and \$11,264 unsupported travel costs charged to the U.S. Government. The costs were related to unallowable medical expenses and personal shipping costs that had not been preapproved.
- B.** Finding 2022-03 questioned \$19,344 as a result of ineligible other direct costs charged to the U.S. Government. The costs were related to insurance costs for an employee who did not support the task orders they were billed to.
- C.** Finding 2022-04 questioned \$1,127 as a result of overtime labor costs missing approvals.
- D.** Finding 2022-05 questioned the classification of \$402 of hazard pay differential costs from the labor CLIN to reclassify it as an Other Direct Cost.

⁶ The Notes to Questioned Costs presented on the Special Purpose Financial Statement were prepared by the auditor for informational purposes only and as such are not part of the audited Special Purpose Financial Statement.

Independent Auditor's Report on Internal Control

Board of Directors of IAP Worldwide Services, Inc.
7315 North Atlantic Avenue
Cape Canaveral, FL 32920

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

We have audited the Special Purpose Financial Statement (the Statement) and related notes to the Statement, 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, by IAP Worldwide Services, Inc. (IAP), under Army Contracting Command (ACC) Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005, for the period of November 25, 2019 through November 25, 2021. We have issued our report thereon dated January 30, 2023.

Internal Control over Financial Reporting

IAP'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 contract; and transactions are recorded properly to permit the preparation of the Statement in conformity with the basis of presentation described in Note 1 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 of November 25, 2019 through November 25, 2021, we considered IAP's internal controls to determine the 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 IAP's internal control. Accordingly, we do not express an opinion on the effectiveness of IAP's internal control.

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 IAP's Statement will not be

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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. 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.

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. Given these limitations, material weaknesses may exist that have not been identified. We did note three significant deficiencies in internal control as defined above and described in Findings 2022-01, 2022-02, and 2022-03 in the attached Schedule of Findings and Questioned Costs.

IAP's Response to the Findings

IAP's response to the findings identified in our audit are described in Appendix A to our report. IAP's response 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 IAP's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IAP's internal control. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

Our report is intended solely for the information of IAP, the ACC, and SIGAR, and is not intended to be and should not be used by anyone other than these specified parties. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public.

Williams, Adley & Company - DC, LLP

Washington, District of Columbia
January 30, 2023



Independent Auditor's Report on Compliance

Board of Directors of IAP Worldwide Services, Inc.
7315 North Atlantic Avenue
Cape Canaveral, FL 32920

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

We have audited the Special Purpose Financial Statement (the Statement) and related notes to the Statement, 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, by IAP Worldwide Services, Inc. (IAP), under Army Contracting Command (ACC) Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005, for the period of November 25, 2019 through November 25, 2021. We have issued our report thereon dated January 30, 2023.

Management's Responsibility for Compliance

Compliance with Federal rules, laws, regulations, and the terms and conditions applicable to the task orders is the responsibility of IAP management.

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 contracts, 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 four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These instances of noncompliance are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2022-01, 2022-02, 2022-04, and 2022-05.

IAP's Response to the Findings

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

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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

Our report is intended solely for the information of IAP, the ACC, and SIGAR, and is not intended to be and should not be used by anyone other than these specified parties. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public.

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Washington, District of Columbia

January 30, 2023

Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc.
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the period from November 25, 2019 to November 25, 2021

Section I – Schedule of Findings and Questioned Costs

Finding 2022-01: Misallocation of Expenses Between Awards

Nature of Finding: Significant Deficiency and Noncompliance

Condition: We reviewed 15 of 181 records supporting \$27,627 in travel transactions from a total of \$46,215. During our testing, we noted four instances where IAP did not allocate costs to the task orders they benefitted. Instead, costs were billed in their entirety to one task order. This treatment is inconsistent with how IAP allocated other expenses that benefitted both Task Order 0004 and 0005. Specifically, we noted the following:

- IAP billed three travel transactions, totalling \$3,137, to Task Order 0004. However, the costs benefitted Task Orders 0004 and 0005 equally, as such the costs should have been shared between the orders.
- Similarly, IAP billed a travel transaction, totalling \$3,975, entirely to task order 0005, when the costs should have been shared equally between orders 0004 and 0005.

These transactions did not result in questioned costs as IAP did not overbill the Government.

Criteria:

Federal Acquisition Regulation (FAR) Part 31.201-2(d), *Determining Allowability*, states:

“A contractor 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 in this subpart and agency supplements. The contracting officer may disallow all or part of a claimed cost that is inadequately supported.”

FAR Part 31.201-4, *Determining Allocability*, states:

“A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it –

- (a) Is incurred specifically for the contract;
- (b) Benefits both the contract and other work, and can be distributed to them in a reasonable proportion to the benefits received; or
- (c) Is necessary to the overall operation of the business, although the direct relationship to any particular cost objective cannot be shown.”

IAP 2021 Accounting System (CostPoint) Narrative, #3 *Project Standard Structure (Direct Projects)*, states:

**Special Inspector General for Afghanistan Reconstruction
 Financial Audit of Costs Incurred
 by IAP Worldwide Services, Inc.
 Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
 For the period from November 25, 2019 to November 25, 2021**

“Direct project strings are built to meet the needs of each contract, allowing accumulation of costs based on the individual requirements of each contract. Project strings facilitate accumulation of allocable costs for billing purposes as well as for contractual and financial reporting. Project strings are often referred to as charge codes and are the basis for all cost charging, including in the timekeeping system (WorkTech) and procurement systems (i.e. Maximo).

