

PD AAU - 228

47032

Non-Federal Audit of  
The Liberia Rural Development  
Institute (669-0153)

Audit Report No. 7-669-86-04-N

September 29, 1986

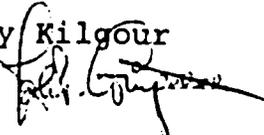
UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
OFFICE OF THE REGIONAL INSPECTOR GENERAL FOR WEST AFRICA

UNITED STATES ADDRESS  
RIG/DAKAR  
AGENCY FOR INTERNATIONAL  
DEVELOPMENT  
WASHINGTON, D.C. 20523

INTERNATIONAL ADDRESS  
RIG/DAKAR  
C/o AMERICAN EMBASSY  
B.P. 49 DAKAR, SENEGAL  
WEST AFRICA

September 29, 1986

Memorandum for Director, USAID/Liberia, Mary Kilgour

From: John P. Competello, RIG/A/WA 

Subject: Audit Report No. 7-669-86-04-N, Non-Federal Audit  
of the Liberia Rural Development Institute  
(Project number 669-0153)

Attached is a copy of the subject audit report of the Rural Development Institute. The certified public accounting firm of Coopers and Lybrand in Liberia prepared the report, which is dated September 18, 1986.

The financial and compliance audit was made at your request and that of my counterpart - the Regional Inspector General for Investigations and Inspections, West Africa (RIG/II/WA) because of concerns over the lack of accountability and supporting documentation of AID monies and resources. The audit covered the period from March 1, 1983, to June 30, 1985, and included a (1) review of the Institute's accounts for all expenditures charged under the cooperative agreement, (2) determination whether expenditures had been classified and posted correctly, (3) determination of the Institute's financial status as of June 30, 1985, and verification or preparation of the financial statements, (4) itemization and verification of all expenditures listed under nine specific account categories, and (5) verification of all income.

The audit disclosed that the Institute's books and records were poorly maintained, as evidenced by incomplete listings of bank receipts and disbursements, inadequate bank reconciliations, and the Institute's inability to determine its financial condition. The Institute failed to establish a separate bank account for USAID funds and the Institute's claims for USAID funds were not subject to comprehensive USAID review. The Institute lacked (1) financial statements, (2) adequate internal controls, and (3) internal or external audits.

While there existed ample opportunity under those conditions for the misuse of funds, the audit did not reveal any clear or conclusive instance of fraud. On the other hand, there were a number of transactions where the almost total absence of any explanation for particular disbursements made the distinction

between negligent control and fraud difficult to distinguish. Consequently, Coopers and Lybrand identified over \$235,000 of USAID funds that were not properly accounted for.

Although the audit covered the period to June 30, 1985, USAID continues to provide AID funds to the Institute through the Rural Development Training II Project (669-0185). Based on this continuing relationship and the audit results, the following three recommendations are included in the Office of the Inspector General audit recommendation follow-up system:

Recommendation No. 1

We recommend that USAID/Liberia:

- (a) issue a Bill for Collection to the Rural Development Institute of Cuttington University College for \$213,937 (USAID pro-rata share of \$278,450) which represents unaccounted for USAID funds; and
- (b) issue a Bill for Collection to the Rural Development Institute of Cuttington University College for the non-payment of income taxes amounting to \$21,299.

Recommendation No. 2

We recommend USAID/Liberia ensure that the Rural Development Institute of Cuttington University College establish an adequate accounting system, including the appropriate internal controls over USAID funds. The accounting and internal control systems should include the establishment of:

- (a) a separate bank account for USAID funds;
- (b) original books of entry for the receipt and disbursement of USAID funds;
- (c) a general ledger and operating budgets;
- (d) procedures for periodic bank reconciliations;
- (e) a warehouse inventory system and fixed assets register;
- (f) a monthly reporting package which includes balance sheet, operating statement, sources of income, and comparison of actual expenditures against the operating budget;
- (g) a formal procedure for the management review of project performance against the budget; and
- (h) procedures for periodic audits.

Recommendations No. 3

We recommend that USAID Liberia:

- (a) perform periodic reviews to determine the adequacy of the Rural Development Institute's accounting system, including the appropriate internal controls; and
- (b) periodically verify the Rural Development Institute's expenditure of USAID funds against supporting documentation.

Your comments on the draft audit report, which are included as Appendix XVIII, were considered and because of the corrective actions taken, Recommendations 1 and 3 part (b) are considered closed upon issuance of this report. The other recommendations are resolved and will be closed upon completion of the corrective action.

Please advise this office within 30 days of actions taken or planned to be taken to close the audit recommendations.

our reference

September 18, 1986

Mr. John P. Competello,  
RIG/A/WA,  
United States Agency for International Development,  
Washington, DC 20036

Dear Sirs,

Rural Development Institute

The attached report summarises the findings of an audit conducted of the Rural Development Institute for the period March 1, 1983 to June 30, 1985. During this period, USAID contributed some \$1,859,672 in funding towards the day to day operating costs of the Institute. We set out below a brief summary of the major findings of our audit, and suggestions as to how some of the problems identified might be resolved.

2. The Institute's books and records were very badly maintained. There was no complete record of bank receipts and disbursements, and no meaningful reconciliation to the bank balance had been carried out during the period. As a result it was impossible for the Institute to know what its true financial position was, and impossible to monitor its own performance to any meaningful extent. Comprehensive operating budgets had not been prepared.
3. No separate bank account was maintained by RDI to receive USAID funds and from which disbursements relating to items to be funded by USAID could be made, and it appears from discussions with USAID in Monrovia, that the claims received from RDI for funds were not subjected to comprehensive checking by USAID.
4. No financial statements were prepared by RDI internally for management information and control. No regular audits were conducted either internally or by independent accountants (as is required by the funding agreement) or by USAID.
5. As a result of this serious lack of control there was ample scope for the misuse of funds. Our audit work did not reveal any clear instances of fraud, although there were a number of occasions on which the almost total absence of any explanation for particular disbursements make the distinction between the misuse of funds and fraud difficult to appreciate. From the tests we performed, we identified some \$278,450 of funds that were not properly accounted for, of which some \$213,937 were attributable to USAID funding if calculated on a pro-rata basis, based on RDI's income - see Appendix XVII for a detailed calculation.
6. We suggest, that if USAID wishes to pursue the matter further, that RDI is asked to substantiate the disbursement of these funds, and any others where questions of appropriateness or evidence of disbursement have arisen - eg payment of income taxes withheld ( Appendix V paragraphs 1 and 2).



7. In order that RDI's financial affairs may be subject to an acceptable degree of control, a simple system of recording bank and cash transactions needs to be installed and some basic controls designed to cover the other activities - e.g. stores, animal science farm and fee income, and a detailed operating budget prepared. An up-to-date balance sheet needs to be prepared and a simple general ledger created, which would be posted monthly to provide a basic, reliable record from which information may be extracted at regular intervals to provide management with adequate financial data to control RDI's finances.

8. In order to formalize the regular presentation of financial data to management we suggest that a brief monthly reporting package is designed, to provide a balance sheet and operating statement, budget and actual, and highlight certain other key information e.g. number of students enrolled, number of staff employed, and the sources of income that month. A formal review procedure, to highlight the performance against budget, and help to identify remedial steps should be instituted, in order that the information generated can be usefully applied to helping RDI's financial position.

9. We stress that the above comments seek only to highlight the major points identified in the attached report, and should be read in conjunction with that report including its appendices.

10. The above summary and the attached detailed report have been discussed with the staff at the Rural Development Institute and USAID Monrovia. If you require any further information in respect of this assignment please contact Simon M. Cuthbertson, Senior Partner of the Monrovia office ( on Monrovia 22/612) who will be pleased to discuss any questions you may have.

Yours Truly,

*Coopers & Lybrand*  
~~COOPERS & LYBRAND~~

**AUDIT OF THE USE OF FUNDS PROVIDED TO CUTTINGTON UNIVERSITY COLLEGE UNDER COOPERATIVE AGREEMENT 0669-0153-A-00-3016-01 FOR RURAL DEVELOPMENT TRAINING PROJECT PHASE I.**

**I INTRODUCTION**  
-----

The organisation being audited is the Rural Development Institute ("RDI") of Cuttington University College ("CUC") situated at Suacoco, Bong County, Liberia.

**The Project**  
-----

2. RDI is a middle level agricultural training institution which provides a two year training program. The objective is to train middle level agricultural technicians in improved agricultural techniques to improve quality and productivity, with the subsequent transfer of this improved technology and knowhow to the wider community.

3. The project was originally commenced under a five year Operational Program Grant from the United States Agency for International Development ("USAID") in 1977, under the administration of the Protestant Episcopal Church in the United States of America ("PECUSA"). During this period RDI's classrooms, office complex, dormitories, faculty residences and several farm buildings were constructed and classes commenced.

4. The subsequent Cooperative Agreement, together with amendments, covers disbursements by USAID amounting to \$1,859,672, provided during the period June 9, 1983 (the effective date of the agreement) through June 30, 1985. Article IV of the agreement states that commitments made by the recipient (CUC) in furtherance of the project objectives beginning March 1, 1983 will be covered by the agreement. During the period March 1, 1983 through June 9, 1983 bridging finance in the amount of \$140,665 was provided by PECUSA. Accordingly, this audit covers the period March 1, 1983 through June 30, 1985.

5. During 1985 USAID became concerned that the funds provided under the agreement were not being accounted for correctly and commissioned Coopers & Lybrand on March 10, 1986 to conduct an audit of the use of certain funds provided to RDI and to review certain other matters.

**Objective of this Audit**  
-----

6. The objective of this audit is to report on the compliance of the recipient with the terms of the Cooperative Agreement. The detailed requirements are set out in Work Order No. 05 granted under contract No. QTR-0000-I-00-4329-00 which is set out as Appendix II to this report.

**II AUDIT APPROACH**  
-----

7. We conducted an initial review of the recipient's books and records to determine:-

- a) Whether third party invoices and other vouchers were available for expenditure charged to USAID, and
- b) Whether expenditure had been correctly classified in the most appropriate categories of the budget which formed a part of the Cooperative Agreement.

8. We were unable to match the disbursement vouchers with the relevant reimbursement claims made to USAID, because of the very disorganised nature of the records. Due to the nature of the donations received from other donor organisations, we were unable to separately identify the items specifically paid for by the other donor organisations. In addition we noted:-

- a) Postings to the general ledger from the books of prime entry were only partially completed and as a result it was impossible to extract a meaningful trial balance. Although a new general ledger system had been installed in the latter part of the period under review, we were unable to derive any benefit from it, as it covered only a small portion of the period under review.
- b) In the first part of the period the cash disbursement analysis book did not properly analyse the expenditures. Many payments were analysed into an accounts payable column with no sub-analysis, and many of these items were not in fact posted to the accounts payable journal. In addition, cash postings made to the general ledger were not complete.
- c) In the earlier period no controls were operated to ensure that the accounts payable totals in the cash disbursement book were reconciled with and posted to the accounts payable ledger.
- d) Receipts recorded in the cash book were not adequately referenced to receipt vouchers and not all receipts had been recorded.
- e) There were many deletions and adjustments in the cash book making it difficult to establish which entries were correct and which were not.
- f) Payment vouchers were not properly approved in many instances and were often misfiled or lost.
- g) No proper and complete financial statements had been prepared for the period under review.
- h) No warehouse inventory system was in operation for most of the period under review.
- i) No proper or complete fixed assets register was maintained during the period under review.

9. In light of these and other weaknesses, specific detailed vouching tests were performed in order to determine the integrity of the payments and receipts, both recorded and unrecorded, and thus determine whether a useful detailed audit could be carried out.

10. Based on the results of this detailed vouching to invoices, we were in a position to reanalyse the expenses categories (effectively rewriting the books of prime entry) and from this prepare a set of financial statements for the period under review (March 1, 1983 through June 30, 1985). We attach at Appendix III the financial statements so prepared.

#### Specific Expenditure Categories Verified

11. Under the Work Order we were asked to verify all expenditures charged to USAID, as provided for in the Cooperative Agreement. As we were unable to identify which expenditures were charged to USAID, as opposed to other donor organisations (as noted in 8 above), we have submitted all expenditures to the same audit procedures. As is apparent from the financial statements (Appendix III) most of the funding (particularly in the latter part of 1984 and 1985) was provided by USAID, thus little extra work was involved in reviewing the total expenditure which was necessary to achieve the the audit objectives.

12. It is important to note that the method by which money is claimed from USAID by RDI involves RDI in sending to USAID all original third party documentation relating to items claimed. USAID retains this documentation, RDI retains only photocopies. In theory, provided that RDI's records were well maintained, this would not pose a significant audit problem as any particular documents selected for testing could be easily verified by reference to the original document held by USAID. In this particular instance, however, the records of RDI were very poor, so that it was not possible to identify when a particular disbursement was reclaimed by RDI and thus extremely difficult, and in some cases impossible in the time available, to trace the original document to USAID's files. This problem was exacerbated by the fact that USAID had lost their file (and therefore the original documents) relating to the first claim submitted by RDI which was paid in November 1983, amounting to \$427,592.41. Accordingly, there were a number of instances where reliance had to be placed on, and thus comments in this report made based on, photocopy documents.

### III SUMMARY OF FINDINGS

-----

#### Personnel Compensation

-----

##### Budget vs Actual

13. The original budget which was included as part of the Cooperative Agreement was revised on a number of occasions; the latest budgeted figures for RDI's payroll costs are contained in amendment number 3 to the agreement, and show a budgeted total personnel cost for the period from June 9, 1983 to April 30, 1985 of \$888,943. The actual expenditure for the period under review was \$898,524. A detailed comparison was not possible within the time constraints.

##### Physical Verification

14. One of our audit tests was to physically identify all persons on the payrolls of RDI at the time of our audit visit. At the time of our audit work there were 68 persons on the RDI payroll, and with the exception of one employee we were able to account for all the persons on the payroll at that time.

##### Verification of Salaries to Authorising Documents

15. We selected the months of November 1983 and February 1985 from the period under review and attempted to verify the salaries and wages paid for those two months. We noted many instances where there were no detailed personnel files or records, and a number of instances where an employment letter or personnel file did exist, but where the amount paid to the employee differed from the amount authorised in the employment letter or other authorising documentation. We were, therefore, unable to confirm that salaries and wages payments had been made in accordance with the authorised terms of 'the employees' employment.

16. The comparison of budgeted and actual expenditure is favourable, the excess over budget being only 1%, despite the actual period during which expenditure was incurred being two months longer than that considered for the budget. As to the validity of the expenditures, it does appear that the payroll is not "padded" with fictitious employees, though we would stress that no attempt has been made to justify the employment of the present number of employees on the payrolls. The personnel records are in such a poor state that it is not possible to draw any conclusion as to whether employees have been paid a properly authorised salary, though the comparison with budget would suggest that payments have not been excessive.

## Taxes Withheld and Other Employee Deductions

---

17. We carried out audit procedures to establish whether taxes and other employee deductions withheld from employees salaries had been properly accounted for and remitted as necessary to the appropriate authorities. Our detailed comments are set out in Appendix V.

18. With only a few exceptions, including the non-payment of the last six month's tax deductions, RDI's liabilities in respect of payroll deductions have been settled with the appropriate authorities, though not always on a timely basis. It is uncertain whether meat sales have been properly accounted for and it is therefore uncertain whether the deductions made from the payroll on account of meat sales have been properly accounted for. This subject is dealt with more fully in paragraph 38 below.

