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MEMORANDUM AUDIT REPORT OF USE OF PUBLIC ACCOUNTING FIRMS BY AID OFFICES IN WEST AND CENTRAL AFRICA

AUDIT REPORT 7-698-86-6

March 12, 1986

UNITED STATES GOVERNMENT

memorandum

DATE: March 12, 1986

REPLY TO ATTN OF: James B. Durnil, Deputy Inspector General

SUBJECT: Memorandum Audit Report of Use of Public Accounting Firms by AID Offices in West and Central Africa - Audit Report No. 7-698-86-6

TO: Mr. Mark L. Edelman, Assistant Administrator, Africa Bureau

Background

This report presents the results of audit of the use of public accounting firms by AID offices in West and Central Africa. In December 1983, the Assistant Administrator for Management issued implementation guidance to all AID offices on 16 Payment Verification Policy Statements previously approved by the Administrator. Two of these policy statements involved the use of public accounting firms to help improve the financial integrity of AID projects. Policy statement 10 encouraged USAID controllers to use public accounting firms to a greater degree in providing accounting and financial management consulting services within the project design. The use of public accounting firms had been emphasized by the Administrator in May 1983 as a means to prevent financial and accounting problems. In addition, policy statement 6 required that project papers include an evaluation of the need for and description of audit coverage, such as by the host government, AID and/or public accountants.

The Africa Bureau was a leader in this effort. Concerned with the accountability of AID projects, particularly in the Sahel, the Bureau acted earlier in 1983 urging its offices to use public accounting firms to improve financial management and help preclude critical audit reports questioning fiscal integrity and responsibility.

Purpose and Scope of Audit

The purpose of the audit was to determine the extent AID offices in West and Central Africa had implemented policy to improve the financial integrity of AID projects. The specific audit objectives were to determine (1) if the AID offices used accounting firms for technical services and audit in accordance with policy guidance, and (2) whether the results of the technical services and audits were shared with other AID offices. The audit did not evaluate financial technical assistance provided through other sources, such as AID direct or local hire staff or special projects. The period covered by the audit was September 1983 through February 1985 and included 17 AID offices within the Regional Inspector General

OPTIONAL FORM NO. 10
(REV. 1-80)
GSA FPMR (41 CFR) 101-11.6
5010-114

for Audit/West Africa's jurisdiction. Information on use of public accounting firms was obtained through audit work in six countries and through a questionnaire sent to 11 offices included in the audit (see Exhibit 1). Reports prepared by public accounting firms were analyzed, project papers were reviewed, and AID and public accounting firm officials were interviewed. The audit was made in accordance with generally accepted government audit standards.

RESULTS OF AUDIT

The audit results showed that most of the AID offices used public accounting firms to assist in areas of internal controls, accounting systems and inventory management. Public accounting firms were used by 12 of the 17 AID offices, a total of 36 times at a cost of about $872,000 during the 18-month period. Major users included AID offices in Senegal, Burkina Faso, and Cameroon. Of the smaller AID offices, Togo and Sierra Leone were among the top users (see Exhibit 2).

These efforts helped correct problems in projects and AID offices, thus contributing to improved financial integrity. However, most project-related efforts were to correct problems on projects well into the implementation stage - not early in implementation or at the project design stage. The audit also showed that AID offices did not generally provide for audit in project papers as required. In addition, results of financial technical assistance by public accounting firms were not incorporated into central AID files for sharing among offices.

Recommendation No. 1

We recommend that the Assistant Administrator, Africa Bureau require AID offices in West and Central Africa to consider financial technical assistance and audit in project design. The Bureau should require that AID offices include an analysis and discussion of plans for financial technical assistance and audit in project papers and/or project identification documents. Projects should not be approved at Bureau or field level unless such requirements are met.

Recommendation No. 2

We recommend that the Assistant Administrator, Africa Bureau disseminate the results of financial technical assistance and audit. At a minimum, copies of reports prepared by public accounting firms should be sent to the Center for Development Information and Evaluation, Bureau for Program and Policy Coordination, AID/W.