To record a transaction in the accounting system, an account number and org code are required. However, a project is not always required to record a transaction. The account identifies the type of cost being incurred. The org identifies the project site, location, or department where the costs are being incurred. The project, if applicable, identifies why it is being incurred.”

Cause: IAP did not perform an adequate review to ensure invoices were allocated and billed to the task orders the expenses benefitted. Further, IAP did not have written procedures related to cost allocation for the task orders in question that would have required the review.

Effect: Lack of effective controls over reimbursable expenses to ensure the allocability of incurred costs increases the risk of waste, fraud, and abuse of U.S. Government funds. It also reduces the government’s ability to review and manage award costs.

Questioned Costs: Since the misallocated costs net to zero, there is no questioned cost.

Recommendation: We recommend that IAP:

- 1) Design and implement a review procedure to ensure transactions recorded to specific project strings are allocated according to the project that the expense benefits.

Complete the reclassification between task orders 0004 and 0005 as outlined below.

Contract No.	Total Costs - <i>Original Allocation</i>		Resulting Reclassification - <i>Action Required</i>	
	Task Order 0004	Task Order 0005	Task Order 0004	Task Order 0005
W15P7T-17-D-0146, TO 0004 – 3 Airfare Transactions	\$3,137	\$0	(\$1,568.50)	\$1,568.50
W15P7T-17-D-0146, TO 0005 – 1 Airfare Transaction	\$0	\$3,975	\$1,987.50	(\$1,987.50)

**Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021**

Finding 2022-02: Unsupported Travel Costs

Nature of Finding: Significant Deficiency and Noncompliance

Condition: We reviewed 15 of 181 records supporting \$27,627 in travel transactions from a total of \$46,215. During our testing, we noted one instance where IAP billed unsupported costs and one instance where IAP billed ineligible costs.

- IAP incurred travel costs of \$11,264 to ship the household goods of three U.S. citizens from Kabul to Dubai. The expense detail did not include - an itemized list of shipped items, evidence of IAP management approval, or specific ACC authorization. Without supporting documentation demonstrating the allocability, and allowability of costs, including a \$485 charge for an overweight item, the total amount of \$11,264 is considered an unsupported questioned cost.
- In another instance, IAP billed the government for \$3,860 in costs related to medical travel falling outside contract provisions as primary medical care is specifically identified as not authorized per the contract. Furthermore, the costs associated that were billed do not meet the FAR definition of allowability because they were not incurred specifically to benefit the needs of this contract. The costs included the medical bill, airfare, per diem, hotel, taxis, and miscellaneous travel reimbursement.

Criteria:

Federal Acquisition Regulation (FAR) Part 31.201-2(d), *Determining Allowability*, states:

“A contractor 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 in this subpart and agency supplements. The contracting officer may disallow all or part of a claimed cost that is inadequately supported.”

FAR Part 31.201-4, *Determining Allocability*, states:

“A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it –

- (a) Is incurred specifically for the contract;
- (b) Benefits both the contract and other work, and can be distributed to them in a reasonable proportion to the benefits received; or
- (c) Is necessary to the overall operation of the business, although the direct relationship to any particular cost objective cannot be shown.”

Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021

Responsive Strategic Sourcing for Services (RS3) Task Order Performance Work Statement (PWS) Afghan National Police Network Operations Center (NOC) Operations and Maintenance Support, *Section 4.0 Travel* states that:

“Costs for transportation shall be based upon mileage rates, actual costs incurred, or a combination thereof, provided the method used results in a reasonable charge. Travel costs will be considered reasonable and allowable only to the extent that they do not exceed on a daily basis, the maximum per diem rates in effect at the time of the travel. The Joint Federal Travel Regulations (JFTR), while not wholly applicable to contractors, shall provide the basis for the determination as to reasonable and allowable. Maximum use is to be made of the lowest available customary standard coach or equivalent airfare accommodations available during normal business hours. Using Government funds to pay for premium travel (including first and business class) is not allowable unless specifically authorized. Exceptions for the use of premium travel shall be approved in writing by the COR prior to travel.

Prior to incurring necessary travel meeting the above requirements, the contractor shall submit a travel request for advance review and consideration for approval by the authorized Government appointee (Contracting Officer, Contracting Officer’s Representative, or designee). Travel costs that have not been approved in advance may not be paid by the Government.”

IAP Order for Supplies or Services Contract No. W15P7T-17-D-0146-0005, Description/Specifications/Work Statement states:

“Regulatory Cite: 5152.225-5902 Fitness for Duty and Medical/Dental Care Limitations (ECC-A)

- (e) In accordance with military directives (DoDI 3020.41, DoDI 6000.11, CFC FRAGO 09-1038, DoD Federal Acquisition Regulation Supplement (DFARS) PGI 225.74), resuscitative care, stabilization, hospitalization at a Role 3 military treatment facility (MTF) for emergency life-limb-eyesight care will be provided along with assistance for urgent patient movement. Subject to availability, an MTF may provide reimbursable treatment for emergency medical or dental services (e.g., broken bones, lacerations, broken teeth or lost fillings).
- (f) Routine and primary medical care are not authorized. Pharmaceutical services are not authorized for known or routine prescription drug needs of the individual. Routine dental care, examinations and cleanings are not authorized
- (g) Notwithstanding any other provision of the contract, the contractor shall be liable for any and all medically-related services or patient movement rendered.”

Cause:

Relocation Expenses - Due to the urgency of relocating employees out of Kabul, IAP failed to obtain approval from ACC. Furthermore, IAP maintains that their internal manager provided

**Special Inspector General for Afghanistan Reconstruction
 Financial Audit of Costs Incurred
 by IAP Worldwide Services, Inc. under
 Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
 For the Period of November 25, 2019 through November 25, 2021**

verbal approval prior to incurring the costs, suggesting there were training deficiencies in procedure adherence.