## Vehicle Operating Costs

---

19. We attach at Appendix VI a breakdown of vehicle operating and maintenance costs, together with our comments thereon. As requested in the Statement of Work an attempt was made to break down the costs by vehicle. However, this was only partially successful for the repairs and spare parts category (See Appendix VI paragraph 16) the other categories proving impossible because of poor documentation.

20. Vehicle operating costs do seem to pose a problem to RDI, but, because of the lack of good records, it is difficult to identify exactly where the problems lies. In total it does appear that the number of batteries used (30 between a maximum of 11 vehicles over 27 months) is excessive, and the relationship between oil and grease, and gasoline costs looks wrong (\$1 spent on grease and oil for every \$6 on gasoline looks odd); there may well be explanations, but none have been forthcoming. In particular, the use of the two bulk purchases of gasoline coupons (2,000 gallons in total) should have been better controlled, and some explanation is due for processing consular and clearing fees paid in July 1983 (RDI is duty free). There are a number of areas where RDI would benefit from a tightening of control, eg. in avoiding the double payment of invoices (paragraphs 8 to 11 of Appendix VI), agreement of some kind for the borrowing of the CAT D5, and ensuring support for the usual unsupported payments. All are problems that could probably be overcome, but at the very least would be identified by some form of regular supervisory controls and relatively minor revisions to the system.

## Per Diem and Travel Allowances

---

21. We conducted a review of expenditures incurred under this heading and set out our comments in Appendix VII.

22. Although there were a number of relatively minor exceptions noted, this account does not appear to have been abused. Again the problem of a lack of proper documentation has led to errors and the two small double payments of rents are probably typical of the size of the errors thus caused.

## Office Supplies

---

23. The payments that made up the total charge of \$34,995 are set out in Appendix VIII together with our comments on unusual or interesting items.

24. Again this account looks basically sound. There were a few unusual or unsupported payments and the only questions that seem to arise are whether an average of 46 reams of paper a month, would actually be used by a college the size of RDI (1,246 reams over 27 months including vacations), and b) the relatively minor question of the reasons behind the unexplained variations in the cost of paper (from \$6.25 to \$11.50 a ream).

#### Construction Materials

-----

25. In the agreed Statement of Work we were asked to itemize all purchases for two periods of one month. However, during the course of the work it became apparent that it would be more beneficial to identify quantities of specific line items purchased throughout the period and try to determine whether or not these quantities were reasonable. A revision to this effect was agreed at a meeting on April 10, 1986. In addition to this we have reviewed on a sample basis the remaining expenditure incurred under this heading. The result of this work is outlined at Appendix IX to this report.

26. There seem to be three basic difficulties with this area; first the problem that pervades the entire audit, that of poor documentation which accounts for a significant number of unsupported purchases, minor overpayments and probably also for the \$960 cash that cannot be accounted for (paragraph 3 in Appendix IX). The second is that of the cost of the items; our "test" suggested that RDI has been substantially overcharged for some items (paragraph 6 Appendix IX). Though it is recognised that our test is rough and ready and that prices in Liberia can fluctuate widely within a given time frame, the fact that further "discounts" were negotiable seems to suggest that there is a problem here. The third is that of the use of the materials, again the method of test is rough and ready, but is most probably sufficiently accurate to confirm that a very large proportion of the goods purchased were not used for project purposes, the worst case being that an estimated 1,154 asbestos roofing sheets out of 2,494 acquired could not be accounted for.

#### Non-Expendable Property

-----

27. We attach at Appendix X a schedule of all non-expendable property acquired during the period under review, together with an inventory of all non-expendable property at RDI as at April 16, 1986, (irrespective of date of acquisition).

28. It is unfortunate that the test was limited to reviewing only those items purchased during the period under review and due to the fact that there were insufficient descriptions of the items on the invoices, it was not possible to confirm that all items purchased were still held at the date of our count. In fact only two items that were purchased in the period were identified as missing, and it is likely that they will be located if followed up, whereas it is almost certain that other items have been broken, scrapped or have disappeared during the 3 years since the beginning of the period under review.

#### Overhead Payments to CUC

-----

29. We examined all payments made by RDI to CUC. Our comments are noted in Appendix XI together with a schedule of payments to CUC.

30. This area alone, though far from complete, is reasonably documented. There is a cost sharing agreement and invoices for the charges paid. Unfortunately, the charges are based on budgeted figures and not, as required by the agreement, on the actual costs incurred and actual student enrollments. Because of a lack of figures available from CUC, it is not possible to even estimate how close the figures are to reality. In addition, contrary to a clear understanding in the cost sharing agreement, RDI have been charged with General Services costs during some of the the vacation periods, an apparent overcharge in total of some \$18,953.

31. In addition to the overhead payments, RDI have paid CUC some \$166,758 which it is claimed - with no supporting documentation - relates to the period prior to March 1, 1983.

#### Other Donor Funding

32. The object of this particular work was to identify any items that had been paid for by more than one donor. Our detailed comments are set out in Appendix XII. The position in respect of the other four donors can be summarised as follows:-

- a) GOL - GOL did not, as far as we can see, specify what its money was to be used for, so no double payments were possible.
- b) EEC - The EEC grants were given to individual students by way of scholarships so again no double payments were possible.
- c) NEF - These donations came in two instalments.
  - i) \$11,000 was given to fund part of the FIP program and specifically to fund the salary of the program assistant. The salary of this assistant (approximately \$425 per month) was also claimed from (and paid by) USAID.
  - ii) Donations in kind. Although we do not know what the total is, it is certain that by their nature they have not been paid for by USAID in duplication.
- d) PECUSA - The only funding received was to cover the interim period between March 1 and June 9, 1983, during which USAID funding was not available. When USAID funding did become available in June 1983, it is probable that a number of items funded by PECUSA in this interim period were claimed again from USAID; unfortunately this cannot be confirmed as the USAID file relating to that first reimbursement has been lost, and RDI's records are so disorganised that it is not possible to quantify the problem from those records alone.

#### Tuition Fees

33. As stated in note 2 to the financial statements tuition income is stated at the gross amount inclusive of all fees and deposits. For the results of our examination of Tuition fees receivable see Appendix XIII.

34. Prima facie there were a number of students attending RDI who did not pay their fees. The difference between our estimate of fees receivable and those actually received, shows that maybe as many as 30 students each semester, out of a total of between 150 and 190, did not pay. Again tying the problems down to who and why, is all but impossible due to the state of the records.

Farm inputs

35. As a result of a meeting held at USAID Monrovia on April 10, 1986 it was decided to expand the statement of work to include a review of expenditures incurred under the farm inputs category. We set out our analysis of this expenditure together with our comments thereon at Appendix XV.

36. There were two significant problems that were apparent in this category. First, a rather more significant manifestation of the problems of a lack of supporting documentation; in this instance some \$18,651 cannot be identified at all, and a further \$12,693 lacks supporting third party documents; a total of \$31,344 (21%) of the total expenditures in this category of \$145,846. Secondly, a very large proportion of the animal feed is unaccounted for; our estimates are that 333 out of 459 bags of hog feed, 416 out of 1,073 bags of poultry feed and 50 out of 60 bags of rabbit feed are unaccounted for in the period May 1984 to June 1985; it is possible that some of this is due to poor record keeping.

Farm Produce Sales

37. As part of our review of other income generated by RDI we reviewed the cash receipts from the sale of farm produce. Our detailed findings are shown at Appendix XIV.

38. Again the conclusion is clouded by a lack of readily available facts, but the figures seems to suggest that farm operations are extremely inefficient. For vegetables, revenues of \$944 were received against identifiable costs of fertilizers, herbicides, chemicals and seeds of \$12,128 (excluding other related costs). The meat side did better, but there were wide variations between the results from the poultry side which generated as much in sales revenue as it spent on feed, whereas the hog section managed to generate sales revenues of only just over a third of its feed costs.

Other Expense Categories not specifically covered in the Work Order but reviewed on a sample basis

39. We attach at Appendix XIV our comments on a few exceptions noted in this area.

SUMMARY CONCLUSION

40. Our audit was performed in accordance with generally accepted auditing standards, including the audit standards (GAO standards) established by the Controller General of the United States for financial and compliance audits and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

41. As a result of our audit, we confirm that a significant proportion of the items tested were not in compliance with applicable laws and regulations including the Cooperative Agreement regarding accountability.

42. It should be noted that the financial statements that are set out in Appendix III to this report, have been prepared for the purpose of providing background information to the users of the report commissioned by USAID on the use of funds made available to the Rural Development Institute by USAID and certain other organisations; they have not been audited. Accordingly, no reliance can or should be placed on these financial statements and no audit opinion is expressed on them; neither is any other form of assurance given as to their content, method of preparation or the adequacy or otherwise of the underlying books and records.

**RURAL DEVELOPMENT INSTITUTE (RDI)  
AUDIT OF THE PERIOD  
MARCH 1, 1983 TO JUNE 30, 1985**

**INDEX TO APPENDICES**  
-----

Abbreviations Used	I
Statement of Work	II
Financial Statements March 1, 1983 to June 30, 1985	III
Comparison of Budgeted AID Contributions and Actual Expenditures	IV
Taxes Withheld and Other Employee Deductions	V
Vehicle Operating Costs	VI
Per Diem and Travel Allowances	VII
Office Supplies	VIII
Construction Materials	IX
Non-Expendable Property	X
CUC Overhead Payments	XI
Other Donor Funding	XII
Tuition Payments Received	XIII
Farm Produce Sales	XIV
Farm Inputs	XV
Other Expenses and Other Payments	XVI
Summary of Identified Funds not Accounted for	XVII
Monrovia Mission Comments on Recommendations	XVIII

APPENDIX I

RURAL DEVELOPMENT INSTITUTE (RDI)  
AUDIT OF THE PERIOD  
MARCH 1, 1983 TO JUNE 30, 1985

ABBREVIATIONS USED  
-----

RURAL DEVELOPMENT INSTITUTE	"RDI"
CUTTINGTON UNIVERSITY COLLEGE	"CUC"
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT	"USAID"
PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES OF AMERICA	"PECUSA"
GOVERNMENT OF LIBERIA	"GOL"
NEAR EAST FOUNDATION	"NEF"
EUROPEAN ECONOMIC COMMUNITY	"EEC"
FARMER INVOLVEMENT PROGRAM	"FIP"
ANIMAL SCIENCE TRAINING COMPOUND	"ASTC"
CALIFORNIA POLYTECHNIC STATE UNIVERSITY	"Calpoly"
SOCIETA LAVORI PORTO DELLA TORRE	"SLPDT"
OOST AFRIKAANSCH COMPAGNIE (OAC) LIBERIA INC.	"OAC"
CHASE MANHATTAN BANK N. A.	"CMB"
CFAO (LIBERIA) LTD.	"CFAO"

RURAL DEVELOPMENT INSTITUTE (RDI)  
AUDIT OF THE PERIOD  
MARCH 1, 1983 TO JUNE 30, 1985

STATEMENT OF WORK

I Audit work contracted to be completed under the terms of Work Order

Number 5 of Contract Number OTR-0000-I-00-4329-00

1. Review the recipient's accounts for all expenditures charged under the cooperative agreement for the period.
2. Determine whether expenditures have been correctly classified and determine whether they have been charged to appropriate budget categories. On a sample basis, verify a portion of all expenditures charged to USAID for all categories not specifically enumerated in 4 below.
3. Determine RDI's financial status as of June 30, 1985, and verify or prepare RDI's financial statements.
4. Itemize and verify all expenditure listed under the following account categories:-

A. Personnel Compensation

Determine that salaries and wages have been paid in accordance with the terms of the Cooperative Agreement and the operating budgets as amended; verify the existence of all faculty, staff and labourers; identify fully each and every employee on the RDI payroll and ensure that their compensation was in accordance with the appropriate authorising documents, and ascertain that RDI personnel have been compensated as claimed in the vouchers submitted to USAID.

This was changed at a meeting held at the offices of USAID Monrovia on January 9, 1986 to read:-

"Determine that salaries and wages have been paid in accordance with the terms of the Cooperative Agreement and the operating budgets as amended; verify the existence of all faculty staff, and laborers as at the date of the field work; identify fully each and every employee on the RDI payroll for two separate periods of one month, picked at random from the period under review, and ensure that their compensation was in accordance with the appropriate authorising documents, and ascertain that RDI personnel have been compensated as claimed in the vouchers submitted to USAID."

[The basic revision being a limitation of the detailed audit work to two months' payrolls].

**B. Taxes Withheld and Other Employee Deductions**

Determine that all taxes and other deductions withheld from employees' salaries have been properly accounted for and remitted to the appropriate fiscal or other authorities.

**C. Vehicle Operating Costs**

List and itemize all vehicle operating and maintenance costs. If possible, attempt to break down these costs by vehicle.

**D. Per Diem and Travel Allowances**

Review and itemize all per diem and travel allowances paid by RDI; verify the payment of these costs as claimed and identify the purpose of each payment in an attempt to determine which payments were properly authorized and performed for project related purposes (i.e., can be allowed for payment under the terms of the Cooperative Agreement) and which ones should be questioned and possibly disallowed.

**E. Office Supplies**

Review, itemize and verify all purchases claimed under the office supply account category.

**F. Construction Materials**

Review, itemize and verify all purchases under the construction materials account category.

This was changed at a meeting held at the offices of USAID Monrovia on January 9, 1986 to read:-

Review, itemize and verify all purchases under the construction materials account category for two periods of one month each selected at random from the period under review.

[The basic revision was a limitation of the period to be subject to detailed audit, to two months]

**G. Non-Expendable Property**

Identify, verify and itemize all non-expendable property purchased by RDI and funded under the terms of the Cooperative Agreement. Compile a non-expendable property inventory to be used as the basis for establishing an inventory control system. Also determine the disposition of any such property purchased by RDI which is missing from the compiled inventory.

**H. CUC Overhead Payments**

Review, verify and justify all overhead payments made to CUC.

This was changed at a meeting held at the offices of USAID Monrovia on January 9, 1986 to read:-

Verify all overhead payments made to CUC.

[The revision was made to limit the work by not requiring the auditor to review and justify this expenditure as it was considered the information necessary to conduct such work and obtain meaningful results would not be available]

#### I. Other Donor Funding

Review, itemize and verify all payments made by RDI and claimed under the provisions of the cooperative agreement from the other participating donors, specifically the Near East Foundation ("NEF"), the European Economic Community ("EEC") and the Government of Liberia ("GOL"). This review should concentrate on determining whether any expenditures charged or claimed by RDI under the USAID grant have also been used to justify or support the use of funds provided by the other donors (i.e. submission of duplicate claims by RDI).

5. Review, verify and account for all RDI tuition payments received by RDI.

6. Review, verify and account for all RDI income generated from the sales of livestock, produce, renting of facilities and any other revenue generating operation.

#### II Revisions

-----

7. The original statement of work was set out in MONROVIA 12148 of October 16, 1985. This statement was revised as a result of a meeting between Mr. Simon M. Cuthbertson representing Coopers & Lybrand and Mr. Jerry Neptune, Agriculture Officer, USAID Monrovia and Mr. Mike Rogal, Controller, USAID Monrovia, in order that the proposed cost of the audit could be kept within the funding available for this purpose. The revisions agreed at this meeting have been seperately identified above.

