

PD-AAW-805  
111-53250

AUDIT OF  
USAID/JAMAICA'S SPECIAL DEVELOPMENT  
ACTIVITY FUND  
PROJECT 532-0029

Audit Report No. 1-532-88-02  
November 27, 1987

AGENCY FOR INTERNATIONAL DEVELOPMENT

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November 27, 1987

MEMORANDUM

FOR: USAID/Jamaica Director, William R. Joslin  
FROM: RIG/A/T, *Coinage N. Gothard*  
SUBJECT: Audit of USAID/Jamaica's Special Development Activity Fund  
(Project 532-0029)

This report presents the results of audit of USAID/Jamaica's Special Development Activity Fund. Mission comments on the draft report were considered and, where appropriate, incorporated into this report. They are included in full as Appendix 2. Based on Mission actions, all recommendations are closed and no further action is necessary.

Background

The Special Development Activity Fund is a device for permitting designated Mission Directors to finance quickly, and with a minimum of procedural red tape, small constructive activities which will have immediate impact in the cooperating country. The purpose of the fund is to demonstrate U.S. interest in the self-help endeavors of local communities in less developed countries, primarily through providing limited assistance to help complete small, self-help developmental community activities. In AID-assisted countries where there is no Mission Director or AID Representative, the appropriate AID Assistant Administrator may delegate such authority to the Principal Diplomatic Officer. Otherwise, Development Assistance funds are allocated annually to AID Missions for the administration of the Special Development Activity Fund; therefore, Mission Directors have the responsibility for the establishment of policy and procedures for authorizing and implementing projects under the Special Development Activity Fund.

Since at least 1974 USAID/Jamaica has been supporting small local projects through its Special Development Activity Fund. In order to be considered for assistance, an activity had to be an easily identifiable discrete undertaking which was apolitical and non-discriminatory in nature. It was to have had an immediate impact, benefit many people, and focus on primary health needs, primary education requirements, or the development of productive facilities and infrastructure in the communities benefited. Examples included the construction of roads and drains, vocational training, water supply, handicraft development, community centers, primary schools, and health centers. There also had to be a reasonable assurance that complementary inputs would be available

once the project was completed, for example, water supply for an irrigation or a potable water project, nurses for a community clinic, or teachers for an expanded school.

An activity was considered for possible financial assistance if it met the criteria mentioned above and USAID determined that assistance was warranted.

The Special Development Activity Fund program is administered by the USAID's Office of Education and Human Resources with Development Assistance funds from the Selected Development Activity account. In Fiscal Year 1986, USAID/Jamaica obligated \$100,000 under the Special Development Activity Fund to provide financial assistance to 15 small, community self-help projects. There was an allotment of \$140,000 for small development projects in Jamaica in Fiscal Year 1987. AID received \$100,000 for the Special Development Activity Fund and Peace Corps received \$40,000 for its projects.

#### Audit Objectives and Scope

The Office of the Regional Inspector General for Audit/Tegucigalpa made a compliance audit of USAID/Jamaica's Special Development Activity Fund. The objectives of the audit were to determine the establishment of adequate financial and operational controls to ensure that funds were used for intended purposes and to determine compliance with AID and program requirements. We did not examine the internal controls established by the end-users. The audit included a review of projects funded under the program for Fiscal Year 1986 and through August 31, 1987, and the review of compliance and internal controls was limited to those projects. However, in order to determine if any projects had historically received multiple-year funding, we reviewed project files beginning with Fiscal Year 1982 through August 1987. Expenditures during 1986 (\$100,000) and proposed allocations for 1987 were specifically examined.

In order to accomplish the audit objectives, we reviewed project files and interviewed officials of USAID/Jamaica, obtained and examined the bank statements of one recipient of project funds and interviewed the principal officer for that project. Audit field work was conducted from July 21 to August 31, 1987. The audit was made in accordance with generally accepted government auditing standards.

#### Results of Audit

The financial and operational controls established for the Special Development Activity Fund were, in general, adequate to ensure that development assistance funds were providing the intended assistance. However, compliance with certain program requirements was lacking and undue influence in the utilization of the funds was noted in one case.

The Special Development Activity Fund had been successful in meeting its objective: providing critical assistance to small, community-based, self-help projects. The audit found, however, that because of reasons described later in this report, USAID/Jamaica did not always adhere to

the guidelines established in its Standard Operating Procedure No. 509 for authorizing and implementing projects funded in Fiscal Year 1986 under the Special Development Activity Fund. The amounts of certain grants exceeded the \$10,000 per project ceiling and/or were made to ineligible recipients. One recipient in particular was not in complete compliance with the terms and conditions of the program as regards the kinds of activities supported, documentation of expenses and use of interest income. The USAID Controller was cognizant of the latter issue and had requested a refund of the interest earned.