Medical Travel - It is IAP's position that these costs are allowable.

Effect: Not adhering to procedures consistently to ensure that costs obtain the required levels of approval prior to the costs being incurred and billed to determine eligibility increases risk of waste, fraud, and abuse of U.S. Government funds.

Questioned Costs: \$11,264 in unsupported travel costs and \$3,860 in ineligible travel costs as summarized in the following table:

Contract No.	Travel Transaction Type	Type of Questioned Cost	Total Direct Questioned Costs	Total Overhead Questioned Costs	Total G&A Questioned Costs	Total Questioned Costs
W15P7T-17-D-0146, Task Order 0004	Shipping	Unsupported	\$ 5,260	\$ 61	\$ 311	\$ 5,632
W15P7T-17-D-0146, Task Order 0005	Shipping	Unsupported	\$ 5,260	\$ 61	\$ 311	\$ 5,632
Total Unsupported Questioned Costs			\$ 10,520	\$ 122	\$ 622	\$ 11,264
W15P7T-17-D-0146, Task Order 0005	Medical	Ineligible	\$ 3,593	\$ 45	\$ 222	\$ 3,860
Total Ineligible Questioned Costs			\$ 3,593	\$ 45	\$ 222	\$ 3,860
Total Questioned Costs			\$ 14,113	\$ 167	\$ 844	\$ 15,124

Recommendation: We recommend that IAP:

- 1) Provide training to IAP employees to emphasize the importance of adhering to contract requirements such as advance travel approval by the authorized Government appointee to determine the eligibility of the travel cost.
- 2) Provide ACC with source documentation identifying the items included in the shipment of personal goods and obtain retroactive approval or reimburse ACC for the portion of the \$11,264 that remains unsupported.
- 3) Reimburse the ACC for the \$3,860 ineligible costs related to unallowable medical reimbursement and travel costs related to the trip.

**Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021**

Finding 2022-03: Unallocable and Unsupported DBA Charges

Nature of Finding: Significant Deficiency

Condition: We reviewed 16 of 7,296 records supporting \$1,062,796 in Other Direct Costs transactions from a total of \$8,810,908. During our testing, we noted one instance where IAP billed Defense Base Act (DBA) insurance costs incurred for an employee who did not support the Contract Task Orders. The individual did not have any labor charged to the task orders, the only area affected was the DBA insurance costs. The DBA insurance cost, totaling \$19,324, was split equally between Task Orders 0004 and 0005 and the entire amount is considered a questioned cost.

In a separate instance, IAP billed an inaccurate amount of DBA insurance. DBA insurance is calculated by applying a rate to a monthly invoiced amount of labor. The amount of labor for one of the months per the invoice was \$217,728. However, IAP inadvertently used \$218,179 in their calculation. After applying the corrected labor cost, it was determined that the quarterly DBA costs had been over charged by \$20. As a result, we have questioned costs totaling \$20 related to Task Order 0005.

Criteria:

Federal Acquisition Regulation (FAR) Part 31.201-2(d), *Determining Allowability*, states:

“A contractor 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 in this subpart and agency supplements. The contracting officer may disallow all or part of a claimed cost that is inadequately supported.”

FAR Part 31.201-4, *Determining Allocability*, states:

“A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it –

- (a) Is incurred specifically for the contract;
- (b) Benefits both the contract and other work, and can be distributed to them in a reasonable proportion to the benefits received; or
- (c) Is necessary to the overall operation of the business, although the direct relationship to any particular cost objective cannot be shown.”

IAP’s 2021 Accounting System Narrative states:

“Set up of new employees in SilkRoad System which feeds WorkTech Timekeeping System: Human Resource (HR) personnel create the Personnel Action Form (PAF), which includes the data authorized through the recruiting process. The PAF provides the

Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021

underlying data required to complete subsequent processes including the posting of labor transactions through the labor distribution and to process payroll (pay rate, employee classification, location, etc.). The onboarding tasks are reviewed and approved by HR management.

Labor Related Pools Posting: Labor-related pools are processed to allocate the fringe benefits, taxes, and nonproductive costs to the organization associated with each employee (direct contract org or home org).”

Cause:

Employee Misassigned - IAP’s accounting system, Cost Point, requires that all employees are assigned a “home” contract project ID. In the first instance discussed above, an employee was incorrectly assigned to contract number W15P7T-17-D-0146, task orders 0004 and 0005, when their actual work was related to an entirely different project. Even though this employee did not support the Contract Task Orders they were erroneously assigned IDs associated with the task orders under audit. Due to this erroneous assignment, the employee’s labor hours were included in the calculation for DBA insurance costs billed to task orders 0004 and 0005. The assignment of the “home” contract project ID does not mean that labor is charged to that project, that is dictated by which projects the individual lists on their timesheet each pay period. No labor costs for this individual were charged to the task orders. IAP did not perform sufficient review to confirm employees assigned to the task order were actual laborers assigned to the task order.

Incorrect Amount Used for Calculation - Further, IAP did not perform an adequate review in comparing the invoiced labor costs to the figures used to calculate the DBA insurance amount.

Effect: Lack of effective controls over reimbursable expenses to ensure that the costs being incurred are allocable to the task order they are being billed to increases the risk of waste, fraud, and abuse of U.S. Government funds. Specifically, the ACC may have reimbursed costs that were ineligible or for employees who did not support the Contract.

