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NATIONAL PLAN FOR LAND USE

USAID PROJECT : 685 0233

REPORT ON REVIEW OF PROJECT
ACCOUNTS AND INTERNAL CONTROL

JULY 27, 1984

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EN ASSOCIATION AVEC

MAYORO WADE
EXPERT COMPTABLE
ET FISCAL

64, RUE WAGANE DIOMF
B. P. 1686
DAKAR
TELEPHONE : 21-97-77
TELEX : 3310 PRICE SG

July 27, 1984

USAID/Dakar
c/o American Embassy
DAKAR, Senegal

Dear Sirs,

NATIONAL PLAN FOR LAND USE - USAID PROJECT 685 0233

1. INTRODUCTION

The following report is the result of a review of the accounts and system of internal control at the abovementioned project.

This assignment was one of a number of similar reviews of USAID funded projects in Senegal carried out by Price Waterhouse in July 1984.

Our examination of project records has been carried out in accordance with the scope of work established by AID DAKAR. We have therefore, reviewed and tested the accounting procedures and documents to the extent we considered necessary in order to form an opinion on the accounting records maintained.

In general, the projects under review were of a size whereby a sophisticated system of internal control could not be expected to be operated. As such, there are inherent limitations that should be recognised in considering the potential effectiveness of the system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgement, carelessness or other personal factors. Control procedures whose effectiveness depends upon the segregation of duties, as is the case with most of these projects, can be circumvented by collusion. Further projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Price Waterhouse

2. OPINION

We have reviewed the accounting station "Direction Aménagement du Territoire (D.A.T.)" for the project National Plan for Land Use n° 685-0233. Our review was performed in accordance with the scope of work provided under Contract n° 681-000-C-00-3156-00 and work order n° 3 and was conducted in accordance with generally accepted auditing principles.

In our opinion this accounting station has a system of accounting and internal control which will provide adequate identification of U.S. Government funds and control over the receipt and expenditure of those funds.

3. COMMENTARY

The accounting records and supporting vouchers are well maintained by the projet accountant. Project administration is handled by two persons, the project director (Mr. Thiam) and the accountant (Mr. Traoré). Application of internal control is therefore limited, and is restricted to authorisation of payments and cheque signing (by the project director) and recording of these payments (by the project accountant).

It would appear that the accountant will require some assistance from AID officials with regard to the procedures to be adopted to record the refund of previous expenditure and the reimbursement to AID of interest received.

4. OTHER RECOMMENDATIONS DESIGNED TO IMPROVE ACCOUNTING SYSTEM AND CONTROL

4.1 The bank journal should be completed in ink

At present the bank journal is completed in pencil.

4.2 The bank journal should show the cumulative expenditure totals and the total budget amounts by category

This will facilitate comparison between expenditure and available budget and may be done simply by noting the budgeted amounts at the bottom of each page of the bank journal.

4.3 The project accountant should initial supporting vouchers as evidence of approval of calculations and prices stated on such document.

Supporting vouchers show no evidence of this check being performed.

4.4 The project should maintain a fixed asset register and take periodic inventories of such assets

No register is maintained at present. Although, the level of fixed asset investment is relatively small, it is preferable that a register be maintained which should record :

- (a) date of acquisition,
- (b) description of asset,
- (c) cost of asset
- (d) location of asset,
- (e) condition of asset,
- (f) date of last physical inspection

4.5 AID officials should explain to the project accountant the procedures to be followed when interest is received and when previous expenditure is refunded

From our review, we noted that the project had recently received bank interest of approximately F CFA 170 000 which must be reimbursed to AID. In addition, the project received reimbursement of F CFA 128 030 in March 1984 for expenses previously paid by the project. This reimbursement should have been recorded as a reduction of previous expenditure. This has not yet been done and therefore, the expenditure on the latest report (to March 31, 1984) is overstated by this amount. It appears that the project accountant requires further explanations in these two areas.