This report recommends adherence to the provisions of USAID/Jamaica's Standard Operating Procedure No. 509 and to the Mission's long-standing practice of not making repeat grants to previous years' recipients. In addition, it makes recommendations to bring one organization's activities into compliance with regulations.

The report also differentiates the roles of the Embassy and the AID Mission. It reiterates the sole and ultimate responsibility of the Mission Director to decide on the disposition of AID funds and to ensure that they are used strictly in accordance with AID regulations.

Special Development Activity Fund Program for 1986 Was Not in Compliance with All Applicable Regulations - Projects financed under the Special Development Activity Fund were governed by policy and procedures established in USAID/Jamaica's Standard Operating Procedure (SOP) No. 509 of April 1, 1986 as well as general AID regulations. USAID/Jamaica did not comply with its standard policy and procedures in the choice of certain recipients, partly because of favoritism for one grantee and also because some recipients were deemed especially worthy. In addition, one recipient organization did not clearly understand program requirements and therefore was not in compliance with a number of them. As a result, the Mission authorized and funded three grants totaling \$39,500 that did not adhere to established guidelines. Furthermore, USAID was in the process of ignoring its own established policy by earmarking an additional \$20,000 for a previous year's grant recipient. Such action could adversely affect the Mission's objective of making grant funds available to a broad spectrum of host country recipients.

Discussion - USAID/Jamaica's Standard Operating Procedure No. 509, program guidelines, and AID regulations provided a number of criteria for Special Development Fund recipients. They were to be small (under \$10,000) development-type projects that would advance the interests of the U. S. Government. Recipient organizations were to have been established for at least two years and "be capable of generating public awareness and support for United States assistance efforts...." The proposed projects were to be visited by a member of the USAID review committee to ensure that they met program requirements, and then the grants were to be approved by the Mission Director. The project manager, a local employee, was responsible for processing payments and obtaining proper documentation. In addition, the Fund guidelines noted that "follow-on requests for assistance will be discouraged," and, as established policy, projects were funded for one year only. The SOP precluded the awarding of multiple-year funding because it required

that, "each activity should be completed within one year from the date of obligation of funds." Finally, AID regulations required that interest earned on cash advances should be returned to the U. S Treasury.

Standard Operating Procedure No. 509 and pertinent guidelines established the rules and regulations for administering the Special Development Activity Fund. However, the audit found that USAID did not always adhere to these guidelines in funding projects in Fiscal Year 1986.

Development Projects - One recipient was the Tuesday Group of the American Embassy (Tuesday Group). This group consisted of concerned U.S. Mission women, including the spouses of the Ambassador and Mission Director, and the Ambassador's executive assistant. Its president was the Ambassador's spouse. It made subgrants to a number of worthwhile causes, using funds raised from private donors in the United States as well as the AID grant. However the causes supported with AID funds did not always fall within the scope of development assistance. For example, funds were used for the purchase of a piano, to support charitable organizations including the purchase of tickets to a fund-raising Tea Party/Fashion Show, for the purchase and installation of new sanitary facilities, and as a donation to a charity drive. Most of the activities' funding was for social welfare purposes rather than for development assistance. In addition, 8 of the 26 donations (31 percent) were for less than \$100, too small to have development impact and well below the \$2,500 to \$7,500 suggested in the SOP. Apparently, the Tuesday Group did not clearly understand the type of activities eligible for funding under the grant. AID's written guidance was geared toward single-purpose grants, rather than groups supporting multiple projects, and it is unclear whether adequate informal guidance was provided to the Tuesday Group.

Funding Limits - Two programs received more than the \$10,000 maximum allowed by the SOP. The Faith Center Community Development organization received a grant of \$15,000 for self-help projects in shoe-making, baking, weaving, doll-making and education. The Mission Director increased the established ceiling because he considered it an extremely worthwhile project. The Tuesday Group received a grant of \$20,000 because it provided subgrants to various projects.

Established Recipients - In two cases the recipient organizations had not been established for two years as required by the SOP. The Tuesday Group was legally established as a non-profit corporation under the laws of Jamaica (although no Jamaicans were associated formally with it), in June 1986. The Special Development Activity Fund grant agreement was signed on July 30, 1986. According to responsible Mission officials, the time requirement was waived and funds were channeled through the Tuesday Group because it was headed by the Ambassador's spouse.

The "Our Lady of the Angels" Church received a grant of \$4,500 for its training activities on July 29, 1986, even though the program was not formally established until May 1985. The Mission responded that the center had actually been in existence, albeit informally, for the requisite two years.