Discussion

Use of Public Accounting Firms

The audit disclosed that financial technical assistance was used mostly in reaction to problems or criticism. For example, Senegal, accounting for about 50 percent of the total use of public accounting firms, used the services to review project accounting systems for local currency. This occurred when the Controller identified serious deficiencies in most of the projects' accounting systems which threatened continued funding. Accounting for local currency was also a major reason for using public accounting firms in Burkina Faso and Liberia.

An analysis of the 36 reported applications showed only about 11 involved services provided in project design or early implementation. Officials interviewed and questionnaire results disclosed that offices did not systematically consider financial technical assistance as a preventive measure. AID officials at several offices said that lack of management attention and inadequate knowledge of the capabilities and functions of public accounting firms were major causes of this problem. Public accounting firm officials also told us that their services were requested too late in project implementation and then only when serious problems existed. As one partner of a firm said: "We are generally called in after a project has been running for about five years, has received a negative evaluation of Phase I and is about to start Phase II. Little thought was given to financial management at the project's design and initial implementation stage".

The audit also disclosed that four of 11 project papers developed by AID offices contained audit provisions. (Exhibit 3) All project papers were required to determine the need for audit, and funds were to be budgeted unless adequate coverage by the host government was assured or audits were considered not needed as, for example, for direct AID contracts. The remaining seven project papers should have contained audit provisions.

The Office of the Inspector General is currently working with the Assistant Administrator for Management on establishing a funding process for audits of selective Development Assistance and Economic Support Fund projects. This initiative includes the requirement to plan for audit coverage during the preliminary design phase of new projects.

AID officials interviewed were generally aware of the requirement, but disregarded it when developing project papers. Planning and evaluating the need for audit had not become part of the project development process in most offices. In late April 1985 the Acting Controller of AID's office in Niger told us that they were aware of the audit requirement and were in the process of implementing appropriate procedures. Several AID officials also told us there was some

confusion as to whether the project designer or controller was responsible for implementing this policy. Other AID officials were reluctant to budget project funds for audit when funds could be spent for other purposes.

Report Sharing

Reports prepared by public accounting firms on the results of financial technical assistance and audit were sent only to the requesting office. The Agency's Center for Development Information and Evaluation within the Bureau for Program and Policy Coordination (PPC/CDIE) was established as a means to share information from AID-financed studies. The audit disclosed that none of the reports on the 36 reported uses of public accounting firms had been sent to PPC/CDIE. We found no requirement for the cognizant AID office to share the work results of public accounting firms with any other AID office, including the contracting office, the technical backstop office, and PPC/CDIE.

Conclusion

AID offices in West and Central Africa can better implement Agency and Bureau policy and guidance in improving the financial integrity of projects. Financial technical assistance and audit should be analyzed and included in procedures governing the review and approval of all projects. Equally important, results of financial technical assistance and audit provided by public accounting firms should be part of the Agency's information-sharing system.

Management Comments

Africa Bureau comments on the draft report issued in early December 1985 were received in late February 1986. The Bureau's response included comments from individual offices included in the review. Corrections were made to some of the statistics included in the draft report. The Bureau considered the recommendations on target and recognized that the problems disclosed in the audit required continued monitoring. The Bureau intended to reemphasize to all of its Africa offices the importance of including financial design assistance and audit in project design. Also, all AID offices in Africa would be required to send copies of reports prepared by public accounting firms to the Center for Development Information and Evaluation, Bureau for Program and Policy Coordination, AID/Washington.

Office of Inspector General Comments

The Bureau's actions are responsive to the recommendations which are considered as resolved. We will close the recommendations upon issuance of Bureau instructions to its field offices.

Compliance and Internal Control -- Exceptions to compliance were found in AID offices not including audit coverage in project papers developed after January 1, 1984. Administrative internal controls were found weak in not including the results of financial technical assistance and audit in Agency files for further sharing among offices. Except for these conditions, nothing came to our attention that would indicate other problems in compliance or internal controls.