Questioned Costs: \$19,344in ineligible other direct costs as summarized in the following table:

Contract No.	ODC Transaction Type	Total Direct Questioned Costs	Total Overhead Questioned Costs	Total G&A Questioned Costs	Total Questioned Costs
W15P7T-17-D-0146, Task Order 0004	DBA Insurance	\$ 8,994	\$ 112	\$ 556	\$ 9,662
W15P7T-17-D-0146, Task Order 0005	DBA Insurance	\$ 8,994	\$ 112	\$ 556	\$ 9,662
W15P7T-17-D-0146, Task Order 0005	DBA Insurance	\$ 18	\$ 1	\$ 1	\$ 20
Total Questioned Costs		\$ 18,006	\$ 225	\$ 1,113	\$ 19,344

Recommendation: We recommend that IAP:

**Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021**

- 1) Demonstrate the employee the employee assigned to task orders 0004 and 0005 was actually assigned to these task orders or reimburse ACC for the \$19,324 ineligible DBA insurance costs.
- 2) Demonstrate, DBA calculations were calculated correctly or reimburse ACC for the \$20 worth of DBA insurance costs that were overpaid due to error.
- 3) Implement procedures to review all employees assigned to specific Contract Task Orders as their “home” project in the Cost Point accounting system prior to calculating any costs that are based on labor hours.
- 4) Develop review procedures to identify errors in DBA insurance calculations.

**Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021**

Finding 2022-04: Overtime Labor Costs Missing Approvals

Nature of Finding: Noncompliance

Condition: We reviewed 96 payroll payments of all 12 active IAP employees paid between November 25, 2019 and November 25, 2021. In five of the sampled pay periods, overtime hours incurred by two employees did not have documented prior approval from the COR. This resulted in \$1,127 of unsupported questioned costs.

Criteria:

Federal Acquisition Regulation (FAR) Part 31.201-2, *Determining Allowability*, states:

“(a) A cost is allowable only when the cost complies with all of the following requirements:

- (1) Reasonableness.
- (2) Allocability.
- (3) Standards promulgated by the CAS Board, if applicable, otherwise, generally accepted accounting principles and practices appropriate to the circumstances.
- (4) Terms of the contract...

(d) A contractor 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 in this subpart and agency supplements. The contracting officer may disallow all or part of a claimed cost that is inadequately supported.”

Responsive Strategic Sourcing for Services (RS3) Task RS3-17-0016 Proposal Submission Volume II – Cost / Price – Cost Narrative, 2.18 *Identification of Uncompensated Overtime [RFP AMD 01 Volume II, Part 2 (18)]* states:

“Employees will receive straight time pay for government-approved overtime hours.”

IAP Business Process 14-08.0, *Time Sheet Charged & Reporting*, states:

Overtime Authorization

“All overtime must be approved by a supervisor. Supervisors will authorize and approve overtime in accordance with the applicable contract specifications. Some contracts may require advance notice to and approval from the customer. For guidance, consult your payroll department or IAP Government Compliance.”

Cause: IAP failed to obtain and document COR approval for the overtime hours billed to the task order as there were no controls in place to require that overtime approval was obtained in accordance with the applicable contract specifications prior to approving the individuals’ timesheets.

**Special Inspector General for Afghanistan Reconstruction
 Financial Audit of Costs Incurred
 by IAP Worldwide Services, Inc. under
 Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
 For the Period of November 25, 2019 through November 25, 2021**

Effect: Lax internal control environments – such as failing to obtain and maintain documentation approving overtime labor charges - may result in costs charged to the task order that are fraudulent, unallowable, or unallocable.

Questioned Costs: \$1,127 in unsupported labor costs as summarized in the following table:

Contract No.	Overtime Hours	Total Direct Questioned Costs	Total Overhead Questioned Costs	Total G&A Questioned Costs	Total Questioned Costs
W15P7T-17-D-0146, Task Order 0004	2	\$ 119	\$ 1	\$ 7	\$ 127
W15P7T-17-D-0146, Task Order 0004	2	\$ 164	\$ 2	\$ 10	\$ 176
W15P7T-17-D-0146, Task Order 0005	4	\$ 238	\$ 3	\$ 15	\$ 256
W15P7T-17-D-0146, Task Order 0005	4	\$ 238	\$ 2	\$ 13	\$ 253
W15P7T-17-D-0146, Task Order 0005	4	\$ 295	\$ 3	\$ 17	\$ 315
Total Questioned Costs		\$ 1,054	\$ 11	\$ 62	\$ 1,127

Recommendation: We recommend that IAP:

- 1) Revise its timesheet approval process to require overtime approval prior to the approval of the timesheet.
- 2) Obtain retroactive approval from ACC for the overtime labor charges or reimburse ACC for the \$1,127 unsupported costs.

**Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021**

Finding 2022-05: Hazard Pay Costs Requiring Reclassification

Nature of Finding: Noncompliance

Condition: While IAP was preparing sample support documentation related to our audit requests, they determined that for the period under audit, there were 17 instances where hazard pay differential costs were incorrectly billed as labor costs. Per the contract with ACC, hazard pay differential costs are required to be billed as other direct costs. IAP processed these reclassifications subsequent to our audit period, as such they are not reflected in the SPFS and require reclassification.

Criteria:

IAP Order for Supplies or Services Contract No. W15P7T-17-D-0146-0004 states:

“CLIN 2009 OTHER DIRECT COSTS (ODC) OCONUS – OPTION PERIOD 2: Related other costs such as danger and hardship pay, Defense Base Act (DBA) Insurance coverage, and Life Support shall be billed to this CLIN.”

Federal Acquisition Regulation (FAR) Part 31.201-2(d), *Determining Allowability*, states:

“A contractor 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 in this subpart and agency supplements. The contracting officer may disallow all or part of a claimed cost that is inadequately supported.”