In addition, one of these recipients, the Tuesday Group, was not generating "public awareness...for United States assistance efforts." Subgrants made to four activities (Manchester Golden Age Centre, Accompong Community Center, Archbishop Carter's Fund Raising and Carpenter's Memorial Church), were not at the time recognized or documented as being made with AID or U.S. Government funds. In fact, they gave the appearance of being personal contributions of the Ambassador or his spouse.\* In general, correspondence from the Tuesday Group to end-users did not acknowledge AID or the U. S. Government as the provider of funds.

AID Oversight - USAID/Jamaica was to exercise oversight by visiting proposed recipients to ensure that they met program criteria and by approving expenditures and documentation for advances. After review by the project officer and other USAID staff, 35 requests were "short-listed" for committee reviews and the project officer recommended 22 of the projects for funding. However, the Ambassador expressed strong interest in participating in programming decisions. In fact, we discovered that he had eliminated eight of the recommended projects as inappropriate and replaced them with eight other projects during a period when the Mission Director was absent from post. At the end of the audit, these projects had not been reviewed by any member of the committee. The eight projects chosen by the Ambassador were from the list prevalidated by the selection committee and, as such, were worthy of funding under the Special Development Activity Fund. Additionally, as the principal U. S. officer in the country, the Ambassador's suggestions should be considered. However, in view that these projects are financed with Development Assistance funds allocated and controlled by AID, the ultimate selection and funding of these projects should be the responsibility of the Mission Director.

The Ambassador also requested that \$23,000 of the available \$100,000 funding be used for not-yet-identified projects, and requested that he be given the opportunity to recommend additional projects for consideration by the committee. Because of the Ambassador's request, the USAID committee did not program the entire Special Development Activity Fund allotment for the 22 projects it chose, rather USAID allocated \$77,000 among 14 projects reviewed by the committee and 8 chosen by the Ambassador, leaving \$23,000 unprogrammed at the end of field work (August 31), even though the fiscal year would end only one month later.

The Mission was not able to exercise adequate oversight for expenditures made by the Tuesday Group because it had not prepared budgets for subgrants, had some ineligible expenditures and had inadequate documentation supporting its disbursements. The Group apparently had not clearly understood AID's requirements and the Mission had not required additional documentation. The Tuesday Group provided subgrants to

RIG/A/T's attention was in fact, drawn to this activity by a phone call from a visitor to Jamaica who had been given just this impression.

various projects but the Mission did not know how many of these sub-projects would receive the grant funds nor did the Mission know the final uses of these funds until after they were made.

A review of the 14 remaining projects funded with Special Development Activity Fund revealed a budget or a breakdown for intended uses by the recipients. In contrast, the project file for the Tuesday Group did not contain a budget or a breakdown of intended recipients or uses of grant funds.

Some expenses included in the Group's initial submission, received just prior to the start of the audit, were ineligible. For example, the Tuesday Group claimed its own administrative costs of \$588 as a project expense, of which \$127 was certified as eligible by USAID/Jamaica. According to AID Handbook 19, "self-help funds or other AID funds may not be used to finance any administrative costs or overhead of these activities." The Tuesday Group's documentation to support project expenses included an "expense" of \$2,500 which was actually part of a donation made jointly by the Tuesday Group and the Jamaica Chamber of Commerce. This donation was claimed as an expense because the Tuesday Group had not received reimbursement from the Chamber of Commerce when the expense report was submitted to USAID. The reimbursement amount was deposited in the Tuesday Group's bank account on June 22, 1987. Neither of these expenses was eligible. Ineligible expenses identified by the audit are listed in Exhibit 1.

Other expenses of the Tuesday Group were not properly documented. The SOP required the Project Officer to obtain documentation to clear all advances received and the Standard Provisions for Special Development Assistance required "Paid invoices for goods purchased under the agreed [sic] and a status report will be submitted not later than the end of the fourth month after the Agreement enter [sic] into force." As of August 24, 1987, \$4,955 of Tuesday Group's claimed project expenses could not be verified due to lack of adequate supporting documentation (Exhibit 2).

Finally, the checking account used by the Tuesday Group to provide funds to end-users did not require dual signatures, an essential internal control. The only authorized signature was that of the Ambassador's spouse.

Interest on Advances - Interest earned on cash advances must be returned to the U. S. Treasury according to U. S. Treasury Regulations. The Tuesday Group deposited \$18,168 of the \$20,000 received from the USAID's Special Development Activity Fund into an interest-bearing checking account. As of July 3, 1987 this account had generated a total of \$1,845 in interest income that the Tuesday Group had not reported or returned to USAID/Jamaica. The President of the Tuesday Group believed that the interest earned could be used for project purposes. USAID/Jamaica initiated action on July 9 to recover the interest income generated from the AID funds.