MEMORANDUM AUDIT REPORT OF USE OF PUBLIC ACCOUNTING FIRMS BY AID OFFICES IN WEST AND CENTRAL AFRICA

Exhibits and Appendices

Exhibit 1

AUDIT OF USE OF PUBLIC ACCOUNTING FIRMS BY AID OFFICES IN WEST AND CENTRAL AFRICA
SPECIFIC COUNTRY COVERAGE AND METHODOLOGY OF DATA PROCUREMENT
18 MONTH PERIOD ENDING FEBRUARY 28, 1985

	Data Obtained Via:			
			Discussions with Regional Controller	
AID Office	Responses To Questionnaires	Site Visits	Abidjan	Dakar
1. Abidjan, Ivory Coast (REDSO/WCA)		X	X	
2. Accra, Ghana	X		X	
3. Bamako, Mali	X			
4. Banjul, The Gambia	X			
5. Bissau, Guinea-Bissau				X
6. Conakry, Guinea	X			
7. Dakar, Senegal		X		X
8. Freetown, Sierra Leone	X		X	
9. Lagos, Nigeria	X			
10. Lome, Togo	X		X	
11. Monrovia, Liberia		X		
12. Niamey, Niger		X		
13. Ndjanema, Chad	X			
14. Nouakchott, Mauritania	X			
15. Ouagadougou, Burkina Faso	X	X		
16. Praia, Cape Verde				X
17. Yaounde, Cameroon	X	X		

AUDIT OF USE OF PUBLIC ACCOUNTING FIRMS BY
AID OFFICES IN WEST AND CENTRAL AFRICA
PROACTIVE/REACTIVE PROFILE OF INDIVIDUAL CPA INTERVENTIONS
18 MONTH PERIOD ENDING FEBRUARY 28, 1985

Aid Office Sponsoring CPA Work	Work Location	Name and Location of Responding CPA Firm	Value of Work Order	Focus of Work Order	Timing of Work Order: Proactive	Reactive	Neither
FUNCTIONAL ASSIGNMENTS							
Abidjan, Ivory Coast	Ivory Coast	Price Waterhouse, Abidjan	$25,000	Reconcile REDSO/WCA's Non-Refundable Property			X
Abidjan, Ivory Coast	Regional	Price Waterhouse, Abidjan	39,206	Improve Information Flow Between REDSO/WAAC and WAAC Client Post Accounting Staffs			X
TOTAL FUNCTIONAL ASSIGNMENTS (2)			$64,206		-	-	2
PROJECT-RELATED ASSIGNMENTS							
Accra, Ghana	Ghana	Deloitte, Haskins & Sells, Abidjan	$27,500	Participate in Midas II Mid-Project Evaluation			X
Dakar, Senegal	Senegal	Deloitte, Haskins & Sells, Abidjan	34,917	Determine FAA Sec. 121(d) Certifiability, 4 Projects		X	
Dakar, Senegal	Senegal	Deloitte, Haskins & Sells, Abidjan	4,192	Design Installation of Accounting System, SANAS	X		
Dakar, Senegal	Senegal	Deloitte, Haskins & Sells, Abidjan	8,665	Accountability for Casamance Project Inputs - I		X	
Dakar, Senegal	Senegal	Price Waterhouse, Abidjan	23,786	Determine FAA Sec. 121(d) Certifiability, 6 Projects		X	
Dakar, Senegal	Senegal	Arthur Andersen, Dakar	31,615	Perform Rice Sector Review, Host Country Price Stabilization Agency		X	
Dakar, Senegal	Senegal	Arthur Andersen, Dakar	26,000	Create Fin. Acctg/Reporting Systems for Various Funds and Personnel Mileage Account		X	
Dakar, Senegal	Senegal	Price Waterhouse, Dakar	35,000	Verify Fumigation, Storage and Inland Transportation Costs (Appr. $1.0 Mill), PL 480 Title II Sorghum		X	
Dakar, Senegal	Senegal	Price Waterhouse, Dakar	55,000	Inventory Valuation Prior to SONAR Operations Phase Out			X
Dakar, Senegal	Senegal	Price Waterhouse, Dakar	2,000	Review of "Dakar 2000" Building Cost Proposal	X		
Dakar, Senegal	Senegal	Price Waterhouse, Dakar	1	Review Human Rights Issues			X