Cause: IAP lacks review procedures to ensure hazard pay differentials are billed to appropriate CLINs.

Effect: Lack of effective controls over billing costs to CLINs in accordance with the contract increases the risk of waste, fraud, and abuse of U.S. Government funds. It additionally increases the risk that the budgeted not-to-exceed figures identified at the CLIN level could unknowingly be over budget.

Questioned Costs: Since the costs were allowable and supported, there is no questioned cost. However, the \$402 of hazard pay should be reclassified from the Labor CLIN to the ODC CLIN.

Recommendation: We recommend that IAP:

- 1) Consider implementing review procedures to confirm that labor costs under the Labor CLIN do not include any ineligible costs per the contract such as hazard pay differential prior to billing the Government.
- 2) Make reclassification support available to ACC at their request.

Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021

Section II – Summary of Schedule of Prior Audit, Review, and Assessment Findings

We obtained SIGAR Audit Report 21-26, *Department of the Army’s Operations and Maintenance Support and Networking Services for the Afghan National Police Network Operations Center: Audit of Costs Incurred by IAP Worldwide Services, Inc.*, covering the period of November 26, 2018 through November 25, 2019 related to Task Order 0004. The audit was performed by Castro & Company, LLC (Castro) and identified four findings that required corrective action. Based on our procedures, we concluded that IAP had taken corrective action to address all four of the recommendations.

The audit report prepared by Castro for the period November 26, 2018 through November 25, 2019 disclosed total questioned costs in the amount of \$197,649 of unsupported/ineligible costs. During our fieldwork, we conducted follow-up procedures related to the findings and provided the current status of each finding as noted below:

Finding 2020-01: Unallowable Travel Costs Incurred (Significant Deficiency and Noncompliance)

Condition: The audit disclosed four instances where IAP billed ineligible travel costs without justification or prior approval, resulting in \$1,620 in ineligible questioned costs. The ineligible travel costs included exceeding the lowest priced airfare without documented prior approval from the Contracting Officer’s Representative (COR). The other two ineligible costs were related to an unallowable penalty fee and unallowable smoking fee.

Current Status: During our sample testing related to travel disbursements, we reviewed costs related to airfare and we did find that the lowest priced airfare was not used on multiple occasions; however, IAP had obtained a formal memorandum from the COR providing the reasonable justification and approval for the business class selections. We also reviewed travel costs that were in hotels and did not see any unallowable fees. As these specific issues were not repeated under the contract for the period November 25, 2019 through November 25, 2021, we determined that IAP adequately addressed this finding.

Finding 2020-02: Subcontractor Invoices for Other Direct Costs Missing Approvals (Material Weakness and Noncompliance)

Condition: The audit disclosed four transactions related to subcontractor other direct costs where IAP did not maintain documentation to verify that the invoices were approved by the Operation’s Technical Representative and to acknowledge services had been performed and invoices were approved for payment.

Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021

Current Status: During our testing all subcontractor invoices sampled had the adequate level of review and approval documented without exception. As these issues were not repeated under the contract for the period November 25, 2019 through November 25, 2021, we determined that IAP adequately addressed this finding.

Finding 2020-03: Unsupported Subcontractor Labor Costs Incurred (Material Weakness)

Condition: The audit disclosed issues with six subcontractor transactions in which there were discrepancies in the hours billed per the invoice compared to the hours reported on the subcontractor timesheets. Finally, for one transaction IAP was not able to provide a copy of a timesheets. This resulted in \$117,793 of questioned costs.

Current Status: During our testing there were no errors found related to hours reported on subcontractor timesheets compared to the invoiced amount and billed amount, suggesting IAP has adequately addressed this finding.

Finding 2020-04: Lack of Evidence to Support Employee Minimum Labor Qualifications (Noncompliance)

Condition: The audit disclosed that IAP's three employees and two subcontractor employees did not meet the minimum certifications requirement per the Performance Work Statement (PWS) or IAP's job description. This resulted in \$1,413,156 ineligible questioned costs.

Current Status: During our procedures, we reviewed the policies and procedures pertaining to this issue to ensure adequate procedures were in place, and we also interviewed management to obtain an understanding of corrective action measures that were implemented. During our testing, we noted that two employees performing work under Contract No. W15P7T-17-D-0146, Task No. 0004 did not meet the minimum required labor qualifications for the position they were performing under. However, in line with Castro's recommendations, IAP had received formal COR approval for these employees to continue operating in these positions prior to any labor being incurred for our audit period. As such, we have determined that IAP has taken adequate corrective action for this matter.

We also obtained SIGAR Audit Report 21-27, *Department of the Army's Operations and Maintenance Support and Networking Services for the Afghan National Army Network Operations Center: Audit of Costs Incurred by IAP Worldwide Services, Inc.*, covering the period of November 25, 2018 through November 24, 2019 related to Task Order 0005. The audit was performed by Castro & Company, LLC (Castro) and identified three findings that required corrective action. Based on our procedures, we concluded that IAP had taken corrective action to address all three of the recommendations.

The audit report prepared by Castro for the period November 25, 2018 through November 24, 2019 disclosed total questioned costs in the amount of \$819,426 of unsupported/ineligible costs.

Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021

During our fieldwork, we conducted follow-up procedures related to the findings and provided the current status of each finding as noted below:

Finding 2020-01: Unallowable Travel Costs Incurred (Significant Deficiency and Noncompliance)

Condition: The audit disclosed three instances where IAP billed ineligible travel costs without justification or prior approval, resulting in \$762 ineligible questioned costs. The ineligible travel costs included exceeding the lowest priced airfare without documented prior approval from the Contracting Officer's Representative (COR). The other ineligible costs were related to an unallowable penalty fee.

