

5 key words:

Oran
MSM
SW
MENA
APCS

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Trip Report
USAID Compliance Follow-up Visit
APCS, Oran (Algeria)

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I. Context

L'Association de Protection Contre le Sida (APCS) is one of the partners of the International HIV/AIDS Alliance program targeting key populations (MSM, SW) in the MENA region since 2005. Through the AIDSTAR-Two project support, the Alliance seeks to capitalize on and consolidate these programs and scale up activities of its various partners in the region. In order for small size organizations like APCS to play this role and assume such responsibilities, significant investment must be devoted to updating and upgrading systems and management procedures. In 2011, USAID compliance audits had been conducted by the International HIV/AIDS Alliance for the main beneficiaries of the grants (AMSED in Morocco, ATL in Tunisia, APCS in Algeria and SIDC in Lebanon) and findings and recommendations were recorded in an audit report for each country. In addition, as part of the technical support provided by AIDSTAR-Two and the Alliance to these local partners, regional training on financial management and compliance with USAID rules and regulations was organized in January/February 2012. The training was attended by 15 finance and program managers from partner organizations. Representatives from each country have developed an action plan to ensure their organization's compliance with USAID rules and regulations. Participants identified practical difficulties to comply with the rules which are often related to current management and operating systems (e.g. procurement, human resources, cash management, etc.). After the regional training, each partner of the Alliance was committed to implement a "USAID compliance" action plan.

This visit was intended to ascertain the level of implementation compliance plan and adherence to USAID rules and regulations by APCS.

II. Objectives of the visit

The objective of this follow-up visit is to assess the implementation of action plan and recommendations on compliance with USAID rules and regulations and to provide technical support as needed and help the Alliance regional partners to prepare for the AIDSTAR-Two grant close-out. More specifically, the visit was scheduled to:

- Review the progress made by APCS on USAID compliance based on:
 - Recommendations from the May 2011 compliance audit,
 - Compliance priority action plan developed after the regional workshop in Rabat, and
- Provide recommendations towards improving APCS accounting and financial management system.

III. Methodology of the visit

The visit was carried out following the methodology below:

Step 1: Status of Compliance: the Consultant has prepared a file on the status of USAID compliance and asked the APCS to complete it before starting the on-site visit.

Step 2: Individual interviews with key staff of the APCS: the Consultant had individual meeting with key personnel of the Alliance/USAID project to collect information on compliance issues and the overall financial management system. The Consultant met with staff members listed below:

- Executive Director,
- Project Coordinator,

- Program Officer,
- Treasurer General,

Step 3: On-site documents review: the Consultant has reviewed key project documents including:

- Work Plan and Budget
- Activity Report
- Journals (cash and bank)
- Financial Reports (2011 and 2012)
- Expenditure backing documents (2011 and 2012)
- Minutes from various meetings (Board, Executive Staff)

Step 4: Summary of findings and recommendations: after having completed checks and carried out some due diligence controls from steps 1 to 3, the Consultant synthesized his findings and made recommendations.

Step 5: Restitution and validation with APCS: during a meeting, the Consultant presented and validated the main findings and key recommendations from this follow-up visit with key project staff (Executive Director, Project Coordinator, Program Officer, General Treasurer, etc.).

IV. Findings of the visit

Interviews and documentation reviews have revealed that most of the compliance recommendations and action points have been implemented by APCS. Those who were not fully implemented have been at least partially implemented by the Alliance partner. The Treasurer General who acts as accountant since the vacancy at this position has brought significant improvements in recordkeeping and financial information tracking.

➤ *Main findings :*

L' Association de Protection Contre le Sida (APCS) has made substantial progress on all key USAID compliance areas.

➤ *Specific findings :*

1. APCS accounts were audited for the last 4 fiscal years (2008 to 2011) by the External Auditor and audit reports are available for review by the Consultant,
2. Filing system and recordkeeping have improved and it's easier to search financial information within the association,
3. Timesheets are completed systematically at the end of each month for all staff charged to the project budget,
4. Branding rules have been applied: equipments purchased with Alliance/USAID funds are labeled and USAID logos are on brochures / publications developed by the project,
5. Petty Cash controls are applied and documented (monthly cash controls forms are available).
6. There is good project coordination and monitoring mechanism in place: through Board meetings, Executive staff meetings, and Technical meetings (Coordinator, Supervisor, and EP). The Consultant was able to review well documented minutes of these meetings in which discussions on project activities are recorded.

➤ *Implementation of precedent recommendations :*

Sources of USAID Compliance	Main Recommendations or Action Points	Implementation Level		% of compliance (Indicative)
		Fully	Partially	
USAID compliance audit report (May 2011)	3	2	1	67%
USAID compliance action plan (January/February 2012)	3	3	0	100%

➤ *Areas to be improved :*

L' Association de Protection Contre le Sida (APCS) needs to improve certain aspects of the accounting and financial management systems in order to enhance compliance with the USAID rules and regulations:

1. Segregation of duties between management and finance: the Accountant or the Treasurer of the Association should be responsible for all aspects of accounting, bookkeeping and financial reports preparation,
2. Management of cash payments (workshops, meetings, participants, peer educators, etc.): APCS should minimize cash transactions and limit cash payments to 20,000 DA on the Petty Cash,
3. Controls and validation steps of cheques issued (date, destination, etc.) need to be reinforced by the association,
4. Monthly bank reconciliations should be systematized, properly documented and approved by the appropriate line of authority.

V. Recommendations of the visit

The main findings and recommendations of this follow-up visit have been presented and validated with the APCS Management Team at the end of the mission. The recommendations aim to enhance level of compliance with USAID rules and regulations but also upgrade the overall accounting and financial management system of the association.

Priority Order	Follow-up visit recommendations	Persons/Entities to be responsible	Date of implementation
1	Strengthen the internal controls (segregation of duties, cash payments, due diligence on cheques issuance, etc.).	Executive Team	December 31, 2012
2	Systematize elaboration and validation of monthly bank reconciliation statements	General Treasurer	December 31, 2012
3	Hire qualified accountant to ensure maintenance of appropriate accounting system for APCS	Board	January 31, 2013
4	Define roles and responsibilities of project key staff (Coordinator, Program Officer)	Board	January 31, 2013
5	Implement External Auditor recommendations	Board	March 31, 2013