8. During the course of the work, a meeting was held, on April 10, 1986 between Mr. Simon M. Cuthbertson and Mr. Wesley J. Kee representing Coopers & Lybrand and Mr. Jerry Neptune, Mr. Phillip A. Rodokanakis and Mr. Geoffrey G. Fritzler representing USAID. As a result of the findings of the field work conducted up to that time the following modifications to the Statement of Work were agreed:

- A. The audit of construction materials was expanded to include a comparison of the total quantities of particular materials purchased (i.e those that could still be reasonably quantified even after use) during the period, against physical quantities that could be readily identified as having been used at RDI at a particular point in time during the conduct of the field work.
- B. The audit of RDI income from the sale of farm produce was expanded to cover an audit of farm inputs, particularly a review of the quantities of animal feed purchased vis-a-vis the number of animals sold.

**RURAL DEVELOPMENT INSTITUTE (RDI)  
AUDIT OF THE PERIOD  
MARCH 1, 1983 TO JUNE 30, 1985**

**FINANCIAL STATEMENTS**

It should be noted that the financial statements that are set out on pages 2 to 6 that follow, have been prepared for the purpose of providing background information to the users of the report commissioned by the United States Agency for International Development (USAID) on the use of funds made available to the Rural Development Institute by USAID and certain other organisations; they have not been audited. Accordingly, no reliance can or should be placed on these financial statements and no audit opinion is expressed on them; neither is any other form of assurance given as to their content, method of preparation or the adequacy or otherwise of the underlying books and records.

**RURAL DEVELOPMENT INSTITUTE**  
**STATEMENT OF AFFAIRS AS AT JUNE 30, 1985**

	NOTES	\$
<b>ASSETS</b>		
<b>Bank and Cash</b>		
CMB operating account		2,999
CMB payroll account		4,258
ACDB operating account 0163		8,510
ACDB Self Help Fund account		1,965
<b>Accounts receivable</b>		
Tuition		7,215
CUC Meat sales		5,613
Dormitory rental		5,700
Self Help Fund Advances		2,500
		-----
<b>Total Assets</b>		<b>38,760</b>
		-----
<b>LIABILITIES</b>		
Vendors accounts		17,429
Income taxes		32,927
Other payroll deductions		1,411
Calpoly Walker summer term airfares		4,192
CUC cost sharing	7	14,914
S L Porto Della Torre	11	28,092
A. Bartosik airfare 1984		3,103
June allowances		1,969
		-----
<b>Total Liabilities</b>		<b>104,037</b>
		-----
<b>NET LIABILITIES</b>		<b>\$( 65,277)</b>
		-----
<b>NET LIABILITIES BROUGHT FORWARD</b>	<b>3</b>	<b>\$(166,464)</b>
<b>SURPLUS OF INCOME OVER EXPENDITURE FOR THE PERIOD</b>		<b>101,187</b>
		-----
<b>NET LIABILITIES CARRIED FORWARD</b>		<b>\$( 65,277)</b>
		-----

The attached notes form an integral part of these financial statements.

**RURAL DEVELOPMENT INSTITUTE**  
**INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD**  
**MARCH 1, 1983 TO JUNE 30, 1985**

	NOTES	\$
<b>INCOME</b>		
Grants Received	4	2,240,727
Tuition Income	5	92,692
Produce sales		42,499
Other income	6	44,541
		-----
Total income		2,420,459
		-----
<b>EXPENDITURE</b>		
Salaries and wages		791,459
Transport and housing allowances, and per diems		107,065
Office expenditure		34,995
Construction materials		125,099
Non-expendable property	1 (1)	72,109
CUC cost sharing	7	638,692
ASTC and FIP costs		145,846
Vehicle costs		129,338
Bank charges		8,420
Sundries	8	104,492
Staff training		90,215
PECUSA sub-agreement	9	43,547
Calpoly	10	16,147
Consultancy short term		11,848
		-----
Total expenditure		2,319,272
		-----
<b>SURPLUS OF INCOME OVER EXPENDITURE FOR THE PERIOD</b>		<b>\$ 101,187</b>
		-----

The attached notes form an integral part of these financial statements.

## RURAL DEVELOPMENT INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

Accounting Policies

1. The following is a summary of the significant accounting policies adopted in the preparation of these financial statements.

- i) All capital expenditure is expensed in the period in which it is incurred and no balance is carried forward to represent fixed assets.
- ii) All income is accounted for on an accruals basis with the exception of donor funding which is accounted for on a cash received basis.
- iii) In all other significant respects generally accepted accounting principles have been adopted.

Currency

2. These financial statements are expressed in Liberian Dollars. The Liberian Dollar is on a par with the US Dollar.

Statement of Affairs March 1, 1983

3.		\$
	CMB operating account	( 6,099)
	Contributions receivable (GOL)	43,000
	Personal loans	5,084
	Payroll taxes	( 7,981)
	S. L. Porto Della Torre	( 33,710)
	CUC	(166,758)
		-----
		\$(166,464)
		-----

Grants Received

4. For the period March 1, 1983 to June 30, 1985 grants received comprised:-

		\$
	USAID	1,859,672
	Government of Liberia ("GOL")	200,000
	Near East Foundation ("NEF")	11,200
	European Economic Community ("EEC")	24,500
	PECUSA	140,665
	Other	4,690
		-----
	Total Grants Received	\$2,240,727
		-----

The following should be noted in respect of the amounts stated above:-

- i) They are the amounts actually received in the period March 1, 1983 to June 30, 1985.
- ii) They do not include contributions in kind.
- iii) In addition to the \$24,500 funding shown as received from the EEC an amount of \$13,445 was received from the EEC in respect of the student scholarship program; this latter sum has been included in tuition income (see Note 5).

#### Tuition Income

5. Tuition income is stated at the gross amount inclusive of Scholarship program funding (See Note 4), Students' Cooperative, Activity and Sports fees, Health and Insurance fees and Breakage fee deposits.

#### Other Income

6.	Other income comprises the following:-	\$
	Dormitory rental:-	
	CUC students	25,700
	Vacation school	2,450
	Cinstep Program	9,960
	Other	4,216
	FIP sales	850
	Other miscellaneous income	1,365
		-----
		\$44,541
		-----

#### CUC Cost Sharing

7. Under this heading are shown those amounts paid by RDI to CUC in respect of costs incurred by CUC in the provision and maintenance of facilities, which are commonly used by both Institutions. Under the terms of a cost sharing agreement, the amount payable by RDI represents the relevant proportion of the total of such costs as calculated under the terms of the cost sharing agreement.

#### Staff Training

8. This represents course fees and related costs incurred by the faculty and staff of RDI split between long and short term staff training as follows:

	\$
Long term training	75,136
Short term training	15,079
	-----
	\$90,215
	-----

123

Long term training costs were incurred in respect of higher degree courses in the United States of America attended by RDI faculty members.

**PECUSA Sub Agreement**  
-----

9. Included in this category are those amounts paid to PECUSA under the terms of an agreement whereby PECUSA provides procurement and other services to RDI.

**Calpoly (California Polytechnic State University)**  
-----

10. This represents those amounts paid to Calpoly by RDI relating to Calpoly overhead costs incurred in connection with the Linkage Agreement between the two Institutions.

RURAL DEVELOPMENT INSTITUTE (RDI)  
 AUDIT OF THE PERIOD  
 MARCH 1, 1983 TO JUNE 30, 1985

COMPARISON OF BUDGETED AID CONTRIBUTIONS AND ACTUAL EXPENDITURES

1. We set out below a summary of the budgeted contributions by USAID as contained in the Cooperative Agreement (as amended), and those costs actually incurred.

	USAID BUDGETED CONTRIBUTION ( 1 )	RDI ACTUAL EXPENDITURE ( 2 )	COLUMN (1) LESS COLUMN (2)
	----- \$	----- \$	----- \$
Salaries, wages & benefits	888,943	898,524	( 9,581)
Short term assistance	15,726	11,848	3,878
CDC shared costs	440,090	638,692	(198,602)
Vehicle operation & maintenance	79,315	129,338	( 50,023)
Non expendable property	52,893	72,109	( 19,216)
Building materials, repairs & maintenance	14,000	125,099	(111,099)
Farm inputs and training supplies	23,000	145,846	(122,846)
Office costs	17,033	34,995	( 17,962)
Participant training	101,000	90,215	10,785
PECUSA overhead	40,000	43,547	( 3,547)
Sister Institute overhead	40,000	16,147	23,853
Other costs	16,000	112,912	( 96,912)
Contingency	157,000	-	157,000
Inflation	72,000	-	72,000
	-----	-----	-----
Budgeted Total	\$1,957,000		
	-----		
Actual Total	\$1,859,672	\$2,319,272	
	-----	-----	

USAID Budgeted Contribution

2. This represents the total funding obligated by USAID to RDI under the Cooperative Agreement as amended. The original cost classifications of the budget have been restructured to enable a more useful comparison to be made with actual expenditure as analysed in the books of RDI. The actual total funding received from USAID is shown for comparative purposes.

RDI Actual Expenditure

3. This represents the actual costs incurred by RDI in the period March 1, 1983 to June 30, 1985, as shown in the financial statements (see Appendix III).

Column (1) less Column (2)  
-----

4. Since column 1 represents only the portion of the total expenditure (as shown in column 2) that was intended to be funded by USAID the difference between columns 1 and 2 does not represent total over or underspending, however the significant differences highlighted by subtracting column 2 from column 1 are useful in that they are indicative of the degree to which actual spending differed from the original stated intentions.

RURAL DEVELOPMENT INSTITUTE (RDI)  
AUDIT OF THE PERIOD  
MARCH 1, 1983 TO JUNE 30, 1985

TAXES WITHHELD AND OTHER EMPLOYEE DEDUCTIONS

Taxes Withheld

1. Income taxes for the period from January 1, 1985 to June 30, 1985 had not been paid over to the Bureau of Internal Revenue by June 30, 1985. We inspected subsequent payments, but could not find evidence of the liability having been settled up to the time of our audit. We have been informed that the amount payable in respect of this period of \$21,299 remains outstanding.
2. In February 1985 a check was drawn in favour of the Bureau of Internal Revenue in the sum of \$11,628.08 in payment of income taxes withheld for the period September to December 1984. Although we have sighted an official flag receipt in respect of this payment, we note that the check has not been cleared through the bank account and its time validity has now lapsed; accordingly the financial statements (Appendix III) show the amount as an outstanding liability, the amount having been written back to the bank.
3. The financial statements do not reflect any liability which may arise for penalties or interest that may be levied by the Ministry of Finance on overdue taxes.

Other Deductions

4. The net amount of the labour payroll for March 1983 was \$4,471.42. The amount of the check encashed to pay the labour payroll was \$5,470.33. The difference of \$998.91 was the amount deducted from employees in respect of meat sales made to the employees. This amount was not recorded as having been received as sales proceeds in the books and records of RDI.
5. In view of the incompleteness of record keeping, and the poor control over meat sales we are unable to confirm that all amounts have been properly deducted from employees and paid to RDI, in respect of meat sales made to employees.
6. In March 1983 employee insurance deductions were made totalling \$744.13. The check which was issued to the insurance company for this amount was subsequently returned unpaid. We were unable to trace the subsequent payment of this amount. Due to the immateriality of the amount and the uncertainty of its status we have not included it as a liability in the statement of affairs.
7. There were some differences between the total amounts deducted in respect of income taxes and the amounts paid over to the Bureau of Internal Revenue. The errors do not appear restricted to any particular period although they are more pronounced in the earlier part of the period under review. In total they do not exceed \$3,000. No reconciliation was available for these differences.

RURAL DEVELOPMENT INSTITUTE (RDI)  
 AUDIT OF THE PERIOD  
 MARCH 1, 1983 TO JUNE 30, 1985

VEHICLE OPERATING COSTS

The total amount charged during the period under review is analysed as follows:-

	\$
Repairs, maintenance and spare parts (paragraph 16)	37,102
Tyres and tubes (paragraph 15)	14,864
Batteries (paragraph 15)	6,272
Oil filters	890
Engine oil	5,540
Other lubricants and greases	2,557
Gasoline	48,638
Insurance and registration costs	7,310
Processing and consular fees	2,410
Other	3,755
	-----
	\$129,338
	-----

An analysis of repairs, maintenance and spare parts by vehicle is shown at paragraph 16 below. The remainder of the costs could not be analysed in this way because of a lack of information on the documentation filed in support of the payments. However, it is worthy of note that the ratio of the value of gasoline purchases to engine oil, lubricants and grease purchases is \$6 to \$1. There was no readily available, satisfactory answer for this somewhat unusually high ratio.

We comment as follows:

1. Due to a lack of internal control and detailed records of vehicle service and running costs, we are unable to confirm that all the expenditure summarised above was in fact incurred or was incurred for the stated purpose.
2. We were informed that there is no supporting documentation for a payment that was made to Mr. S. Bolay (RDI Finance Officer) in respect of "vehicle processing fees" on Check No. 365153 in July 1983 of \$500.00.
3. A payment was made to Mr. A. Tubman (RDI Deputy Director) in respect of vehicle processing and consular fees on Check No. 365156 in July 1983 of \$1,909.08. We were informed that there is no supporting documentation for this payment.
4. A payment was made to J. Kermuc in respect of an advance on repairs on Check No. 365209 in July 1983 of \$400.00. There was no invoice relating to this payment and the amount was not deducted from subsequent invoice settlements.

5. An amount of \$973.54 was paid to Mr. G.A. London in August 1983 on Check No. 404590 for clutch repairs of a Caterpillar D5. In November 1983 further amounts of \$1,137.00 and \$1,012.09 were paid to Libtraco (Check Nos. 404697 and 404701 respectively) for clutch parts and clutch repairs for the same Caterpillar D5. We have been informed that the Caterpillar D5 is the property of CUC and had been loaned to RDI on an informal basis (no loan agreement having been drawn up).
6. An amount of \$1,240.95 was paid in August 1984 to Mr. D. Tormu (RDI Bookkeeper) on Check No. 489989. No supporting documentation could be located for this payment.
7. An amount of \$975.50 was paid to Mr. D. Tormu (RDI Bookkeeper) in October 1984 on Check No. 639531. The copy disbursement voucher stated that this was for 2 rims and 4 tyres. No supporting documentation could be located for this payment.
8. In February 1985 a payment of \$827.15 was made to CFAO on Check No. 498453. In May 1985 a further payment of \$1,240.72 was made to CFAO on check No. 504270. Upon examination of the supporting documents it was discovered that the first payment was duplicated as part of the second payment due to payment being made against a copy invoice. The amount of the duplicated payment was \$827.15.
9. In October 1983 an amount of \$244.58 was paid to OAC on Check No. 404616. In November 1983 a second amount of \$244.58 was paid to OAC on Check No. 404764. Upon examination of the supporting documentation it was discovered that the same invoice had been paid twice.
10. In August 1984 a payment of \$1,250 was made to Servo on Check No. 489922. The check was issued in payment of an invoice of \$1,125 and, we understand, a credit note was issued for the balance of \$125. This \$125 credit note has not been recognised through RDI's books, nor could it be traced during our audit.
11. In August 1984 a payment of \$594.20 was made to CFAO against an invoice of \$535.85 being an overpayment of \$58.35. We were informed that a refund check was issued for the difference and banked in RDI's account at CMB. However, the only deposit slip that could be found as possibly related to this amount referred to an amount of \$58.60, and the account number stated, to which payment was apparently made, was not a bank account known as belonging to RDI.
12. We could not locate third party supporting documentation for the following payments.