Current Status: During our sample testing related to travel disbursements we reviewed costs related to airfare and we did find that the lowest priced airfare was not used on multiple occasions, however, IAP had obtained a formal memorandum from the COR providing the reasonable justification and approval for the business class selections. We reviewed VISA expenses and did not note any unallowable fees. As these specific issues were not repeated under the contract for the period November 25, 2019 through November 24, 2021, we determined that IAP adequately addressed this finding.

Finding 2020-02: Subcontractor Invoices for Materials and Other Direct Costs Missing Approvals (Material Weakness and Noncompliance)

Condition: The audit disclosed six transactions related to subcontractor other direct costs and materials where IAP did not maintain documentation to verify that the invoices were approved by the Operation's Technical Representative and to acknowledge services had been performed and invoices were approved for payment. This resulted in questioned costs for Other Direct Costs of \$177,781 and questioned costs for Materials of \$423,535.

Current Status: During our testing, all subcontractor other direct costs and materials sampled had the adequate level of review and approval documented without exception. As these issues were not repeated under the contract for the period November 25, 2019 through November 24, 2021, we determined that IAP adequately addressed this finding.

Finding 2020-03: Unsupported Subcontractor Labor Costs Incurred (Material Weakness)

Condition: The audit disclosed issues with six subcontractor transactions in which there were discrepancies in the hours billed per the invoice compared to the hours reported on the subcontractor timesheets. Finally, for one transaction IAP was not able to provide a copy of a timesheets. This resulted in \$217,348 of questioned costs.

**Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021**

Current Status: During our testing there were no errors found related to hours reported on subcontractor timesheets compared to the invoiced amount and billed amount, suggesting IAP has adequately addressed this finding.

**Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021**

[Appendix A – IAP’s Response to the Findings](#)



January 17, 2023

Ms. Elizabeth Lainhart
Supervisor
Williams, Adley & Company-DC, LLP
1030 15th Street, NW, Suite 350 West
Washington, DC 20005

SUBJECT: IAP Worldwide Services, Inc.’s Response to Results of Financial Audit of Costs Incurred Under Contract Number W15P7T-17-D-0146, Task Order Number 0004 and Task Order Number 0005 Ministry of Interior’s Network Operations Center & Joint Operations Center Project For the Period from November 25, 2019, through November 25, 2021

Dear Ms. Lainhart,

On January 3, 2023, IAP Worldwide Services, Inc. (“IAP”) received a copy of the “final draft” audit report from your firm that presented its findings related to a financial audit of costs incurred of IAP’s Special Purpose Financial Statement under Contract No. W15P7T-17-D-0146, Task Order 0004 and Task Order 0005.

Page 5 of the draft report outlines four separate objectives of the audit:

- 1. Express an opinion on whether the Special Purpose Financial Statement for the awards presents fairly, in all material respects, revenues received, costs incurred, items directly procured by the U.S. Government, and the balance for the period audited in conformity with the terms of the awards and generally accepted accounting principles or other comprehensive basis of accounting.*
- 2. Evaluate and obtain a sufficient understanding of IAP’s internal controls related to the awards, assess control risk, and identify and report on significant deficiencies including material internal control weaknesses.*
- 3. Perform tests to determine whether IAP 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.*
- 4. Determine and report on whether IAP 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.*

**Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021**



Having reviewed the draft report, IAP believes that Williams, Adley & Company successfully accomplished the above stated objectives. IAP notes that within the Summary of Results section the draft report addresses in turn each objective and states:

“We issued an unmodified opinion on IAP’s Statement as it presented fairly, in all material respects, the revenues earned, costs incurred, and balances for the indicated period.”

The same section further states:

“We also reported on IAP’s internal control and compliance with contract terms, laws, and regulations. No material weaknesses were identified during our testing. However, we noted three significant deficiencies in internal control. In the four instances where we concluded IAP had not complied with award requirements and applicable laws and regulations, we categorized those findings as noncompliance. In situations in which control and compliance findings pertained to the same matter, the findings were consolidated within a single finding.”

While IAP does not agree with some of the “significant deficiencies” or some instances of “noncompliance,” IAP concurs with most of Williams Adley’s conclusions and recommendations and has taken corrective actions as recommended. IAP’s response to each of the areas is addressed later herein.

The Summary of Results section also states:

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

Finally, the Summary of Results addresses corrective actions taken by IAP regarding prior year audit findings and recommendations applicable to the audit, and states in relevant part:

“We concluded that IAP took adequate corrective action on all of the findings and recommendations that could have a direct and material effect on the Statement or other financial data significant to the audit objectives.”

IAP would like to thank the representatives of Williams, Adley & Company for the professional, cooperative, and unobtrusive manner in which the audit was conducted. For brevity, IAP has limited its response below to each of the five specific findings listed in “Section I – Schedule of Findings and Questioned Costs.” IAP’s response to each finding also addresses the identified significant deficiencies and noncompliance issues.

**Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021**



Finding 2022-01: Misallocation of Expenses Between Awards

The audit identified travel costs totaling \$3,137 that were billed solely to Task Order 0004 and travel costs totaling \$3,975 that were billed solely to Task Order 0005. Although supported and otherwise allowable costs - upon closer inspection it was determined that the travel costs should have been shared evenly between the two task orders. The draft report notes that these transactions did not result in questioned costs as IAP did not overbill the Government.