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AID Office Sponsoring CPA Work	Work Location	Name and Location of Responding CPA Firm	Value of Work Order	Focus of Work Order	Timing of Work Order		
					Proactive	Reactive	Neither
Dakar, Senegal	Senegal	Oumar N'Diaye, Dakar	$ 1,500	Determine FAA Sec 121(d) Certifiability		X	
Dakar, Senegal	Senegal	Oumar N'Diaye, Dakar	9,300	Provide Support to SRFMP	X		
Dakar, Senegal	Senegal	Oumar N'Diaye, Dakar	4,350	Provide Linkage Between PIDAC/ SOMIVAC Acctg System and USAID Reporting Requirements		X	
Dakar, Senegal	Senegal	Oumar N'Diaye, Dakar	16,400	Prepare Instructions Manual for PIDAC on Recommended Financial Procedures		X	
Dakar, Senegal	Senegal	ESGE, Dakar	10,000	Conduct Seminars in Financial Management Training	X		
Dakar, Senegal	Guinea-Bissau	Arthur Andersen, Lisbon	11,400	(1) Assessment of Guinea-Bissau HC Contracting Capability (2) Eval. of USAID/GB's Internal Acctg/Admin. Controls	X		
Dakar, Senegal	Senegal	Gaye Assoc., Dakar	40,000	Assist SOMIVAC/PIDAC Establish Proj. Monitor System		X	
Dakar, Senegal	Senegal	Arthur Andersen, Dakar	1,700	Verify Losses of UREA Stocks		X	
Dakar, Senegal	Senegal	Arthur Andersen, Dakar	3,500	Verify Losses of UREA Stocks		X	
Freetown, Sierra Leone	Sierra Leone	Arthur Young & Co., Freetown	9,700	To Monitor Project's Progress in Implementing Project's Accounting System	X		
Freetown, Sierra Leone	Sierra Leone	Arthur Young & Co., Freetown	7,200	Perform Wage and Benefits Analysis			X
Lome, Togo	Togo	Akintola Williams, Abidjan	24,000	Improve Rural Water-Sanitation Project's Financial Management and Reporting Systems		X	
Lome, Togo	Togo	Deloitte, Haskins & Sells, Abidjan	37,550	Establish and Install Animal Traction Project's Financial Management and Reporting Systems	X		
Lome, Togo	Togo	Deloitte, Haskins & Sells, Abidjan	9,695	Monitor Performance of Financial Management Reporting System	X		
Monrovia, Liberia	Liberia	Price Waterhouse, Monrovia	47,000	Establish and Maintain Current Project Accounts And Project Accounting Procedures		X	