Payee -----	Date -----	Check No. -----	Amounts -----	Description -----
J. Bauer	August 1983	365238	125.50	Vehicle repairs
M. Johnson	August 1984	489927	300.00	FIP Vehicle Maint.
Hage Farm Supply	June 1984	454112	737.42	Vehicle parts
			-----	
Total			\$1,162.92	
			-----	

13. On each of two occasions, in September 1984 and December 1984, an amount of one thousand gallons of gas coupons was purchased through CUC in total some two thousand gallons at \$3.00 per gallon, (\$6,000). No records were kept to show how these coupons were used and accounted for.

14. We were informed that during September and December 1984 there was a shortage of gasoline available from the CUC inventories on campus. However, the normal monthly levels of gasoline were drawn from CUC, and paid for at that time. Although the existence of gasoline coupons might have been expected to reduce this level of expenditure nobody could explain why this was not so.

15. The numbers of batteries and tyres purchased in the period were identified as follows:-

a) Battery Type -----	Quantity Purchased -----
CAT D. 5 Vehicle	4 30 --
Total	34 ==
b) Tyre Size * -----	Quantity Purchased -----
20 inch	9
16 "	17
15 "	32
14 "	18
13 "	10
Unspecified	2 --
Total	88 ==

\* The diameter size was the only specification on the supplier invoices.

During the period there were eleven RDI vehicles, a tractor and 2 motor bicycles in operation. Of these, three were purchased new in July 1983, one was scrapped in June 1983 and two were disposed of in April 1984. Of the others some were not in running order for the whole period. On this basis the consumption of tyres indicates a maximum life of around 14 weeks, but probably a good deal shorter because of the number of vehicles that were not operative. Even with bad roads this looks a little short. Similarly, the average life of a battery (excluding the D5) of slightly less than 10 months, again probably much less because of the inoperative vehicles, looks low.

**Analysis of Repairs, Maintenance and Spare Parts by Vehicle**

-----

<b>16. Vehicles Reg.</b>	<b>Description</b>	<b>Year of Purchase</b>	<b>Amount</b>
-----	-----	-----	-----
			\$
<b>RDI VEHICLES</b>			
PP1142	Peugeot 504 Pick-up	1983	2,753
PP261	Chevrolet Pick-up	1977	632
PP2659	Chevrolet Citation	1980	7,836
PP482(previously PP262)	EL Camino Pick-up	1980	1,028
PP1145	EL Camino Pick-up	1980	881
PT67(previously PT84)	Ford F350 Pick-up	1978	4,496
PP1141	Peugeot 504 Pick-up	1983	2,422
PP5499	Peugeot 504 Sedan	1983	2,090
GP548	Chevrolet Pick-up	*	1,373
PB187	Renault 564 BUS	1980	800
	2 Motor Bikes	*	425
	Tractor MF165	1984	360
<b>CUC VEHICLES</b>			
	CAT D 5	*	3,675
<b>UNALLOCATED EXPENSES</b>			8,331
			-----
			\$37,102
			-----

\* Year of purchase not known.

RURAL DEVELOPMENT INSTITUTE (RDI)  
 AUDIT OF THE PERIOD  
 MARCH 1, 1983 TO JUNE 30, 1985

PER DIEM AND TRAVEL ALLOWANCES

Total Expenditure for the period	\$107,065 -----
Break Down as follows:	
	\$
Rent payment	18,420
Housing and transport allowances	52,992
Per diem	10,511
Overseas R & R	24,475
Utilities	667
	-----
	\$107,065 -----

We comment as follows:

- Included in rental payments made to G. Koussa for rental of a house to a faculty member was an amount of \$250.00 being a double payment of one month's rent to the lessor.
- Included in rental payments made to Mrs. Rhoda Tubman for rental of a house to a faculty member, was an amount of \$250.00 being a double payment of one month's rent to the lessor.
- A payment of \$1,000.00 was made to Mr. A. Tubman (Deputy Director) in August 1983 on Check No. 365242. The disbursement voucher (No. 3337) stated that the expenditure was in respect of the following:

	\$
Books	250.00
Per Diem	750.00
	-----
	\$1,000.00 -----

There were no receipts or invoices in respect of the books purchased nor any explanation as to how the per diem was calculated.

- An amount of \$700.00 was advanced to Mr. S. Bolay (Financial Officer) in January 1984 in respect of "Advisory Committee Expenses" on Check No. 827046. Of this an amount of \$30.00 remained unaccounted for.
- An amount of \$85.00 was paid to B. Jlay (Registrar) in July 1984 in respect of expenses of a trip on Check No. 457178. Of this expense claim an amount of \$20.00 for gasoline was not supported by receipts/invoices.

6. An amount of \$80.00 was paid to B. Jlay (Registrar) in February 1985 in respect of expenses of a trip to visit students on the internship program. Of the expenses claimed an amount of \$20.00 for gasoline was not supported by receipts/invoices.
7. Local per diem rates as per RDI policy were compared with actual payments made. We noted that in several instances Mr. S. Bolay was reimbursed at the (higher) rate of Director/Deputy Director and not at the rate of "Financial Manager".
8. In August 1984 an amount of \$277.50 was paid to Mr. S. Bolay (Financial Officer) on Check No. 489928, being reimbursement of petty cash expenditure. The supporting petty cash disbursement vouchers accompanying the reimbursement claim included the following vouchers issued by Mr. Bolay.
- |                         |                       |         |
|-------------------------|-----------------------|---------|
| Voucher August 15, 1984 | Per Diem and Gasoline | \$45.00 |
| Voucher August 15, 1984 | Per Diem              | \$25.00 |
- The receipt signatures on the vouchers appeared to be those of Messrs Sekou Dukuly and P. Kamei, respectively. However, they did not compare well with other examples of these persons' signatures. We asked the individuals to confirm that they had signed these vouchers. Neither could recall doing so.
9. In many instances, where a per diem was claimed the specific purpose of the trip was not stated on the disbursement voucher. We are unable to confirm therefore that all trips were on RDI business or indeed whether a trip had been made at all.
10. An amount of \$270.00 was paid to Mr. D. Toru (Bookkeeper) on March 23, 1983 on Check No. 348970. This was in respect of Teaching Assistants' transportation allowance for March 1983. This amount was also paid as part of a petty cash reimbursement claim of \$745.25 to Mr. S. Bolay (Financial Officer) on April 16, 1983. The receipts signed by the Teaching Assistants were attached to Mr. S. Bolay's petty cash claim.

RURAL DEVELOPMENT INSTITUTE (RDI)  
 AUDIT OF THE PERIOD  
 MARCH 1, 1983 TO JUNE 30, 1985

OFFICE SUPPLIES  
 -----

Total Expenditure \$34,995

-----  
-----

1. We were unable to locate the third party supporting documentation for the following payments:

Payee -----	Date ----	Check Number -----	Amount -----
			\$
Liberty Press	July 84	620748	1,437.00
Standard Stationery Store	March 85	498593	622.40
Joseph Kollie	May 85	087422	190.00
CUC Library	May 85	069743	173.25
			-----
Sub total			\$2,422.65
			-----

2. We counted the numbers of reams of paper identified on invoices which had been paid for in the period. This amounted to 1,246 reams. Due to inadequate control over the receiving, recording and issue of paper inventories, we are unable to determine whether this number of reams of paper was actually received or, if the reams were received, that they were used for RDI purposes.

3. We noted considerable fluctuations in the price of a ream of paper, for example:-

Supplier -----	Date ----	Unit Price -----
Kerkulah & Bros.	January 85	\$8.50 long/\$7.50 short per ream
John Jacobs	June 85	\$6.25 per ream (size not specified)
J. Barbar	February 85	\$9.00 long/\$9.00 short per ream
J. Barbar	February 85	\$11.50 long/\$9.50 short per ream

Although there may be valid variations due to the location at which the paper was purchased or the quantities and qualities purchased, no readily acceptable explanation for the fluctuations could be put forward by RDI staff questioned.

4. We attach at paragraph 5 a detailed specification of all purchases made under this heading during the period.

5.

## ITEMISED LIST OF OFFICE COSTS IN THE PERIOD

\*\*\*\*\*

PAYEE NAME	DATE	CHECK NO.	AMOUNT \$	DESCRIPTION OF ITEMS PURCHASED	
				REAMS OF PAPER	OTHER
M.V.S.TUDMAN LIBRARY	APRIL 03	348877	68.00		PHOTOCOPIES JAN & FEB 03
CITY STATIONERY STORE	APRIL 03	348885	434.10	14	8 BOXES STENCILS, 2 LEDGERS, P.CASH VOUCHER BOOKS
CITY STATIONERY STORE	MAY 03	364999	454.35	15	6 PACKS YELLOW PADS, 5 BOXES STENCILS, FILES
UNIVERSAL PRESS CORP.	MAY 03	365005	350.00	10 L/H	20 PADS P.CASH VOUCHERS
UNIVERSITY BOOK STORE	MAY 03	365008	40.00		NO DESCRIPTION
CITY STATIONERY STORE	JUNE 03	365125	347.50		FOLDERS, POSTER SHEETS, DIARY
LIBERIA TELET COMMUNICATIONS	JULY 03	365128	316.79		TELECOM BILLS APRIL 03
M.V.S.TUDMAN LIBRARY	JULY 03	365151	103.45		PHOTOCOPIES APRIL MAY JUNE 03
STANDARD STATIONERY STORE	JULY 03	365152	377.29		ENGINEERING SCALE, TRACING PAPER, LEDGERS, PROTECTORS
CITY STATIONERY STORE	AUG 03	365213	426.05	22	14 BOXES ENVELOPES, 4 BOXES STENCILS, PENS
STANDARD STATIONERY STORE	AUG 03	365214	110.30		TRACING PAPER, ANALYSIS BOOK, BROWN ENVELOPES
STANDARD STATIONERY STORE	AUG 03	365222	20.00		100 SHEETS CONSTRUCTION PAPERS
STANDARD STATIONERY STORE	SEPT 03	404592	154.69		2 BOXES HANGING FOLDERS, DUSTERS, CHALKS, LEDGERS ETC.
CITY STATIONERY STORE	SEPT 03	404593	315.90	20	PENS, PENCILS, 4 BOXES CARBON PAPERS, ETC
CITY STATIONERY STORE	OCT 03	404617	222.50	20	1 BOX HANGING FOLDERS
STANDARD STATIONERY STORE	OCT 03	404619	66.30		FOLDERS, TAPE DISPENSER, GLUE, TAPE
STANDARD STATIONERY STORE	OCT 03	404621	122.31		ROLL PACKS, INK, FOLDERS, ETC
STANDARD STATIONERY STORE	NOV 03	404689	191.34		FOLDERS, CORRECTION FLUID, ROTARY BELT, ETC
UNIVERSAL PRESS CORP.	NOV 03	404694	910.00	25 L/H	8 BOXES LOCAL & AIRMAIL ENVELOPES
STANDARD STATIONERY STORE	NOV 03	404764	406.35	10	1 CASH BOX, 2 BOXES STENCILS, LEGAL PADS,
CITY STATIONERY STORE	NOV 03	404765	104.00	10	PAPER
M.V.S.TUDMAN LIBRARY	DEC 03	404771	247.70		PHOTOCOPIES JULY - OCT 03
STANDARD STATIONERY STORE	DEC 03	404772	230.13	20	FOLDERS, DESK TRAYS, PAPERCLIPS, ETC
LOME STAR PRINT SHOP	DEC 03	404778	500.00		900 BOOKLETS FOR STUDENTS
SABANOM PRESS	JAN 04	404832	750.00		DOWNPAYMENT FOR PRINTING OF STUDENTS HANDBOOK
CITY STATIONERY STORE	JAN 04	027038	471.40	30	10 BOXES STENCILS, YELLOW PADS, PENCILS
CITY STATIONERY STORE	JAN 04	027043	285.39	10	10 PACKS CARBON PAPERS, FOLDERS, STENCILS, PENS, ETC
M.V.S.TUDMAN LIBRARY	JAN 04	027052	96.50		PHOTOCOPIES NOV - DEC 03
SABANOM PRESS	FEB 04	027124	750.00		BALANCE FOR PRINTING OF STUDENTS HANDBOOK
STANDARD STATIONERY STORE	MARCH 04	027127	560.75	20	12 PACKS PENS, 10 TUBES MEMO INK, ETC
S.BOLAY	MARCH 04	027134	75.00		CUSTOMS FEES ON SOIL SCIENCE BOOKS
STANDARD STATIONERY STORE	APRIL 04	453946	487.44	10	4 PACKS YELLOW PADS, 5STAPLERS & 10 PACKS STAPLES ETC.
GBARNGA STATIONERY STORE	APRIL 04	454005	185.60	16	6 FOLDERS
UNIVERSITY BOOK STORE	MAY 04	454009	220.00	20	ANALYSIS PAD, 10 CARDS
M.V.S.TUDMAN LIBRARY	MAY 04	454012	128.50		PHOTOCOPIES JAN - MARCH 04
STANDARD STATIONERY STORE	MAY 04	454033	323.94	10	54 BOTTLES CORRECTION FLUID, STENCILS, LEDGERS, ETC
STANDARD STATIONERY STORE	JUNE 04	454097	347.67	20	STENCILS, FOLDERS, ETC
SINIMAI	JUNE 04	454164	403.00		SERVICE OF PHOTOCOPIER, BOTTLE OF INK
GBARNGA STATIONERY STORE	JULY 04	454176	400.00	30	5 PACKS STENCILS
LIBERTY PRESS	JULY 04	620748	1437.00		INVOICE NOT LOCATED
STANDARD STATIONERY STORE	AUG 04	489913	405.00	20	200 POSTER SHEETS, 5 PACKS STENCILS, 100 PACKS OF PADS
UNIVERSITY BOOK STORE	AUG 04	489914	228.00	20	4 PACKS STENCILS, POSTER SHEETS
GBARNGA STATIONERY STORE	AUG 04	489926	187.50	14	2 PACKS STENCILS, 10 PACKS PAPER CLIPS
STANDARD STATIONERY STORE	SEPT 04	489999	306.00		PAPER CLIPS, ENVELOPES, CHALK, MEMO PAPERS
COOPER GOND	SEPT 04	639522	63.00		REPAIR OF TYPEWRITER
M.V.S.TUDMAN LIBRARY	SEPT 04	639523	94.50		PHOTOCOPIES JULY & AUG 04
STANDARD STATIONERY STORE	SEPT 04	639524	120.78		3 DICTIONARIES, 1 BOX PAY ENVELOPES, 2 ANALYSIS BOOKS
MINISTRY OF PLANNING	OCT 04	639525	150.00		2 PLANNING & DEVELOPMENT ATLASSES OF LIBERIA
STANDARD STATIONERY STORE	OCT 04	639535	316.35	30	10 BOXES BIC PENS, 12 BOTTLES STENCIL CORRECTION FLUID
PEPULAH & BROS.	OCT 04	639537	157.50	15	PAPER
GBARNGA STATIONERY STORE	OCT 04	639540	101.15		FILES, STAPLER, STAPLES, COLUMN4 PADS, MARKER
STANDARD STATIONERY STORE	OCT 04	648728	133.29		4 SETS LEDGER BINDERS, 3 PIECES DESK SHARPENER
M.V.S.TUDMAN LIBRARY	OCT 04	648730	32.25		PHOTOCOPIES SEPT 04

37



RURAL DEVELOPMENT INSTITUTE (RDI)  
 AUDIT OF THE PERIOD  
 MARCH 1, 1983 TO JUNE 30, 1985

CONSTRUCTION MATERIALS

Total Expenditure for the period \$125,099

1. We were unable to locate either invoices or any other third party supporting documentation for the following payments:

<u>Payee</u>	<u>Date</u>	<u>Check No</u>	<u>Amount</u>
			\$
A.M. Idriss Store	April 1983	348883	191.00
" " "	May 1983	365006	119.00
Joseph Barbar	August 1983	404582	1,000.00
Kayiah Freeman	October 1983	404628	138.00
Fatu Say Say	January 1984	827051	130.50
D. Meyers	April 1984	454007	282.75
Joseph Barbar	July 1984	489904	57.50
John Jacobs	October 1984	639545	4,428.50
John Jacobs	October 1984	648729	243.76

\$6,591.01

2. An amount of \$6,100.87 was paid to A. Serhan and Nasser Store in September 1984 on check No. 490014. Inspection of the supporting invoices indicates that an amount of \$300.00 was overpaid.