IAP Response: IAP concurs with the audit finding and recommendations. Further, IAP has adjusted its cost records and billings as recommended by Williams, Adley & Company to share the identified allowable costs evenly between the two task orders.

Finding 2022-02: Unsupported Travel Costs

As a result of its sampling of travel costs, Williams Adley reported that it identified one instance where IAP billed unsupported costs and one instance where IAP billed ineligible costs. Williams Adley further classified the instances as a “Significant Deficiency” and a “Noncompliance.” The draft report states:

- “IAP incurred travel costs of \$11,264 to ship the household goods of three U.S. citizens from Kabul to Dubai. The expense detail did not include - an itemized list of shipped items, evidence of IAP management approval, or specific ACC authorization. Without supporting documentation demonstrating the allocability, and allowability of costs, including a \$485 charge for an overweight item, the total amount of \$11,264 is considered an unsupported questioned cost.
- In another instance, IAP billed the government for \$3,860 in costs related to medical travel falling outside contract provisions as primary medical care is specifically identified as not authorized per the contract. Furthermore, the costs associated that were billed do not meet the FAR definition of allowability because they were not incurred specifically to benefit the needs of this contract. The costs included the medical bill, airfare, per diem, hotel, taxis, and miscellaneous travel reimbursement.”

Based on the above conclusions, Williams Adley recommended that IAP:

- 1) Provide training to IAP employees to emphasize the importance of adhering to contract requirements such as advance travel approval by the authorized Government appointee to determine the eligibility of the travel cost.
- 2) Provide ACC with source documentation identifying the items included in the shipment of personal goods and obtain retroactive approval or reimburse ACC for the portion of the \$11,264 that remains unsupported.
- 3) Reimburse the ACC for the \$3,860 ineligible costs related to unallowable medical reimbursement and travel costs related to the trip.

Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021



IAP Response: IAP disagrees with the findings and the recommendations and does not agree that the identified transactions reflect a significant deficiency or a noncompliance. As stated within the Background section of the audit report:

“Upon the U.S. decision to drawdown from Afghanistan, the task orders’ objectives did not shift; IAP was directed to maintain existing services capabilities. However, IAP was instructed to immediately demobilize its coalition expatriate labor categories and relocate their Tier Three Services that were U.S. citizens to Dubai to continue the work remotely.”

The shipment of personal goods that Williams Adley now seeks to question was specifically incurred for the relocation of Tier Three Services (U. S. citizens) from Kabul, Afghanistan to Dubai to continue work remotely. The shipment costs were incurred because of specific customer direction on April 18, 2021 (see enclosure). Both the U.S. Government’s decision to drawdown and direction to IAP to relocate its essential U.S. citizens to Dubai are well documented. Accordingly, IAP believed that it had the advance approval of its customer to proceed immediately to relocate its personnel to Dubai and IAP management, in turn directed its employees to proceed to relocate and arrange for shipment of personal effects. Admittedly, IAP provided verbal approval to its employees. IAP believes that it is not possible to now reconstruct an accurate detailed inventory of all the items that were included in the shipment of the personal effects of its three employees. The actual shipment costs excluding (overhead and G&A) was \$10,520 or about \$3,507 for each of the employees relocated. Considering that the relocation occurred during rather chaotic times (less than four months before the fall of Kabul to the Taliban) IAP does not consider the lack of a precise inventory to be the determinant factor for allowability. Nor does IAP consider the amount to be unreasonable, excessive, or unallowable. The costs were incurred as a result of customer direction and clearly benefitted the subject task orders by allowing the employees who were performing Tier Three Services to continue to work remotely.

IAP also disagrees with the questioned \$3,860 of costs related to medical travel and provides the following explanation. All U.S. expatriates working at the job site were required to pass CENTCOM specified physicals. The specific requirements changed over time and physical exams were re-accomplished periodically. To pass the Mod 15 CENTCOM physical, one of IAP’s managers had to get a second opinion regarding the initial EKG results from the local clinic in Kabul. The referenced medical travel was to successfully complete the contractually required periodic physical fitness examination. These allowable costs related to a specific requirement of the contract and were not for primary medical care as described in the auditor’s finding.

Finding 2022-03: Unallocable and Unsupported DBA Charges

During the testing of other direct costs, Williams Adley identified one instance where IAP erroneously billed \$17,988 of Defense Base Act (DBA) insurance costs incurred for an employee who did not support Task Orders 0004 and 0005 and the entire amount is considered a questioned cost. In a separate instance, IAP overbilled \$18 of DBA insurance costs to Task Order 0005. Williams Adley applied overhead and G&A expenses to the identified amounts raising questioned costs to totals of \$19,324 and \$20, respectively. Williams Adley recommends that IAP implement

Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021



procedures to review all employees assigned to specific Contract Task Orders as their “home” project in the Cost Point accounting system prior to calculating any costs that are based on labor hours and develop review procedures to identify errors in DBA insurance calculations

IAP Response: IAP concurs with the audit recommendations and has corrected its cost records and billings to credit the customer by removing the inadvertently billed amounts. While IAP believes the instances were due to human error, IAP has discussed the findings of this audit with its personnel who are responsible within Cost Point for the assignment of home project IDs as well as their supervisors to emphasize the importance of adequate review to confirm that employees are accurately assigned to home organizations where they work.