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AID Office Sponsoring CPA Work	Work Location	Name and Location of Responding CPA Firm	Value of Work Order	Focus of Work Order	Timing of Work Order: Proactive	Reactive	Neither
Ndjamena, Chad	Chad PL 480 Title II Rice Commodity and	Price Waterhouse, Abidjan	$51,142	Provide Technical Assistance in Fiscal Management	X		
Ndjamena, Chad	Chad	Price Waterhouse, Abidjan	3,500	Review Disbursement and Procurement Procedures of GOC Agencies	X		
Niamey, Niger	Niger	Deloitte, Haskins & Sells, Abidjan	7,230	Provide Internal Financial Management Review of Project Accounting System		X	
Nouakchott, Mauritania	Mauritania	Oumar N'Diaye, Dakar	3,396	Reconcile Funds Advanced to Contractor			X
Ouagadougou, Burkina Faso	Burkina Faso	Arthur Andersen, Abidjan	67,253	Perform Independent Review of Accounting Systems in Use Under 8 USAID Projects, Train Project Personnel	X		
Ouagadougou, Burkina Faso	Burkina Faso	Price Waterhouse, Abidjan	44,450	Design/Install Sub-System at CILSS Headquarters to Provide Adequate Accounting and Funds Control			X
Yaounde, Cameroon	Cameroon	Akintola Williams, Abidjan	126,636	Provide Technical Guidance in Financial and Inventory Management to Establish Well Defined Management Info System		X	
Yaounde, Cameroon	Cameroon	Deloitte, Haskins & Sells Abidjan	22,500	Provide Technical Guidance in Financial and Inventory Management to Establish well Defined Management Info System		X	
TOTAL PROJECT-RELATED ASSIGNMENTS (34)			$808,078		11 (32%)	17 (50%)	6 (18%)
TOTAL - ALL ASSIGNMENTS (36)			$872,284		11 (31%)	17 (47%)	8 (22%)

Exhibit 2
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AUDIT OF USE OF PUBLIC ACCOUNTING FIRMS BY AID OFFICES IN WEST AND CENTRAL AFRICA
COMPLIANCE WITH PAYMENT VERIFICATION POLICY STATEMENT PROVISIONS

Country	Project No.	Project Title	Sources: Project Paper	Sources: Project Assistance Document	Sources: Interview With Mission Officials	Sources: Project Paper & Interviews	Compliance: Yes	Compliance: No
Cameroon	631-0052	National Cereals Research & Extension			X			X
Cape Verde	655-0013	Watershed Development	X					X
The Gambia	635-0225	Economic and Financial Policy Analysis	X				X	
Liberia	669-0188	Agricultural Research and Extension	X			X		X
Liberia	669-0201	Small & Medium Enterprise Development & Supp	X					X
Mali	688-0232	Farming Systems Research & Extension	X			X		X
Burkina Faso	686-0255	Agricultural Development Support	X			X		X
Togo	693-0226	Sio River Economic Development	X					X
Niger	683-Y-601 683-K-602	Cash Transfer (Ag Sector Development)		X		X	X	
Senegal	685-0242	Rural Health Services Delivery II	X			X		X
Senegal	685-0248	Family Health and Population	X			X	X	
Senegal	685-0281	Transfer of Technology II	X			X	X	
Regional (OMVS)	625-0621	Senegal River Basin Planning & Policy Dev	X			X		X
		TOTALS	11	1	1	8	4	9

Exhibit 3

UNCLASSIFIED STATE 061449/01

ACTION: RIG-2 INFO: DCM

VZCZCTAA674ESC918
PP RUTAIS
DE RUEHC #1449/01 0590614
ZNR UUUUU ZZH
P P 280611Z FEB 86
FM SECSTATE WASHDC
TO RUTAIS/AMEMBASSY DAKAR PRIORITY 6417
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RUEHAB/AMEMBASSY ABIDJAN 1766
BT
UNCLAS SECTION 01 OF 02 STATE 061449

LOC: 152 392
28 FEB 86 0846
CN: 59359
CHRG: AID
DIST: RIG

AIDAC DAKAR FOR RIG/A/WA

E.O. 12356: N/A
TAGS:
SUBJECT: DRAFT MEMORANDUM AUDIT REPORT ON USE OF PUBLIC ACCOUNTING FIRMS BY AID OFFICES IN WEST AND CENTRAL AFRICA. AUDIT REPORT 7-698-86-XXX

REFS: (A) MONROVIA 01806 (NOTAL), (B) DAKAR 01243 (NOTAL), (C) ABIDJAN 01994 (NOTAL), (D) NOUAKCHOTT 00332 (NOTAL), (E) BANJUL 04298 (NOTAL)

1. THE AFRICA BUREAU HAS REVIEWED THE SUBJECT DRAFT AUDIT AND HAS ALSO RECEIVED INPUT FROM CONCERNED MISSIONS. WE HAVE FOUND THE REPORT GENERALLY ACCURATE AND AGREE THAT THE RECOMMENDATIONS ARE ON TARGET, ALTHOUGH THERE ARE A FEW POINTS THAT SHOULD BE CLARIFIED.