3. An amount of \$3,978 was paid to J. Barbar in June 1983 on check No. 365126. The supporting invoices included an invoice (Number 54) charging \$960 for "cash". This is signed as received by the Finance Officer (Mr. S. Bolay). The Finance Officer informed us that on occasion cash is received from regular suppliers where there is difficulty in obtaining cash from the banks. This is a common practice outside Monrovia in Liberia. No third party documentation was made available to us to substantiate the disbursement of this amount.

4. As a separate exercise, we summarised certain items of construction materials acquired during the period from the information shown on suppliers invoices. We attempted to verify the expenditure on these items by physical inspection of the materials used, and the remaining inventory.

The results are as follows:

<u>Description</u>	<u>Paid For</u>	<u>Physically Verified in Construction**</u>	<u>Closing Inventory</u>	<u>Shortfall</u>
Asbestos roof sheets	1,494	220	120	1,154
Asbestos ceiling sheets	146	52	10	84
Asbestos combing	168	47	48	73
Floor tiles, boxes	308	252	4	52
Zinc sheets, bundles	74	45	-	29
Chicken wire, rolls	66	35	18	13
Screen mesh wire, rolls	66	8	16	42
Barbed wire, rolls	20	12	-	8

37

\*\* We carried out the physical verification by counting or measuring as appropriate, with the aid of the RDI maintenance supervisor, the items which had been installed or used in repair work during the period. We would stress, however, that we are not construction or building material experts, and it would be appropriate to solicit expert advice in order to confirm our findings if any further action is proposed.

5. We noted that the cost of asbestos roof sheets purchased through RDI's regular supplier in Gbarnga varied from \$7.50 to \$8.33 per sheet. A purchase of similar roof sheets was made in Monrovia at a unit price of \$3.50 from Seti Bros. on November 6, 1984.

6. One of our audit staff, posing as a potential customer from a cooperative farming business at Ganta, 40 miles from Gbarnga obtained a proforma invoice from a major supplier of construction materials to RDI; prices quoted were for goods delivered to his project site. We compared the prices quoted with the prices paid by RDI as follows:

	Unit Price Quoted -----	Unit Price paid by RDI -----
	\$	\$
800 Asbestos roofing sheets	4.50	7.50
30 Zinc sheets bundles 34 gauge	110.00	95.00
50 Asbestos ceiling sheets	7.50	12.50
200 Asbestos combings	3.75	5.47
10 Bags cement	7.50	7.50
25 Rolls screen wire	75.00	75.00
20 Rolls chicken wire	65.00	65.00
10 Rolls barbed wire	65.00	67.50

Our representative was also informed that the quoted prices were subject to negotiation of discounts.

7. Apart from those items referred to in paragraph 4 above, we did not attempt to physically verify the materials shown on the invoices. Because of the poor controls over the recording and custody of materials inventories, we are unable to confirm that the expenditure on construction materials and repairs and maintenance is fairly stated, or that the goods paid for were actually received, or if they were received that they were used for RDI purposes.

RURAL DEVELOPMENT INSTITUTE (RDI)  
 AUDIT OF THE PERIOD  
 MARCH 1 1983 TO JUNE 30 1985

APPENDIX X.1

NON EXPENDABLE PROPERTY  
 =====

ITEMS PURCHASED IN THE PERIOD  
 -----

DESCRIPTION -----	COST \$ -----
FACE BASIN / BATH TUB	450
ICE BOX	975
ELECTRIC / GAS STOVE	1050
THERMOSTAT FOR RDI FREEZER	45
20 SPRINKLER HEADS IRRIGATION PUMP SYSTEM	300
18 TRASH BINS	270
4 VEHICLE FIRE EXTINGUISHERS	140
FIP PROJECT SCALE	75
STOVE	650
2 BEDS	285
HOUSE FURNITURE	650
TRACTOR MASSEY FERGUSON 265	19042
GENERATOR 3.5 KV	1050
SINIMAX PHOTOCOPIER	4900
AIRCONDITIONER AMANA 13000 BTU	871
PEUGEOT 504 SEDAN	10600
PEUGEOT 504 PICK UP	7500
PEUGEOT 504 PICK UP	7500
ICE BOX	700
23 MATTRESSES	759
29 BEDS	1740
DESK CALCULATOR	110
2 FILING CABINETS	716
TOOL BOX	487
WELDING TORCH	527
TABLE VICE	450
SHARP OFFICE CALCULATOR EL 1192 S	125
10 BEDS / MATTRESSES	800
10 GLORIA SPRAYERS WITH NOZZLES	1500
RICE ROLLER / POLISHER	400
3 WATER FILTERS	300
DEEP FREEZER	1168
RADIO CASSETTE PLAYER	275
40 BEDS / MATTRESSES	5600
TOTAL	----- \$ 72,109 =====

LIST OF RDI BUILDINGS AS AT APRIL 22, 1986

-----  
Buildings

-----  
RDI Campus

- 
- 6 houses (faculty)
  - 6 dormitories
  - 1 classroom building
  - 1 student cooperative building
  - 1 maintenance workshop building
  - 1 warehouse building
  - 1 staff house

Animal Science Training Compound

- 
- 4 broiler houses
  - 8 small animal houses
  - 1 office building
  - 1 guest house
  - 1 pigeon house
  - 8 - 5 unit hog houses
  - 1 farm building at cattle area for office, storage, sleeping quarters

APPENDIX X.3.

INVENTORY OF RDI ASSETS IN RDI AND RENTED HOUSES

\*\*\*\*\*

HOUSE NUMBER	1	2	3	4	5	6	7	8	9	10	11	12	13	TOTAL
SINGLE WOODEN BED	3	4	8	4	2	8	2	3	2	-	2	1	-	33
SINGLE MATTRESS	4	4	7	4	2	5	2	3	2	-	2	1	-	36
SINGLE SPRING BED METAL	-	-	2	-	-	-	-	-	-	-	-	-	-	2
DOUBLE WOODEN BED	1	-	-	-	-	-	-	-	-	2	1	-	-	4
DOUBLE MATTRESS	1	-	-	-	-	-	-	-	-	3	1	-	-	5
SINGLE FORMICA FINISH BED	1	-	-	-	-	-	-	-	-	-	-	-	-	1
DOUBLE FORMICA FINISH BED	-	-	-	-	-	-	-	-	-	1	-	-	-	1
PUMP BED	-	-	-	-	-	-	2	1	1	-	-	-	-	4
MATTRESS FOR BUNK BED	-	-	-	-	-	-	4	1	2	-	-	-	-	7
A/C CONDITIONER AMANA	1	1	1	-	-	-	-	-	-	-	-	-	-	3
REFRIGERATOR AMANA 20	1	1	1	1	1	1	1	1	-	-	-	-	-	8
REFRIGERATOR GENERAL ELECTRIC	1	-	-	-	-	-	-	-	-	-	-	-	-	1
REFRIGERATOR PHILCO	-	-	-	-	-	-	-	-	-	1	-	-	-	1
REFRIGERATOR OTHER	-	-	-	-	-	-	-	-	-	-	1	1	-	2
GAS COOKER 4 BURNER TAPPAN	1	1	1	1	1	1	-	-	1	-	-	-	-	7
ELECTRIC COOKER PHONOLA	-	-	-	-	-	-	-	-	-	1	-	-	-	1
GAS / ELECTRIC STOVE	-	-	-	-	-	-	-	-	-	-	1	-	-	1
ELECTRIC STOVE OTHER	-	-	-	-	-	-	-	-	-	-	-	1	-	1
ELECTRIC WATER HEATER ARISTON	1	1	1	1	1	1	1	1	-	-	-	-	-	8
WATER FILTER	1	1	1	1	1	-	-	-	-	-	1	-	-	6
CEILING FAN	1	1	1	1	1	1	1	-	-	-	-	-	-	7
SETTEE WOODEN 3 SEATS WITH 6 CUSHIONS	1	1	1	1	1	1	1	1	-	-	-	-	-	8
ARMCHAIR WOODEN WITH 2 CUSHIONS	6	4	4	4	4	4	4	4	-	-	-	-	-	34
COFFEE TABLE	1	1	1	1	1	1	1	1	1	-	-	-	1	10
DINING TABLE	2	1	1	1	2	2	1	1	1	1	-	1	1	15
DINING CHAIR	9	9	7	4	9	6	6	5	4	6	-	7	1	73
LOCKER 3 DOORS WOODEN	-	1	-	1	1	1	1	-	-	1	-	-	-	6
BOOK SHELF WOODEN	1	1	2	1	2	1	1	1	1	-	-	-	-	11
DOUBLE CHEST OF DRAWERS 10 DRAWER WOODEN	-	1	1	1	1	1	1	1	-	1	-	-	-	8
TABLE	2	4	-	2	1	-	-	-	-	1	1	-	3	14
BEDSIDE CABINET	-	4	-	-	-	-	-	-	-	-	-	-	-	4
SINGLE CHEST OF DRAWERS 5 DRAWER WOODEN	3	2	2	2	3	1	1	1	-	-	-	-	1	16
FLOWER BED WOODEN	1	1	1	1	1	1	1	1	-	-	-	-	-	8
STOOL	3	2	-	-	8	3	2	-	-	-	-	2	-	20
ARMCHAIR	-	-	-	-	-	-	-	-	4	-	-	2	2	8
TABLE LAMP WOODEN	1	-	-	-	-	-	-	-	-	-	-	-	-	1
TABLE LAMP	1	-	-	-	-	-	-	-	-	-	-	-	-	1
POLISHED WOOD CHAIR ANTIQUE STYLE	1	-	-	-	-	-	-	-	-	-	-	-	-	1
RATTAN CHAIR	1	-	-	-	-	-	-	-	-	-	-	-	-	1
TABLE / STAND WITH DRAWER WOODEN	2	-	-	-	-	-	-	-	-	-	-	-	-	2
BLACK WOOD CHAIR AFRICAN STYLE	1	-	-	-	-	-	-	-	-	-	-	-	-	1
ARMCHAIR METAL WITH VINYL COVER	-	-	-	-	-	-	-	-	-	4	-	-	-	4
LOUNGE CHAIR METAL WITH VINYL COVER	-	-	-	-	-	-	-	-	-	1	-	-	-	1
WARDROBE WOODEN	-	-	-	-	-	-	-	-	-	1	-	-	-	1
CUPBOARD	-	-	-	-	-	-	-	-	-	1	-	1	1	3
CLOSET	-	-	-	-	-	-	-	-	-	-	1	-	-	1
SOFA	-	-	-	-	-	-	-	-	-	-	5	1	1	7
BLIND	-	-	-	-	-	-	-	-	-	-	-	-	1	1

**Houses Numbered for  
Inventory Listing**

**Occupant at April 22, 1986**

-----

-----

<b>1</b>	<b>Director - Mr. P. Kiadi</b>
<b>2</b>	<b>Dr. A. Bartosik</b>
<b>3</b>	<b>Mr. S. Bolay</b>
<b>4</b>	<b>Mr. J. Moore</b>
<b>5</b>	<b>Unoccupied (previously W. P Justice)</b>
<b>6</b>	<b>Mr. Wolokolie</b>
<b>7</b>	<b>Mr. B. Roberts</b>
<b>8</b>	<b>Mr. A. Tubman</b>
<b>9</b>	<b>Mr. T. George</b>
<b>10</b>	<b>Mr. D. Walker (rented house)</b>
<b>11</b>	<b>Mr. P. Kamsi (rented house)</b>
<b>12</b>	<b>Mr. J. Coker (rented house)</b>
<b>13</b>	<b>Mr. D. Nadock (rented house)</b>

INVENTORY LISTING ( OFFICES/LABORATORY/LIBRARY )

LOCATION ( SEE BELOW FOR KEY )	1	2	3	4	5	6	7	8	9	10	TOTAL
ITEM											
-----											
TYPEWRITER (ELECTRIC)	1	-	-	-	-	-	2	-	-	-	3
TYPEWRITER (MANUAL)	1	-	-	1	-	-	-	-	-	-	2
DESK	2	1	2	1	2	1	-	2	-	1	11
PLASTIC CHAIR	20	3	6	-	-	2	-	-	-	2	32
SWIVEL CHAIR	1	-	1	-	1	2	-	-	-	-	6
WOODEN CHAIR	-	-	-	3	6	-	-	-	10	20	46
HALL CABINET	1	-	2	-	-	-	-	-	1	-	4
FILING CABINET											
2 DRAWER	-	-	1	-	-	-	-	-	-	-	1
FILING CABINET											
3 DRAWER	-	-	-	-	1	3	-	2	-	-	6
FILING CABINET											
4 DRAWER	2	1	3	-	-	-	-	-	-	-	6
SHELVING :											
AIRCONDITIONER AMANA	1	-	1	1	-	1	-	-	1	1	5
WOODEN TABLE	-	1	2	1	4	2	-	-	-	7	17
EXECUTIVE TABLE	1	-	-	-	-	-	-	-	-	-	1
BOOK SHELF WOODEN	-	1	-	-	2	1	-	-	-	2	6
DESK CALCULATOR	-	-	3	-	-	-	4	-	-	-	7
ADDING MACHINE	-	-	1	-	-	-	-	-	-	-	1
PHOTOCOPIER	1	-	-	-	-	-	2	-	-	-	3
WOODEN LOCKER	-	-	-	-	1	-	-	-	-	-	1
RECEPTION COUNTER	-	-	1	-	-	-	-	-	-	-	1
DITTO MACHINE	-	-	-	1	-	-	-	-	-	-	1
PERSONAL COMPUTER M-21	-	-	-	-	-	-	1	-	-	-	1
VIDEO CAMERA	-	-	-	-	-	-	1	-	-	-	1
VIDEO CASSETTE RECORDER	-	-	-	-	-	-	1	-	-	-	1
SONY COLOUR TV	-	-	-	-	-	-	1	-	-	-	1
SPRAYING CAN YELLOW	-	-	-	-	-	-	3	-	-	-	3
TOOL BOX	-	-	-	-	-	-	1	-	-	-	1
SLIDE TRAY	-	-	-	-	-	-	2	-	-	-	2
SLIDE PROJECTOR	-	-	-	-	-	-	2	-	1	-	3
TRIP BALANCE	-	-	-	-	-	-	-	-	3	-	3
WATER COOLER	-	-	-	-	-	-	-	-	-	1	1
COMPUTER/TYPEWRITER	-	-	-	-	-	-	1	-	-	-	1
METAL TRAY	-	-	-	-	-	-	-	-	1	-	1

INDEX OF LOCATIONS

\*\*\*\*\*

DIRECTORS'/SECRETARIES' OFFICE	1
DEPUTY DIRECTOR'S OFFICE	2
BUSINESS OFFICE	3
GENERAL TYPING OFFICE	4
FACULTY OFFICE NO.1	5
FACULTY OFFICE NO.2	6
STORE FOR EEC OFFICE EQUIPMENT	7
RDI/CUC SHARED OFFICES	8
LABORATORY	9
LIBRARY	10.