Finding 2022-04: Overtime Labor Costs Missing Approvals

Over the two-year period reviewed, the auditors identified 16 hours of overtime where IAP failed to obtain and document advanced approval from the Contracting Officer’s Representative (COR) before the overtime hours were worked. The auditors do not dispute that the time was worked to the benefit of the subject task orders, only that in these instances, IAP failed to document advanced approval from the COR to work the overtime hours. As a result, Williams Adley questioned \$1,054 of direct labor as well as associated overhead and G&A to raise the total questioned to \$1,127. Williams Adley classified the questioned 16 hours as a noncompliance and goes on to state that “there were no controls in place to require that overtime approval was obtained in accordance with the applicable contract specifications prior to approving the individuals’ timesheets.” Williams Adley goes on to recommend that IAP:

“Revise its timesheet approval process to require overtime approval prior to the approval of the timesheet.

Obtain retroactive approval from ACC for the overtime labor charges or reimburse ACC for the \$1,127 unsupported costs.”

IAP Response: IAP acknowledges that it failed to obtain advance approval from the COR for the 16 overtime hours worked. IAP respectfully disagrees with the assertion that “there were no controls in place to require that overtime approval was obtained in accordance with the applicable contract specifications prior to approving the individuals’ timesheets.” IAP did have controls in place to obtain advance COR approval. This is self-evident. Had there been a complete absence of controls, Williams Adley would have identified far more than 16 hours of unapproved overtime. To avoid further argument regarding this matter, IAP has amended its cost records and credited the customer for the full amount questioned by Williams Adley.

Finding 2022-05: Hazard Pay Costs Requiring Reclassification

Williams Adley correctly states that while IAP was pulling documentation related to its audit requests, IAP found 17 instances (totaling \$402) where supported and allowable hazard pay

**Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021**



differential costs were incorrectly billed as labor costs. Per the contract, hazard pay differential costs are required to be billed as other direct costs. IAP reclassified the hazard pay differential costs subsequent to the period under audit. Accordingly, the adjustments are not reflected in the SPFS and require reclassification. Since the costs were allowable and supported, there is no questioned cost. However, the \$402 of hazard pay should be reclassified from the Labor CLIN to the ODC CLIN within the correct time period. Williams Adley further recommends that IAP: "Consider implementing review procedures to confirm that labor costs under the Labor CLIN do not include any ineligible costs per the contract such as hazard pay differential prior to billing the Government. Make reclassification support available to ACC at their request."

IAP response: IAP concurs with findings and recommendations and has made the necessary reclassifications which are available for review by the ACC at their request.

Please contact me directly at (321) 784-7725 or by e-mail at pascal.j.budge@iapws.com if you have any questions regarding this response.

Respectfully,

 Pascal J Budge
Digitally signed by Pascal J Budge
Date: 2023.01.16 15:59:55 -05'00'

PASCAL J. BUDGE
Vice President
Chief Compliance Officer

Enclosure: U.S. Army, SES-2 Direction to Relocate, dated April 18, 2021

Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021

Appendix B – Auditor’s Response

Williams, Adley & Company-DC, LLP (Williams Adley) has reviewed the letter dated January 17, 2023, containing IAP Worldwide Services Inc.’s (IAP) responses to the draft audit report and findings. In consideration of those views, we have included the following rebuttal to certain matters presented by IAP regarding findings 2022-02 and 2022-04. Williams Adley did not deem it necessary to modify the questioned costs in the report based on our review of management’s comments.

Finding 2022-02: Unsupported Travel Costs

IAP does not concur with either of the two conditions in this finding. In response to the first situation related to the shipment of household goods, IAP argues the relocation expenses in question were incurred at the direction of the U.S. Government in conjunction with the government’s instruction to IAP to relocate U.S. personnel (Tier Three Services) from Kabul, Afghanistan to Dubai. As such, IAP believes it had advance inherent approval to proceed relocating U.S. personnel. IAP acknowledges that they did not provide written authorizations to employees, and stated the lack of documentation was a result of the chaotic times leading up to the fall of Kabul.

While Williams Adley acknowledges the provided explanation, the government’s direction for the relocation of U.S. personnel did not include language suggesting IAP would not be required to adhere to FAR requirements for reimbursable costs; including documenting reviews and approvals, and maintaining sufficient supporting documentation demonstrating compliance with applicable cost principles. As such, the finding and recommendations related to the unsupported costs of \$11,264 remain unchanged.

The second condition in this finding that IAP disagrees with is regarding allowability of travel expenses for a medical appointment. In IAP’s response they assert the medical travel was required to pass a CENTCOM physical. Documentation provided to Williams Adley during the audit does not support this assertion, as it was not evident that the travel related to a second opinion for a physical examination. Regardless, while the contract specifies that US personnel are required to pass a CENTCOM physical, it does not state that the government will pay for travel related to employees failing to pass the CENTCOM physical. Without such language, the finding and recommendations related to the ineligible questioned costs of \$3,860 remain unchanged.

Finding 2022-04: Overtime Labor Costs Missing Approvals

While IAP acknowledged that the specifics Williams Adley identified in the finding were accurate, they disagreed with the language presented in the cause, specifically Williams Adley’s assertion IAP lacked controls requiring overtime approval prior to timesheet approval. IAP suggests that because Williams Adley did not identify a greater number of items lacking overtime approval, that must somehow be self-evident they have controls in place to ensure overtime is approved. This

Special Inspector General for Afghanistan Reconstruction
Financial Audit of Costs Incurred
by IAP Worldwide Services, Inc. under
Contract No. W15P7T-17-D-0146, Task Orders 0004 and 0005
For the Period of November 25, 2019 through November 25, 2021

logic would not be necessary if IAP, in its response or during the audit period, would have provided evidence of controls, policies, or procedures related to overtime approval. Without such documentation, and in light of the pay periods we identified that were lacking approvals, our recommendation that IAP “revise its timesheet approval process to require overtime approval prior to the approval of the timesheet” remains unchanged.

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