2. THE TWO RECOMMENDATIONS SUBMITTED FOR AID/W REVIEW AND COMMENTS WERE:

RECOMMENDATION NO.1 - THAT THE ASSISTANT ADMINISTRATOR AFRICA BUREAU REEMPHASIZE TO AID OFFICES IN WEST AND CENTRAL AFRICA THE NEED TO INCLUDE FINANCIAL ASSISTANCE AND AUDIT IN PROJECT DESIGN. THE BUREAU SHOULD REQUIRE THAT AID OFFICES INCLUDE AN ANALYSIS AND DISCUSSION OF PLANS FOR FINANCIAL TECHNICAL ASSISTANCE AND AUDIT IN PROJECT PAPERS AND/OR PIDS. PROJECTS SHOULD NOT BE APPROVED AT BUREAU OR FIELD LEVEL UNLESS REQUIREMENTS ARE MET.

RECOMMENDATION NO.2 - THAT THE ASSISTANT ADMINISTRATOR, AFRICA BUREAU ASSURE BETTER SHARING AMONG OFFICES OF RESULTS OF FINANCIAL TECHNICAL ASSISTANCE AND AUDIT. AT A MINIMUM , COPIES OF REPORTS PREPARED BY PUBLIC ACCOUNTING FIRMS SHOULD BE SENT TO THE CENTER FOR DEVELOPMENT INFORMATION AND EVALUATION BUREAU FOR PROGRAM AND POLICY COORDINATION, AID/W.

3. REF. A REQUESTED CLARIFICATION OF THE INTENT OF RECOMMENDATION NO. 1. - THE QUESTION IS WHETHER THE PP/PIL SHOULD INCLUDE PROVISION FOR AUDIT/FINANCIAL

MANAGEMENT SERVICES OR DOES THE RECOMMENDATION SUGGEST THE NEED FOR AN AUDITOR ON THE DESIGN TEAM. IN DISCUSSING THIS WITH AID/W IG/PPO IT WAS MADE CLEAR THAT IG PERSONNEL CANNOT BE INVOLVED IN THE DESIGN PHASE OF A PROJECT. WE BELIEVE THAT THE INTENT IS THAT FUNDS SHOULD BE MADE AVAILABLE IN THE DESIGN OF THE PROJECT TO PROVIDE FOR FINANCIAL TECHNICAL SERVICES, IF APPROPRIATE, AND ALSO FOR AUDIT SERVICES, AGAIN IF APPROPRIATE. HOWEVER, WE FULLY AGREE WITH THE POINTS RAISED IN REFTEL B REGARDING THE POSSIBILITY OF USING ACCOUNTING FIRMS AS PART OF THE TECHNICAL ASSISTANCE CONTRACT RATHER THAN HAVING A DIRECT AID CONTRACT WITH A PUBLIC ACCOUNTING FIRM. THE POINT HERE IS THAT THE SERVICES TO BE PROVIDED SHOULD BE CONTEMPLATED IN THE PP DESIGN OR THE FINAL IMPLEMENTATION PLAN. WE SEE NO REASON WHY A NON-FEDERAL AUDITOR COULD NOT BE INCLUDED IN A PROJECT DESIGN TEAM. IN DEED THIS MAY BE AN EXCELLENT IDEA IN THE DESIGN OF CERTAIN PROJECTS.