	CLASSROOMS				TOTAL
	R1	R2	R3	R4	
CHAIR WOODEN WITH ARM REST	74	20	24	43	161
CEILING FAN	2	1	2	2	7
TABLE WOODEN	1	1	1	1	4

47

**DORMITORIES**  
=====

	A	B	C	D	E	F	TOTAL
<b>METAL SPRING BED</b>	37	26	34	24	32	33	186
<b>MATTRESS</b>	42	30	34	28	40	33	207
<b>CHAIR WOODEN</b>	32	42	38	36	38	34	220
<b>CENTER TABLE WOODEN</b>	1	2	1	1	1	1	7
<b>LONG WOODEN BENCH SETTEE WITH CUSHIONS</b>	2	3	2	2	2	2	13
<b>WOODEN CHAIR WITH CUSHIONS</b>	2	6	2	-	3	2	15
<b>ELECTRIC WATER COOLER</b>	-	-	1	1	1	-	3

**VEHICLES AND PLANT**

=====

<u>DESCRIPTION</u>	<u>YEAR</u>	<u>PLATE NO.</u>	<u>MODEL NO.</u>	<u>LOCATION / USER</u>
PEUGEOT 305 SEDAN	1985	GP 100	G 9564698	RDI DIRECTOR
PEUGEOT 305 SEDAN	1985	GP 101	G 9564698	CUC COMPTROLLER
LANDROVER JEEP	1985	GP 102	246226	S.E. PROJECT
LANDROVER PICK-UP	1985	GP 103	246230	FARM
SHERPA MINIBUS	1985	GP 104	257620	MOTOR POOL
LANDROVER PICK-UP	1985	GP 105	246231	F.I.P. PROJECT
PEUGEOT 504 SEDAN	1983	P 5499		MOTOR POOL
CHEVROLET CITATION	1980	P 2659	IX 678A6337318	REPAIRS W/SHOP
GMC JIMMY BUS	1978	P 2660	TK D188F52770	REPAIRS W/SHOP
CHEVROLET PICK-UP RED		GP 548		F.I.P. PROJECT
PEUGEOT 504 PICK-UP	1983	PP 1141		CUC CAFETERIA
PEUGEOT 504 PICK-UP	1983	PP 1142		RDI MONROVIA
CHEVROLET PICK-UP	1977	PP 261	CLD 146B126839	SCRAPPED W/SHOP
FORD F-350 PICK-UP	1978	PT. 67	F 37 BEAJ4732	SCRAPPED GBARNGA
FORD F-1210 TRUCK	1976	PT 9	PR 90820	SCRAPPED W/SHOP
RENAULT SG4 BUS	1980	PB 187	963965	SCRAPPED GBARNGA
TRACTOR MASS.FERG. MF 265	1984			FARM

APPENDIX 1.6.

## STORE ROOM ADJACENT MAINTENANCE OFFICE

DESCRIPTION	QUANTITY
GENERATOR ATLANTA TYPE FURY 113 SER.NO. 8008/2	1
GENERATOR ATLANTA TYPE FURY 113 SER:NO. 8008/1	1
GENERATOR ATLANTA TYPE FURY 50 SER.NO. 8009/1	1
ELECTRIC DEHORNING SAW WELLS MOD. 404-16 SER.NO. 0.8000	1
BATTERY BROODER FUNKI TYPE M SER.NO.8673	1
BATTERY BROODER FUNKI TYPE M SER.NO.8672	1
FRIDGE/FREEZER KF 4355 SER.NO. 85480220	1
DESK	4
FILE CABINET METAL 3 DRAWER EASICAN	4
SWIVEL CHAIR BLACK	2
CHAIR WOODEN	40
MOTOR CYCLE BSA RED SER.NO. 12 V.- 052301	1
AUGER SINGLE EDELMAN 7 CM DIA. 125 CM LENGTH	20
AUGER RIVERSIDE 7 CM DIA. 125 CM LENGTH	20
AUGER STRONG SOIL 7 CM DIA. 125 CM LENGTH	10
SAMPLER / ACCESSORIES DACHNOWSKY 255 CM	1
SPADE STAINLESS STEEL	5
SAHLPING KIT HARD SOIL PF-RING	1
PF-RING SUCTION/PRESSURE DETERMINATION	10
CURVE DETERMINATION APPARATUS (PF CURVES)	1
SIEVE & SHAKER	1

## STORE ROOM ADJACENT MAINTENANCE OFFICE      Cont.

## SPARE PARTS FOR INCUBATORS / HATCHERS. TYPE 1,2,3

SENSOR N 100	1
WICK	6
CONTROL PRINT TYPE LRU 8320	1
FUSE 0.315 A	3
CONTRACTOR C 19	1
RELAY 12-VDC - RHIB-U.	1
RUBBER BELT	1
HEATING ELEMENT	1
MOTOR CYCLE BSA 125 RED SER.NO. 12V-052331	1
MOTOR CYCLE BSA 125 RED SER.NO. 12V-052376	1
MOTOR CYCLE BSA 125 RED SER.NO. 12V-052379	1
MOTOR CYCLE BSA 125 RED SER.NO. 12V-052349	1
MOTOR CYCLE BSA 125 RED	1
PRESSURE SPRAYER 5-GALL. POLICLAIR 181	3
HEAVY DUTY BUTCHERING TOOL KIT COMPRISING :	
ELECTRIC MEAT SAW 404-16"	1
DICK KNIFE 1369-18 CM	1
DICK KNIFE 1369-21 CM	1
CURVED KNIFE GIESSER 2400-18 CM	1
DICK CLEAVER 1100-18 CM	1
VICTORINOX KNIFE 6500-15 CM	1
DICK KNIFE 1070-15 CM	1
DICK SHARPENING STEEL 72-25 CM	1
BLOCK BRUSH	1
VETERINARY CARRYING CAB.	1

4/5

## STORE ROOM ADJACENT MAINTENANCE OFFICE Cont.

RAIN GAUGE	1
SOIL PERMEABILITY KIT	1
SOIL PROFILE APPARATUS	1
COLOR CHART MUNSELL	50
GRANULATED CYLINDERS SET (12) CYLINDER CAP 1000 ML	9
STOP WATCH	5
ANALYTICAL BALANCE TRIPLE BEAM	9
SPARE PARTS FOR INCUBATOR / HATCHER TYPE M/500	
SM 2 MICRO SWITCH 9 R	1
SM 3 WAFER THERMOSTAT 70 * 2	2
SM 15 F THERMOMETER	1
SM 15A PROTECTIVE TUBE FOR THERMOMETER	1
SM 16 THERMOMETER	1
SM 16A PROTECTIVE TUBE FOR THERMOMETER	1
GLASS CONTAINER SM 17	1
SM 18 WICK	25
SM 9A HEATING ELEMENT 150 W 220 V	1
SPARE PARTS FOR :	
POULTRY INCUBATOR FUNKI	
BATTERY BROODER FUNKI	
ELECTRIC DEHORNING SAW WELLS	
COMBINATION FEED GRINDER PRESIDENT	
HEAVY DUTY BUTCHERING SET	

## ANIMAL SCIENCE TRAINING COMPOUND

DESCRIPTION	QUANTITY
DEEP FREEZER SIGNATURE DELUXE 25 MODEL FFT-899200B S.NO.27J-9503	1
DEEP FREEZER HITE MODEL F12 SERIAL N. X5863	1
REFRIGERATOR SIERRA	1
AIRCONDITIONER AMANA	1
TABLE	3
CHAIR	3
SCALE 20KG KAIN HUNG	1
AUTO WATERER POULTRY RED L/S	9
POULTRY FEEDER METAL	10
POULTRY FEEDER PLASTIC	6
AUTO WATERER POULTRY PLASTIC S/S	4
LIVESTOCK SCALE "PAUL" RED MODEL 60-500 SER.NO.791889	1

## RDI WAREHOUSE

DESCRIPTION	QUANTITY
FEED GRINDER / MIXER BLUE PRESIDENT MOD. 4K/J4500 NO. 1486	1
PUMP BERKELEY MODEL T-1B37 RMCCW SER. NO.7963842	1
CORN GRINDER MOTOR SEARS MODEL927-8213 SER. NO. 11519	1
RICE POLISHER YANMAR MODEL MK-30 MFG NO. 17488	1
PLATFORM SCALE 300KG ZHUNSHEN	1
WATER SPRINKLER BINNINGER MODEL4023 PATTERN 3204873	18

## RDI CARPENTRY WORKSHOP

DESCRIPTION	QUANTITY
RADIAL SAW 10" SEARS CRAFTSMAN MOD. C48BC-102 WITH 8 BLADES	1
SAW SEARS CRAFTSMAN BATIN CUT MILER MOD. 881-36506 WITH BLADE	1
BAND SAW / BANDER 12" SEARS CRAFTSMAN MOD. 113.24350 SER. NO. 826400114	1
POULTRY INCUBATOR FUNKI TYPE 3 NO. 8798	1
POULTRY INCUBATOR FUNKI TYPE 3 NO. 8799	1
SAFE CHUBB SER.NO.6E-41106	1
AIR COMPRESSOR SEARS NO. 11831 SER.NO. E9623.634 T8167902	1
WELDING MACHINE HOBART SER.NO. W 387481	1
VICE BLUE "MATHDOR STAHL GESCHMIEDET"	1
SPRING BED METAL	2
TOOL BOX	1

## LIBRARY STORE

DESCRIPTION	QUANTITY
K & E TRANSIT SER. NO. 531589	1
K & E TRANSIT SER. NO. 531588	1
LEVEL SER. NO. 5758	1
LEVEL SER. NO. 5755	1
SURVEYING ROD	4
TAPE POCKET CALCULATOR CROWN TP-7	8

## EQUIPMENT UNDERGOING REPAIR

DESCRIPTION	QUANTITY
MOTOR CYCLE YAMAHA 100 SERIAL NO. 203292	1
FREEZER MODEL 203H SER.NO.48H206-WW-12500851	1
PHOTOCOPYING MACHINE SINIMAX	1



....Continued  
1985

January	6,800.00	-	12,000.00	18,800.00	16,280.00
February	3,636.55	4,953.37*	6,324.46	14,914.38	8,632.88
March	3,636.55	4,953.37	6,324.47	14,914.39	8,632.88
April	3,636.55	4,953.37	6,324.46	14,914.38	8,632.88
May	3,636.55	4,953.37	6,324.46	14,914.38	8,632.88
June	3,636.55	4,953.37	6,324.46	14,914.38	8,632.88
	-----	-----	-----	-----	-----
	\$174,582.75	\$164,766.85	\$299,342.39	\$638,691.99	\$515,783.20
	-----	-----	-----	-----	-----

\* See paragraph 6 below.

6. We understand from a detailed appendix to the cost sharing agreement that charges in respect of General Services should not be incurred for the months of January, February and July as most of the students would not be on campus during these three months. Our discussions with CUC personnel confirmed that this was a reasonable statement. On this basis amounts paid in excess of what might reasonably be expected are marked \* in the above table. Items so marked total \$18,953.37.

#### Other Payments to CUC

7. In addition to these payments, amounts totalling \$166,758 were paid which did not appear to relate to shared costs for the period. We were informed that these payments were made in respect of liabilities due by RDI to CUC brought forward from prior periods. We have accordingly included these amounts in RDI's opening statement of affairs as being a liability brought forward as at March 31, 1983. We requested, from CUC, a breakdown of the specific items making up this amount; no analysis was made available to us by the end of our fieldwork. We are therefore unable to verify that these payments to CUC were made in furtherance of the project's objectives.

8. An amount of \$1,148 was paid to CUC in April 1983 - check No. 48899. This was in respect of transportation of students to Monrovia when the university was temporarily closed. The payment was based on the full enrolment of 164 students of RDI at \$7 each; many of the students did not take their advance on this occasion and there appears, therefore, to be an overpayment to CUC in this respect.

9. In July 1983 an amount of \$3,066.57 was paid to CUC as an advance to meet CUC's July farm payroll. There is no record of this amount being recovered from CUC, although we understand that the payment of the farm payroll is the responsibility of CUC.

**RURAL DEVELOPMENT INSTITUTE (RDI)  
AUDIT OF THE PERIOD  
MARCH 1, 1983 TO JUNE 30, 1985**

**OTHER DONOR FUNDING**  
-----

1. The contributions receivable from other donor agencies as estimated in the Cooperative Agreement and actual receipts relating to the period are as follows:-

	Estimated	Actual
	Ⓕ	Ⓕ
Government of Liberia (GOL)	400,000	200,000
Near East Foundation (NEF)	103,000	77,017
European Economic Community (EEC)	391,000	37,945
PECUSA	NIL	140,665
Other	NIL	4,690

We have not sought direct confirmation of these amounts from the agencies concerned, nor have we sighted agreements between these organisations and RDI.

**GOL**  
---

2. RDI records show that contributions totalling \$243,000 were received from the Government of Liberia during the period. We were informed that of this amount, some \$43,000 was outstanding from before March 1, 1983. We have accordingly shown this amount in the Statement of Affairs as a receivable at March 1, 1983. We have neither sought nor obtained confirmation of amounts obligated to or paid by the Government of Liberia to RDI.

**NEF**  
---

3. Amounts totalling \$11,200 were received during the period from NEF in partial funding of the Farmer Involvement Program. ("FIP"). In addition NEF made contributions in kind to RDI which included payments of "top-off" salaries to two members of the RDI faculty. Contributions in kind for the period March 1, 1983 to September 30, 1984 amounted to \$65,817. At our request RDI has written to NEF for confirmation and details of donations given in cash or kind during the period March 1, 1983 to June 30, 1985. To date we have not received a reply to this request.

**EEC**  
---

4. RDI records show the following amounts as being received from the EEC.

Funding for Student Internship Program	Ⓕ 24,500
Grants for Student Scholarships	13,445*
	-----
	<b>Ⓕ37,945</b>
	*****

\* This amount has been included in tuition income.

At our request RDI have written to the EEC seeking confirmation of amounts donated to RDI together with details of any contributions in kind during the period. To date we have not received a reply to this request.

PECUSA

5. RDI records show donations totalling \$140,665 as having been received as bridge financing from PECUSA in the period March 1, 1983 to June 30, 1985. At our request RDI has written to PECUSA for confirmation of amounts donated to RDI during the period and details of any balance due to or from RDI at the period end it is not clear from the records available whether or not RDI has to repay any, or all, of this bridging finance. To date we have not received a reply to this request.

Other Deposits

6. This represents the following deposits into the ACDB ("Self Help Program") Bank Account.

<u>Date Received</u>	<u>Donor</u>	<u>Amount</u>
		\$
January 1984	CUC	1,000
April 1984	CUC	200
April 1984	Dr. Holmes (a former RDI Director)	3,490
		<u>\$4,690</u>
		*****

No explanations are available as to why these amounts were given. This bank account has been used to grant start up farm loans.

