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RESULTS OF A PRE-AWARD SURVEY OF  
EASTERN AND SOUTHERN AFRICAN  
MANAGEMENT INSTITUTE (ESAMI)

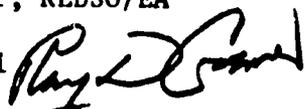
AUDIT REPORT NO. 3-621-82-09  
February 10, 1982

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U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT  
Regional Inspector General for Audit  
Nairobi, Kenya

February 10, 1982

TO : Mr. James Anderson  
Regional Contracting Officer, REDSO/EA

FROM : Ray D. Cramer, RIG/A/Nairobi 

SUBJECT : Results of a Pre-Award Survey of Eastern and Southern  
African Management Institute (ESAMI).  
Audit Report No. 3-621-82-09

In response to your request, we have conducted the subject review of the books and records of the Eastern and Southern African Management Institute (ESAMI) located in Arusha, Tanzania. The prime purpose of our review was to determine if ESAMI's accounting system was adequate to account for U.S. Government funds which might be provided under an AID grant.

Historical Background

The Eastern and Southern African Management Institute came into being as a corporate body on February 28, 1980, as a result of the signing of an agreement establishing ESAMI by six of the participating countries at a Conference of Plenipotentiaries convened for that purpose. The membership of the Institute is open to all states of Eastern and Southern Africa; i.e., Angola, Botswana, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Seychelles, Somalia, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe and such other states of the Eastern and Southern Africa as the Governing Board, which is the supreme policy-making organ of ESAMI, may determine.

Before February 1980, ESAMI used to operate as the East African Management Institute (EAMI). EAMI was established as a corporate body in 1974 by an Act of the East African Legislative Assembly in response to the expressed needs of the partner states of Kenya, Tanzania and Uganda to promote and maintain efficient, effective and economical performance of the major organizations in East Africa. To this end, the role and mission of EAMI was to provide Management Training, Consultancy and Research services to the organizations and institutions of the East African community and the government of the partner states.

The objective of ESAMI is to improve the performance and management effectiveness of public and private institutions and enterprises within its member states.

ESAMI has had no previous business with A.I.D.

Audit Results

ESAMI's Accounting System and Records - ESAMI has a job order cost accounting system which consists of books of original entry (general, cash receipts, cash payment, sales and purchase journals), a general ledger, subsidiary cost and expense ledgers. Our review indicated that ESAMI's accounting system is adequate for the administration of Government grants and contracts as required in the cost principles set forth in FPR 1-15, Subpart 2.

Financial Condition Has Improved - During the last two years, ESAMI's financial condition has been improving. The current ratio (current assets divided by current liabilities) as of December 31, 1979, was 3 to 1; and as of December 31, 1980, had increased to 4 to 1. The minimum ratio considered favorable is a one to one ratio; therefore, we consider ESAMI's overall financial condition to be satisfactory.

Employee Salary and Wage Plan - Our examination disclosed that ESAMI's actual salaries are in line with its personnel policies. The average salary per year for the 22 professionals presently on board is \$12,875.

cc: Deputy Administrator  
AA/AFR (3)  
LEG  
GC  
IG  
SER/MO (2)  
AFR/EA (2)  
FM/ASD  
PPC/E  
REDSO/EA (3)