4. WHILE ALL MISSIONS REPORTED GENERAL AGREEMENT WITH THE AUDIT FINDINGS, APPARENTLY THERE ARE SOME DISCREPANCIES BETWEEN THE DRAFT AUDIT AND VARIOUS MISSIONS' RECORDS, AS INDICATED BY COMMENTS REF. C. WHILE IT APPEARS THAT THE DISCREPANCIES WILL NOT SIGNIFICANTLY CHANGE THE THRUST OF THE AUDIT, WE ASSUME THAT THE REPORT WILL BE ADJUSTED ACCORDINGLY FOR THE SAKE OF ACCURACY.

5. REGARDING RECOMMENDATION 1- THE AFRICA BUREAU, REALIZING THE IMPORTANCE OF SUCH A VALUABLE MANAGEMENT TOOL, HAS CONTINUALLY TAKEN THE LEAD IN ENCOURAGING THE FIELD MISSIONS TO MAKE MAXIMUM USE OF PUBLIC ACCOUNTING FIRMS IN PROVIDING FINANCIAL AND AUDIT SERVICES. WE HAVE BEEN WELL PLEASED WITH THE RESULTS IN THE FINANCIAL MANAGEMENT AND TECHNICAL ASSISTANCE AREAS. WE NOW REALIZE THAT UTILIZING PUBLIC ACCOUNTING FIRMS TO PERFORM AUDITS OF PROJECTS MAY NEED TO BE EXPANDED. THEREFORE, WE AGREE THAT THERE IS A NEED TO REEMPHASIZE THE IMPORTANCE OF INCLUDING FINANCIAL TECHNICAL ASSISTANCE AND AUDIT IN PROJECT DESIGN. THE AA/AFR BY SEPTEL WILL ISSUE A REMINDER, NOT ONLY TO THE MISSIONS IN WEST AND CENTRAL AFRICA OFFICES, BUT TO ALL AFRICA MISSIONS TO GIVE SPECIAL CONSIDERATION IN FOLLOWING THE INTENT OF PAYMENT VERIFICATION POLICY STATEMENTS NO.6 AND NO.10 CONCERNING PROJECT AUDIT COVERAGE AND, AND IN GENERAL, THE USE OF PUBLIC ACCOUNTING FIRMS.

6. WHILE WE AGREE WITH THE BASIC IDEA OF QUOTE BETTER SHARING AMONG OFFICES OF THE RESULTS OF FINANCIAL TECHNICAL ASSISTANCE AND AUDIT UNQUOTE, REALISTICALLY

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THIS IS A DIFFICULT CONCEPT TO IMPLEMENT. THE AGENCY, AS A WHOLE, HAS BEEN FACED WITH THE INFORMATION SHARING PROCESS (OR LACK THEREOF) PROBLEM FOR YEARS. SO WE ARE NOT SURPRISED THAT FINANCIAL MANAGEMENT AND TECHNICAL ASSISTANCE REPORTS ARE NOT BEING ADEQUATELY SHARED. WE DISCUSSED THIS SPECIFIC PROBLEM AND THE SITUATION IN GENERAL WITH THE AAA/PPC/CDIE WHO READILY AGREED TO PROVIDE THE SERVICES OF HIS OFFICES. ACCORDINGLY, THE AA/AFR WILL, BY SEPTEL, ADVISE PRINCIPAL OFFICERS OF ALL AFRICA MISSIONS TO REQUIRE THAT COPIES OF ALL REPORTS PREPARED BY PUBLIC ACCOUNTING FIRMS BE SENT TO THE CENTER FOR DEVELOPMENT INFORMATION AND EVALUATION, BUREAU FOR PROGRAM AND POLICY COORDINATION, AID/W.

7. WE REALIZE THE PROBLEMS DISCLOSED IN THE AUDIT WILL REQUIRE CONTINUING MONITORING; HOWEVER, WE ARE REQUESTING THAT, UPON ISSUANCE OF THE SEPTELS REFERRED TO ABOVE, THAT THE TWO RECOMMENDATIONS BE CONSIDERED CLOSED. SHULTZ
BT

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M/SER/EOMS	1
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