RURAL DEVELOPMENT INSTITUTE (RDI)  
AUDIT OF THE PERIOD  
MARCH 1, 1983 TO JUNE 30, 1983

TUITION PAYMENTS RECEIVED

1. We estimated the gross amount of tuition fees receivable for the period by applying the tuition fee payable in each semester to the number of students enrolled.
2. For the purposes of this exercise the number of students enrolled was taken from a general roster list provided by the Business Office; it was difficult to establish the exact number of students enrolled as there were amendments to the original rosters in respect of students who had dropped out during the semester. Where such instances were identified, we have adjusted the enrolment to take only the lower figure.
3. We compared the amount receivable, calculated in accordance with paragraph 2 above, with the actual amounts received plus the amounts receivable at the period end, as shown in the tuition fees receivable subsidiary ledger. We did not conduct an in depth audit of the fees receivable subsidiary ledger. However, we did carry out a cut-off review and adjusted the list for any errors we noted.
4. The comparison showed that actual tuition fee income received in the period was approximately \$15,000 less than the amount we had estimated.
5. Although we were unable to account for this difference it may be due to, or compounded by, any one of a number of reasons including:
  - a) Large numbers of students dropping out during the semester, but not recorded as doing so in the records that were made available to us.
  - b) Fines for late payment of fees being accounted for as tuition income (this would compound the difference)
  - c) Poor record keeping whereby fees received were misanalysed as income from another source, or (if cash) were spent on purchases for RDI, but never recorded as either income or expenditure.

**RURAL DEVELOPMENT INSTITUTE (RDI)  
AUDIT OF THE PERIOD  
MARCH 1, 1983 TO JUNE 30, 1985**

**FARM PRODUCE SALES**

1. At the meeting on April 10, 1986 it was agreed that we would expand the scope of our work to include a review of income from farm produce sales and the costs of related farm inputs. Our work consisted primarily of the following:-

- a) We calculated the value of meat sales by summarising the sales invoices in order to compare the total thus compiled with actual receipts recorded as being from meat sales recorded in the period.
- b) From this summary we were also able to compare the numbers of chickens sold or recorded on the sales invoices with the numbers available for sale according to the ASTC records.
- c) We compared chicken and hog feed purchases with the income from the sales of chickens and hogs, respectively, in order to identify significant variances in the ratios of feed costs to sales proceeds between the two categories of livestock.
- d) We also attempted to quantify the value of vegetable sales in order to make a comparison with selected input costs to establish the reasonableness of the sales figures.

Our findings are as follows:-

**Meat sales based on summary of available sales invoices**

2.	Quantity	Cash \$	Credit \$	Total \$
Chickens	6,159	3,623	27,520	31,143
Fork	*	367	9,700	10,067
Beef	*	540	1,120	1,660
	-----	-----	-----	-----
Totals	6,159 -----	\$4,530 -----	\$38,340 -----	\$42,870 -----

\* The numbers of hogs and cattle sold have not been quantified in the above analysis as only the pounds weight of sales are recorded on the sales invoices: it is not possible to estimate the number of animals slaughtered and sold.

3. Based on the records maintained by the ASTC Manager we have estimated that 6,549 chickens were sold in the period compared with the 6,159 shown above.

4. From a review of feed purchases (Appendix XV), we noted that chicken feed purchases and chicken sales have approximately the same value. However, hog feed purchases were some \$27,000, while pork sales amounted to only \$10,000. No explanation is available for this variance in performance between the two categories of livestock that were kept, both of which should, we understand, produce similar results.
5. Actual receipts from farm produce sales in the period plus amounts receivable at the period end amounted to some \$42,499. Of this amount \$944 was identified in the records as being in respect of vegetable sales. Proceeds of \$41,555 should therefore represent meat sales; this compares with \$42,870 shown above. It should be noted, however, that in some instances full details of the sales were not recorded in the cash receipts book nor on the deposit slip and, accordingly, it is not possible to be sure that the split between vegetable and meat sales is reasonable. However, where a receipt was identified as ASTC we have accounted for this as a meat sale. Because of the very poor records available, it is not possible to reach a meaningful conclusion about the difference.
6. A batch of 430 ducklings was received. According to the ASTC records, of these, 140 were eventually available for sale. We were informed that the sale of the ducks was handled by the Business Office. However, upon enquiring at the Business Office we were informed that, although a sale did occur, no sales invoices were issued and that no records were kept of the sales. Accordingly, we could not identify the proceeds of the sale through RDI cash receipts.
7. Of the total receipts from farm produce sales accounted for, only \$944 related to vegetable sales. A review of the farm input costs (Appendix XV) shows vegetable related production costs under the headings Fertilizer/chemicals/herbicides and Seed of \$9,676 and \$2,452 respectively.

**RURAL DEVELOPMENT INSTITUTE (RDI)  
AUDIT OF THE PERIOD  
MARCH 1, 1983 TO JUNE 30, 1985**

**FARM INPUTS**

1. At the meeting of April 10, 1986 at USAID's Monrovia office it was agreed that we would look further into Farm Inputs than had previously been agreed; the results of our investigations are set out below.

**Summary of Expenditure**

2. We prepared an initial breakdown of farm inputs from supplier invoices and cash disbursement vouchers available at RDI; the results are:-  
\$

<b>Total expenditure for the period</b>	<b>\$145,846</b> *****
<b>Analysed as follows:</b>	
Day-old chicks	8,441
Vaccines	1,354
Fertilisers, chemicals and herbicides	9,677
Animal feed	83,526
Seeds	2,452
Tools and implements	9,908
FIP supplies purchased separately	2,582
Miscellaneous	9,255
	-----
<b>Sub total</b>	<b>127,195</b>
<b>Unidentified payments (see paragraph 6)</b>	<b>18,651</b> -----
	<b>\$145,846</b> *****

3. A detailed review of transactions revealed certain items of interest which are set out in paragraphs 4 to 10 below.

**Cash Advances**

4. In the following instances cash advances were given for purchases. These advances were treated as an expense and no invoice or receipts were attached to the payment vouchers to liquidate the advances given.

<u>Payee</u>	<u>Date</u>	<u>Check No.</u>	<u>Amount</u>	<u>Description</u>
B. Bolay	June 1983	365070	175.00	Purchase of herbicide
J. Fannich	August 1983	365220	500.00	Purchase of drugs
D. Meyers	August 1983	365228	155.00	Purchase of seeds
D. Meyers	June 1984	454101	30.00	FIP drugs
D. Meyers	July 1984	454189	300.00	FIP supplies
			<u>\$1,160.00</u>	

Unsupported Payments

5. In the time available we were unable to locate the supporting invoices or other third party documentation for the following payments.

<u>Payee</u>	<u>Date</u>	<u>Check No</u>	<u>Amount</u>
Atmark Co	November 1983	404703	456.00
CPAD Liberia	December 1983	404830	123.90
A. Serhan & Nasser Store	April 1984	453950	115.00
A. Tubman	May 1985	454034	75.00
Atmark Co.	September 1984	490009	160.00
D. Meyers	September 1984	490010	259.50
Hage Farm Supply	June 1984	454112	737.42
Bibi Roberts	July 1984	454193	45.00
Dr. Edwards	September 1984	-	420.00
A Serhan & Nasser Store	March 1985	504151	55.00
Hage Farm Supply	March 1985	504152	605.00
D. Meyers	March 1985	504157	177.75
Atmark Co.	February 1985	69712	800.00
R. Sambolah	February 1985	69713	171.65
R. Sambolah	March 1985	69723	117.90
J. Jacob	May 1985	69747	1,035.00
A. Serhan & Nasser Store	May 1985	69750	2,000.00
Baker Farm	March 1984	62061	440.00
R. Sambolah	May 1984	62066	45.00
Atmark Co.	June 1984	62067	425.00
R. Sambolah	June 1984	62069	30.00
Adams Donsu	July 1984	62072	497.70
Atmark Co.	July 1984	62074	400.00
R. Sambolah	August 1984	62077	57.00
R. Sambolah	August 1984	62079	60.50
Atmark Co.	September 1984	62080	400.00
Atmark Co.	October 1984	62083	400.00
R. Sambolah	November 1984	62084	63.10
W. T. Moore	April 1984	62065	1,177.95
W. T. Moore	September 1984	62078	1,342.75
			<u>\$12,693.12</u>

Unidentified Payments

6. We were unable to determine the nature of the following payments amounting to \$18,651.09 described as unidentified payments in the summary of expenditure in paragraph 2 above.

<u>Payee</u>	<u>Date</u>	<u>Check Number</u>	<u>Amount</u>
A. Berhan & Maseer Store	October 1984	639553	\$ 9,435.80
A. Berhan & Maseer Store	March 1985	904157	9,215.29
			-----
			\$18,651.09
			-----

This supplier was the single largest supplier of animal foodstuffs to RDI. We requested duplicate invoices but were informed that this would not be possible as the supplier is no longer trading.

Analysis of Animal Feed Costs

7. As is apparent from the summary in paragraph 2 above, animal feed costs make up by far the greatest portion of the total farm input costs and accordingly we have prepared a more detailed breakdown of this figure.

Hog feed	\$ 26,978
Layer mash/pellets	7,464
Broiler mash/pellets	33,601
Rabbit feed	2,435
Wheat bran	4,510
Rice bran	4,871
Costs in respect of the transportation of feed	3,667
	-----
	\$83,526
	-----

8. We compared the amounts of imported animal foodstuffs as paid for during the period May 1984 to June 30, 1985 with the amounts shown as received at ASTC in their feed receipts record book and the amounts shown used by FIP projects for the period from May 1984 to June 1985. (No ASTC receipt records were maintained prior to May 1984.) The results of this comparison are as follows:-

<u>Description</u>	<u>Paid for (Bags)</u>	<u>Received at ASTC (Bags)</u>	<u>Received by FIP (Bags)</u>	<u>Balance (Bags)</u>
Hog feed	459	120	6	333
Poultry feed	1,072	624	32	416
Rabbit feed	60	10	-	50

Part of the difference may be due to instances where payments in the period from May 1984 related to feed received prior to May 1984. However, a review of the available documentation supporting the payments suggested that material misstatement arising in this respect is unlikely.

9. A payment was made in May 1984 to African Fertilizer and Chemical Corporation of \$580.00 on Check 454032. The Cash Disbursement Voucher stated that this was for 29 watering cans of \$20.00 each. The invoice attached to the voucher was for the amount of \$424.90 and was for feed and other supplies.

10. A payment of \$860 on check number 69703 was made to Atmark in January 1985. The Cash Disbursement Voucher stated that this was for day-old Chicks (\$800) and Vaccines (\$60). The only supplier documentation attached to the voucher was an invoice for vaccines for \$58.00.

**RURAL DEVELOPMENT INSTITUTE (RDI)  
AUDIT OF THE PERIOD  
MARCH 1, 1983 TO JUNE 30, 1985**

**OTHER EXPENSES AND OTHER PAYMENTS**

We reviewed expenditure incurred by RDI that did not fall within the specific categories selected for detailed testing under the program of work, and comment as follows on items of interest that came to our attention:

**I Refund of Breakage Deposits**

1. On December 4, 1984 the following two checks were issued in the name of the Finance Officer (Mr. S. Bolay).

Check Number 652038 CMB Account	\$4,433.50
Check Number 69701 ACDB Account	\$4,433.50

We were informed that an amount of \$4,433.50 was needed to reimburse the students their Breakage Deposits, and that the reason that two checks were drawn was so that if cash was not available at one bank the Financial Officer would be able to obtain cash from the other bank - a reasonable explanation given the banking difficulties prevailing in Liberia at that time.

2. Based on the student enrolment figures we calculate that the maximum amount due to the students in respect of a refund of their Breakage Deposits for Semesters 1 and 2, 1984, assuming nothing was withheld, was \$4,125.00; the total amount that we could find records of amounts being signed for as received by the students was \$2,850.

3. Both the checks were cashed. The Finance Officer could not account for the cash obtained from cashing the second check, nor for the apparently surplus funds obtained from the encashment of the first check. This leaves a total amount for which we could not obtain explanations as follows:

Check No. 652038 CMB Account	\$
Check No. 69701 ACDB Account	4,433.50
Signed for by students	4,433.50
	(2,850.00)
	-----

Total unexplained	\$6,017.00
	-----

**II Payment to the First Don Corporation**

4. On September 3, 1983 check number 69690 drawn on the ACDB account for \$1,523.59 was issued in the name of the Finance Officer (Mr. S. Bolay). We were informed that the check was to be cashed and the cash to be used to purchase a draft to settle a liability to the First Don Corporation of US\$1,523.59. According to the endorsement on the reverse of the cheque it was cashed. We traced the payment of the check to the bank statement.

5. On September 4, 1984 an amount of \$1,538.68 was paid out of the CMB operating account and was accounted for as being a payment to the First Don Corporation of \$1,523.59 plus bank charges. There was no corresponding credit to the bank statement of the \$1,523.59 in cash that had been obtained from the ACDB account, which might have been expected in the circumstances. There was however a credit on the CMB bank statement for \$1,100.00 on September 5, 1984 and the Finance Officer has informed us that this was part of the \$1,523.59 being rebanked. There was no detail on the bank paying in slip to support this explanation nor could the disbursement or other use of the balance of \$423.59 be supported by any third party documentation.

### III Medical Expenses Re Mr. S. Bolay

6. The following payments were made in respect of medical expenses of Mr. S. Bolay (Finance Officer) during August 1983.

		\$	
Air ticket Monrovia - New York - Monrovia			1,730.00
Medical bill			1,500.00
Expenses incurred during visit:			
	Hotels	670.00	
	Taxi fares	195.00	
	Meals	120.00	
	Other	15.00	
		1,000.00	1,000.00
			\$4,230.00
			-----

We were able to locate supporting documentation in respect of these payments as follows:

Air ticket - Returned check payable to West African Travel Agency.  
 Medical Bill - Copy of US Dollar Draft Advice to customer in the name of David A. Schwartz D. O.  
 Expenses - Hand written expense summary report.

There were no invoices or third party receipts supporting the expenses of \$1,000.00. Our understanding of the standard employment terms is that RDI will normally pay 80 per cent of local medical expenses.

7. No amount has been recovered from Mr. S. Bolay in respect of this expenditure. However, we understand that arrangements may have been made to obtain a refund of some of this amount from PECUSA. We have been unable to see any documentary evidence in support of such arrangements. We did however note that of the amount of \$1,500.00 provided by RDI to David A. Schwartz D.O. relating to the above medical expenses an amount of \$892.71 was returned to PECUSA as unused. We could not trace this amount as having been repaid to RDI.

#### IV Supervisory and Administrative Assistance

8. The following payments were made in March 1985:

Payee		Check Number	
A. F. Tubman	(Acting Director)	69724	↓ 1,010
E. Jlay	(Registrar)	69725	300
T. George	(Administrative Assistant)	69726	400
B. Bolay	(Finance Officer)	69727	700
			-----
			\$2,410
			-----

We were informed that these payments were made to the individuals for supervisory and administrative assistance provided during the Cinstep and Internship programs. We were unable to examine any detailed documentation in support of these payments.

#### V Casual Assistance

9. The following payments were made in March 1985:

Payee	Check Number	\$
Casselia Major	69717	\$200
Joseph Gardiner	69718	\$ 75

These payments were in respect of casual assistance in clearing vegetable plots and planting vegetables. We understand from RDI personnel that there was no RDI labour available at that time.

