

PIO/T N° 685-0235-3-10241  
SENEGAL CEREALS PRODUCTION PROJECT II  
FAA SECTION 121D CERTIFICATION

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17th September 1984

S.J. Littlefield,  
Director,  
USAID,  
Dakar,  
Senegal.

Dear Madam,

PIO/T No 685-0235-3-10241 - SENEGAL CEREALS PRODUCTION PROJECT II  
FAA SECTION 121D CERTIFICATION

In accordance with the terms of reference of the above PIO/T, Ms. Jenny Webb of our staff visited the offices of SODEVA at Dakar and Djourbel and the offices of ISRA at Bambey on September 10-11, 1984. Her task was to assess whether the systems of accounting and internal control could be relied on to produce accurate and reliable claims for reimbursement of expenditure and whether, in future, the accounting stations would be able to account satisfactorily for advances.

For the reasons set out in Appendices 1 and 2 to this letter, we recommend that USAID continue to give funds to SODEVA and ISRA Bambey on a reimbursement basis but make payments direct to suppliers for major items procured by the agencies. The possibility of entering into service contracts with the agencies should also be explored.

We trust our reports meet your requirements but if you would like any further information in connection with this mission please do not hesitate to contact us.

Yours truly,

*Deloitte Haskins + Sells*

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APPENDIX 1 TO LETTER DATED 17TH SEPTEMBER 1984  
ADDRESSED TO THE DIRECTOR OF USAID DAKAR

17th September 1984

S.J. Littlefield,  
Director,  
USAID,  
Dakar,  
Senegal.

SECTION 121D CERTIFICATION REPORT - SODEVA

We have reviewed the accounting station SODEVA for the project Cereals II no 685-0235. Our work was performed in accordance with the scope of work provided in work order n° 5 under contract n° 681-C-00-3514-00 and was conducted in accordance with generally accepted accounting practices and principles.

In our opinion this accounting station has a system of accounting and internal control which will produce accurate and easily verifiable claims for reimbursement of authorized expenditure.

*Deloitte Haskins & Sells*

SODEVA - COMMENTARY ON THE ACCOUNTING SYSTEM  
AND RECOMMENDATIONS FOR IMPROVEMENTS

At the project centres to which USAID contributes, Thiès and Djourbel, there are three sources of finance: USAID, counterpart funds and national operating budget. All expenses are paid from the same bank accounts and petty cash funds and are coded to the donor source concerned. The monthly computerised general ledger shows every item from all sources attributable to a particular donor. It is this print-out, received between the 15th and 20th of the following month, which serves as a basis for the preparation of the reimbursement claim. Originals of all vouchers are filed together with the memoir on which they are included.

In the case of purchases on credit, the expenditure account is debited, by the credit of the supplier account, when the invoice is received. In order to check that payment has been made, it is necessary to refer to the supplier ledger and examine the payment vouchers on a trial and error basis to find the corresponding invoice. A cheque register is maintained in cheque numerical order and is signed by the beneficiary when he receives the cheque. We recommend that the format of this register be modified in order to incorporate the purchase journal reference of the invoices being paid.

If USAID were to advance funds, it would be necessary for SODEVA to use a separate bank account exclusively for the receipt of those funds and the payment of USAID-financed expenditure. In our opinion, such a system would be operable only in respect of expenses paid from Dakar and excluding salaries. The majority of the expenditure, however, arises in the regions and any attempt to create separate petty cash funds for the USAID-financed portion of their expenditure would result in a complete breakdown in the accounting system.

As the SODEVA procurement system is adequate to order goods for the project, we recommend that the system be used but that invoices in excess of a given amount (say \$500 or 200,000 FCFA) be transmitted to USAID for payment. All cash expenditure should be dealt with on a reimbursement basis. If monthly claims are submitted promptly the burden of pre-financing should not be too onerous.

Should USAID wish, nevertheless, to advance funds to SODEVA, the nature of the items covered by the budget should be revised. USAID should seek to finance items which are clearly identifiable, obtained exclusively with USAID finance and payable through a single bank account.

A bank account in the name of SODEVA/USAID has been open at the Union Sénégalaise de Banques for several years. It was set up to receive USAID advances, but for more than two years has been used for the general operations of SODEVA. We recommend that the balance outstanding on the account should be transferred to the general SODEVA account and the special account should be closed.

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APPENDIX 2 TO LETTER DATED 17th SEPTEMBER 1984  
ADDRESSED TO THE DIRECTOR OF USAID DAKAR

17th September 1984

S.J. Littlefield,  
Director,  
USAID,  
Dakar,  
Senegal.

SECTION 121D CERTIFICATION REPORT - ISRA, BAMBEY

We have reviewed the accounting station ISRA, Bambey for the project Cereals II n° 685-0235. Our work was performed in accordance with the scope of work provided in work order n° 5 under contract n° 681-C-00-3514-00 and was conducted in accordance with generally accepted accounting practices and principles.

In our opinion this accounting station has a system of accounting and internal control which will produce accurate and easily verifiable claims for reimbursement of authorized expenditure.

*Deloitte Haskins + Sells*

## ISRA - COMMENTARY ON THE ACCOUNTING AND REPORTING SYSTEM

ISRA does not have a separate bank account for USAID-financed expenditure under the Cereals II project, but there is adequate internal control to permit reliance on the accounting records and on the validity of the expenditure. All vouchers are coded to the appropriate donor account and the original is transmitted to the financial service, where it is filed in a separate drawer by donor and by project, awaiting preparation of the memoir.

When the memoir is prepared, a fixed percentage of 10% is added to the actual costs incurred as a contribution to overheads. The percentage is fixed by the project agreement and varies from project to project and from donor to donor. The budget is prepared allocating the estimated overhead contribution from each donor against the major overhead categories and the balance comes from the national operating budget. It was not possible to obtain an up-to-date analysis of actual against budget at the date of our visit.

In theory, ISRA should be in a position to present memoirs promptly at the end of each month but in practice there are long delays. In our opinion, USAID should not consider giving advances to ISRA until the institute demonstrates that it is able and willing to produce regular reports and to identify specific expenses. We recommend that USAID either continue to reimburse expenditure or, if ISRA is unable to prefinance its costs, that a service contract be signed between USAID and ISRA for the performance of specified research. This system would permit USAID to advance funds against the contract and would oblige ISRA to carry out the specified work.