#### VI Students' Cooperative Fees

10. In May 1985 an amount of \$1,000 was paid to Moses Yama on check number 69746. We were informed that Moses Yama was the Students' Association representative and that the amount represented students' cooperative fees. According to student enrolment records made available to us, the correct amount payable should have been \$2.50 each for 176 students i.e. \$440.00. The difference remains unexplained.

#### VII Payroll Supplement

11. In March 1985 check number 69731B drawn on ACDB Account 0163C was issued to cash in the amount of \$15,000. The corresponding disbursement voucher describes the payment as being for "payroll supplement." The check had been signed by the CUC Comptroller and the RDI Acting Director. We examined the returned check and noted that the check signatories had endorsed the back of the check which was subsequently deposited into the account of a local supplier.

12. We examined the payroll payments at that time and noted that they had been settled by checks other than check number 69731B. We noted a deposit to RDI's operating account at CMB of \$5,000 at the end of March 1985 for which no supporting details were available. We also noted the attached memo which seemed to indicate how the money was disbursed. We approached Mr. B. Bolay (Finance Officer) and Mr. A. Tubman (Acting Director) for an explanation. Mr. Tubman informed us that he had not received the memo and was not aware of any salary advance made to Mr. B. Jlay (the then Registrar). Mr. Bolay informed us that the check was given to Mr. Jlay to obtain cash and to return the cash to the Business Office. Mr. Bolay further informed us that Mr. Jlay was unable to obtain cash and returned the check to him and that he left the signed and endorsed cash check in a file in the Business Office and subsequently departed for a course in the UK. He could not then recall what later happened to the check.

13. We took the matter up with the CUC Comptroller who informed us that he would look into it. Subsequently he informed us that he had asked Mr. Jlay whether he had received a salary advance, and that Mr. Jlay recalled receiving some \$1,000 - \$2,000 at about that time. However there was no documentation of any sort to substantiate any such transaction. At a further meeting we held with CUC/RDI personnel, Mr. Bolay recalled that he had taken the check in question to a supplier and received in return a check for \$5,000 which he deposited into RDI's operating account at CMB. Mr. Bolay stated that he gave the RDI check of \$15,000 to the supplier who deposited it into the supplier's account. Mr. Bolay further stated that apart from the \$5,000 check from the supplier he received no other monies or documentation, no receipt for the check and no promissory note for the balance of \$10,000. He also stated that he informed the Acting Director of the transaction before his departure to the UK on a training course and understood that the Acting Director was to collect the balance of the money from the supplier. The Acting Director could not recall such a conversation and could not recall having been involved in any transactions relating to the check for \$15,000.00 subsequent to having endorsed the back of the check.

14. We conclude that RDI are unable to account for this disbursement of \$15,000 and that we have seen no supporting documentation for a receipt of \$5,000. We have not made any enquiries of the supplier.

**VIII Other Payments**

---

**Payments to PECUSA**

15. The amount paid to PECUSA per the financial statements was \$43,547. This comprises:-

Round sums	\$ 40,000
Overhead Re recruitment of Director	3,547
	-----
	<b>\$43,547</b>
	*****

16. An agreement between RDI and PECUSA provides that PECUSA will provide procurement and other services and states that in respect of the services provided, "RDI agrees to compensate PECUSA at its cost of the service rendered plus any expenses incurred by PECUSA in the performance thereof". The budgeted cost of the services to be provided under the Agreement was \$40,000 which was the amount recorded as being paid by RDI to PECUSA in round sum instalments. A further specific charge of \$3,547 (above) was also paid during the period.

17. We were informed that PECUSA had submitted a statement to RDI listing the various charges; however, a copy could not be located for our examination nor could we find any invoices or receipts to substantiate the charge.

#### Expenses Claimed from PECUSA by Participants while on the Staff Training Program

18. We noted that according to the amounts shown as being paid to the participants of the Staff Training Program these individuals had received expenses of some \$5,000 in excess of those that would be payable using the rates for such expenses previously authorised by USAID. This excess was not recovered from the students concerned. Part of this amount, we understand, was made up of an amount of \$1,900 advanced by PECUSA to the participants of the Staff Training Program to be used for rental deposits. Whilst at Calpoly we understand that this amount was deducted by Calpoly in instalments from the students' entitlement. We could not trace what then happened to this amount. On our behalf RDI have written to PECUSA requesting confirmation of the balance on the account between PECUSA and RDI. No reply has been received at the time of writing.

#### Societa Lavori Porto Della Torre ("SLPDT")

19. On August 9, 1982 check number 58805 for an amount of \$5,618 was paid to SLPDT. This was in partial settlement of an amount owing to SLPDT of \$33,710. We sighted a statement from SLPDT to RDI dated April 18, 1983 showing a total outstanding of \$33,710. However we were unable to locate a complete analysis of the invoices and credit notes making up the balance. We were unable therefore to identify which specific items the liability of \$33,710.00 related to. We understand that SLPDT has indicated that they will commence legal proceedings against RDI to recover the balance due of \$28,092. The amounts of \$33,710.00 and \$28,092 were included in the Statements of Affairs at March 1, 1983 and June 30, 1985 respectively.

RURAL DEVELOPMENT INSTITUTE (RDI)  
 AUDIT OF THE PERIOD  
 MARCH 1, 1983 to JUNE 30, 1985

SUMMARY OF IDENTIFIED FUNDS NOT ACCOUNTED FOR

During the course of the audit a number of instances were encountered where specific expenditures could not be accounted for. These are listed in paragraph 5 below. It must be borne in mind that the audit work was carried out on a predetermined test basis and accordingly it is not possible to confirm that all funds which are not accounted for have been identified. It is also important to make clear that the term "not accounted for" simply means that third party documentation or other verifiable evidence in support of an individual disbursement selected for testing was not made available to us during the conduct of our audit.

2. There is a suggestion in some places in the report that although disbursements are reasonably supported by third party documentation, that RDI has been overcharged; (in particular see Appendix IX paragraphs 5 and 6) or that goods purchased have not been received by RDI (in particular animal feed purchases, see Appendix XV paragraph 8). It is not possible to determine the extent of such overcharges, if indeed any overcharge actually occurred, and accordingly no reference is made to such items in the summary below.

Allocation of Identified Funds not Accounted for

3. It is a basic requirement of all projects that receive funding from USAID that a separate bank account is maintained into which funds received from USAID are deposited, and from which disbursements are made in respect of those items of expenditure that are "allowable" under the terms of the particular funding agreement. RDI did not maintain such an account, and it is accordingly not possible to quantify the value of disbursements made from USAID funds which are not accounted for.

4. At the request of USAID, we compute below the value of such disbursements attributable to USAID funding on the basis of a pro-rata allocation of the total identified funds not accounted for based on the proportion of USAID funding to the total income of RDI during the period.

Total income (Appendix III page 3)	\$2,420,459	*****
Total USAID funding (Appendix III page 4 note 4)	\$1,859,672	*****
Total identified funds not accounted for (paragraph 5 below)	\$278,450	*****
Pro-Rate allocation of identified funds not accounted for to USAID funding		
1,859,672		
<u>2,420,459</u> X 278,450	=	\$213,937
		*****

USAID funding represents 76.83% of total identified funds not accounted for.

**Listing of Identified Funds not Accounted for**  
-----

<b>5.</b>	<b>Appendix No.</b>	<b>Paragraph No.</b>	<b>Description</b>	<b>\$</b>
-----	-----	-----	-----	
	V	4	Payroll	998.91
	VI	2	Vehicle processing fees	500.00
		3	Vehicle processing fees	1,909.08
		4	Vehicle repairs	400.00
		6	Unknown	1,240.95
		7	Tyres	975.50
		8	Duplicate payments	827.15
		9	Duplicate payments	244.58
		10	Overpayment of invoices	125.00
		11	Overpayment of invoices	58.35
		12	Vehicle repairs and parts	1,162.92
		13 & 14	Gasoline	6,000.00
	VII	1	Rent	250.00
		2	Rent	250.00
		3	Books and per diem	1,000.00
		4	Unknown	30.00
		5	Gasoline	20.00
		6	Gasoline	20.00
		8	Gasoline and per diem	70.00
		10	Transport	270.00
	VIII	1	Stationery	2,422.65
	IX	1	Construction materials	6,591.00
		2	Overpayment of invoices	300.00
		3	Cash	960.00
	XI	6	CUC charges	18,953.00
		7	CUC charges	166,758.00
		9	CUC payroll	3,066.57
	XV	2 & 6	Unknown	18,651.00
		4	Farm suppliers	1,160.00
		5	Animal feed	12,693.00
		10	Day-old chicks	802.00
	XVI	1 - 3	Payroll	6,017.00
		4 & 5	Cash	1,523.59
		6	Medical expenses	4,230.00
		8	Payroll	2,410.00
		10	Students Association	560.00
		11 - 14	Unknown	15,000.00
				-----
				<b>\$278,450.75</b>
				-----

UNCLASSIFIED

APPENDIX XVIII.1

ACTION: RIG-2 INFO: DCM

VZCZCTAA643BSC555  
RR RUTADS  
DE RUEHNV #8637 2251056  
ZNR UUUUU ZZH  
R 131055Z AUG 86  
FM AMEMBASSY MONROVIA  
TO AMEMBASSY DAKAR 1199  
BT  
UNCLAS MONROVIA 08637

LOC: 315  
13 AUG 86  
CN: 20572  
CHRG: AID  
DIST: RIG

ADM AID

FOR RIG/A/WA

E.O. 12355: N/A

SUBJECT: NON-FEDERAL AUDIT DRAFT REPORT RURAL DEVELOPMENT  
- INSTITUTE (PROJECT NO.669-0153) UNDER AID  
- COOPERATIVE AGREEMENT (669-0153-A-00-3216-00)  
- WITH CUTTINGTON UNIVERSITY COLLEGE - COOPERS &  
- LYBRAND, MONROVIA

REF: MEMORANDUM DATED 7/24/86 FROM RIG/A/WA TO DIRECTOR

AS REQUESTED IN REF, MISSION COMMENTS ON RECOMMENDATIONS  
ARE AS FOLLOWS:

-  
- RECOMMENDATION NO.1: MISSION AGREES WITH ISSUANCE  
- OF THE TWO BILLS FOR COLLECTION. MISSION HAS ISSUED  
- B/C NO.50-669-54793 FOR DOLS 213,937 AND  
- B/C NO.50-669-54794 FOR DOLS 21 299. COPIES ARE  
- BEING POUCHED.

-  
FYI. THE MISSION HAS LEARNED THAT RDI MAY HAVE LOCATED  
- SOME OF THE MISSING SUPPORTING DOCUMENTATION ON  
- WHICH THE B/C WAS BASED. IF RDI SUBMITS THIS  
- DOCUMENTATION WE WILL CABLE YOU AND REQUEST IN-  
- STRUCTIONS END FYI.

RECOMMENDATIONS NO.2 AND NO.3

- IN 1984 ACTING ON THE FINDINGS OF AN EVALUATION  
- OF THE PROJECT, USAID INSISTED THAT RDI TAKE ACTION  
- TO ESTABLISH AN ADEQUATE ACCOUNTING SYSTEM. A  
- LOCAL MANAGEMENT FIRM WAS CONTRACTED TO DESIGN AN  
- APPROPRIATE SYSTEM AND TRAIN RDI STAFF IN ITS  
- APPLICATION. HOWEVER THE SYSTEM WAS ONLY SUPER-  
- FICIALLY ADHERED TO AND NO IMPROVEMENT IN FINANCIAL  
- MANAGEMENT OCCURRED. HENCE USAID'S REQUEST FOR THE  
- COMPLIANCE AUDIT.

-  
- IN THE CURRENT COOPERATIVE AGREEMENT, USAID REQUIRED  
- ESTABLISHMENT OF A SEPARATE BANK ACCOUNT AND PROVIDED  
- FOR THE EARLY RECRUITMENT OF AN EXPATRIATE FINANCIAL  
- MANAGER FOR THE DURATION OF THE PROJECT. SEVERAL  
- CANDIDATES WERE CONSIDERED BUT NONE WAS WILLING TO  
- ACCEPT THE POSITION IN THE UNCEPTAIN POLITICAL  
- SITUATION IN LIBERIA IN THE FALL OF 1985. THEREFORE,  
- ALL ACCOUNTING FUNCTIONS WERE MERGED WITH CUC SOONER

UNCLASSIFIED

MONROVIA 089537

11

- THAN PLANNED. REPORTING BY CUC AFTER THE MERGER  
- EVEN THOUGH A SEPERATE BANK ACCOUNT WAS ESTABLISHED,  
- HAS SHOWN THAT THE CUC ACCOUNTING STAFF WAS NOT  
- EQUIPED TO HANDLE THE ENTIRE PROCESS AND THEREFORE  
- IT WOULD BE BETTER IF THE ACCOUNTING FUNCTION WAS  
- RE-ESTABLISHED AT RDI.  
- THE MISSION HAS BEEN WORKING WITH CUC IN DEVELOPING  
- A SCOPE OF WORK IN ORDER TO OBTAIN THE SERVICES OF  
- A LOCAL ACCOUNTING FIRM TO DESIGN AND INSTALL AN  
- ADEQUATE ACCOUNTING SYSTEM TRAIN NEWLY RECRUITED  
- STAFF, AND PROVIDE REVIEW AND OVERSIGHT TO MAKE  
- CERTAIN THE SYSTEM FUNCTIONAS DESIGNED. THIS  
- OVERALL PROPOSAL WAS DISCUSSED WITH PHIL RODOKANAKIS  
- AT LENCHI DURING HIS VISITS TO MONROVIA.  
-  
- IN THE INTERIM GERRY NEPTJNE RDI PROJECT MANAGER  
- IS REVIEWING ALL DOCUMENTATION SUBMITTED TO  
- ASCERTAIN IF IT IS ACCEPTABLE. THIS VERIFICATION  
- WAS THE BASIS FOR REQUESTING THE COMPLIANCE AUDIT  
- IN THE FIRST PLACE. HE HAS DETERMINED THAT DUE  
- TO SHORTCOMINGS IN THE RDI SUBMISSIONS THAT NO  
- FURTHER ADVANCES WILL BE MADE UNTIL REQUIRED REPORTS  
- AND DOCUMENTATIONS ARE PROVIDED BY RDI TO USAID.  
-

THE MISSION REQUESTS THAT ITS COMMENTS BE INCLUDED IN  
FULL IN THE FINAL REPORT. WAUCHOPE

BT  
#8637

NNNN

UNCLASSIFIED

MONROVIA 008537

70

Report Distribution

	<u>No. of Copies</u>
Director, USAID/Liberia	5
AA/AFR	1
AA/M	2
AFR/CONT	5
AFR/PD	1
AFR/CCWA	1
AA/XA	2
LEG	1
GC	1
XA/PR	1
M/FM/ASD	2
PPC/CDIF	3
SAA/S&T/Rural Development	1
IG	1
Deputy IG	1
IG/PPO	2
IG/LC	1
IG/EMS/C&R	12
AIG/II	1
RIG/II/Dakar	1
RIG/A/Cairo	1
RIG/A/Manila	1
RIG/A/Nairobi	1
RIG/A/Singapore	1
RIG/A/Tegucigalpa	1
RIG/A/Washington	1
Director PSA Washington (IG)	1