Multiple-Year Grant - USAID considered earmarking \$20,000 from the Fiscal Year 1987 Special Development Activity Fund for the Tuesday Group. In line with guidelines and Mission policy, USAID/Jamaica had not previously

authorized multiple-year grants to prior recipients of the Special Development Activity Fund. An analysis of 75 projects approved from Fiscal Year 1982 through Fiscal Year 1987 revealed no recipient group had been awarded more than one grant. The approval of an additional \$20,000 from the Fiscal Year 1987 Special Development Activity Fund for the Tuesday Group would have been unprecedented and could appear to show favoritism to one organization at the expense of other worthy organizations.

As the result of non-compliance with established guidance on the Special Development Activity Fund, the Mission provided three grants totaling \$39,500 that did not fully meet its established guidelines. It also did not exercise proper oversight for some activities and risked establishing an undesirable precedent. While the amount of money involved in this project might be considered small compared to most AID projects, the problems that have arisen illustrate an issue of principle. Unlike similar AID programs in Africa, where authority to administer AID funds is sometimes delegated to diplomatic officers, Development Assistance funds allocated to AID for Latin America and Caribbean programs are the responsibility of the AID Mission Director. Embassies should explore other alternatives to fund worthwhile activities they wish to support. This division of responsibilities must be clearly understood and adhered to by both Embassy and AID personnel.

Recommendation No. 1

We recommend that USAID/Jamaica:

- a) establish procedures that would require the Mission Director's concurrence on material deviation from the criteria outlined in Standard Operating Procedure No. 509;
- b) follow the provisions established in Standard Operating Procedure No. 509 for reviewing and approving Special Development Activity funded projects in programming the entire authorized \$100,000 to fund projects recommended by the review committee in Fiscal Year 1987; and
- c) adhere to the established practices of not making repeat grants from the Special Development Activity Funds to recipient organizations that obtained a grant in previous years.

USAID/Jamaica responded that, "established practices as prescribed by SOP 509 have been basically adhered to." However, on September 14, 1987 USAID/Jamaica amended Standard Operating Procedure No. 509, dated April 1, 1986, to implement recommendation 1a). Also, the USAID provided documentation showing the allocation of the entire Fiscal Year 1987 Special Development Activity Funds of \$100,000 to 23 projects islandwide, of which none had received funding in prior years. Recommendation Number 1 is therefore closed on the date of this report.

Recommendation No. 2

We recommend that USAID/Jamaica obtain from the Tuesday Group:

- a) a refund of \$3,088 (Exhibit 1) for AID funds which it used to finance expenses that did not meet established criteria;
- b) evidence from four recipients (Exhibit 1) recognizing AID as the donor of \$1,227 of subgrant funds received by them;
- c) documentation to support \$4,955 in expenses for the activities listed in Exhibit 2, and recovery of funds for expenses not properly documented or determined to be non-allowable; and
- d) a refund of \$1,845 for interest income generated from AID funds as of July 3, 1987 and any interest income generated thereafter.

USAID/Jamaica responded to Recommendations 2a) and 2b) that it had advised the Tuesday Group of the substance of the recommendations, and that the Group concurred with them. Subsequently the Mission provided documentation submitted by the Tuesday group: a revised voucher providing additional evidence as to the use of funds, letters acknowledging AID as the source of funds, and documentation for additional qualifying sub-grants. Following detailed review, the voucher was approved as meeting AID regulations, except for \$577 in expenses which were disallowed as being either ineligible or lacking evidence that AID was acknowledged by the recipient as the source of funds.

The Tuesday Group promptly refunded in full the amount disallowed. The Mission also provided evidence that the Tuesday group had refunded \$1,894 in interest income generated from AID funds (Recommendation 2d). Recommendation 2 is therefore closed as of the date of this report.

AUDIT OF USAID/JAMAICA  
SPECIAL DEVELOPMENT ACTIVITY FUND

EXHIBITS AND APPENDICES

Exhibit 1

a. Tuesday Group's Disbursements Not Properly Attributed to AID

<u>Activity</u>	<u>J\$ Amount</u>	<u>US\$ Equivalent</u>
Manchester Golden Age Centre	5,000	916
Accompong Community Center	1,000	183
Archbishop Carter's Fund Raising	500	91
Carpenter's Memorial Church	<u>200</u>	<u>37</u>
Subtotal	<u>J\$6,700</u>	<u>US\$1,227</u>

b. Expenses for Non-Project Purposes

Administrative Expenses -		
Taxes withheld	J\$ 2,514	461
Legal fees - incorporation	650	\$ 119
Rubber Stamp	38	7
Bank Charges	<u>8</u>	<u>1</u>
Subtotal	J\$ 3,210	\$ 588
Reimbursement from Jamaica Chamber of Commerce	<u>13,650</u>	<u>2,500</u>
Total	<u>J\$16,860</u> =====	<u>US\$3,088</u> =====

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Exchange rate: J\$5.46 = US\$1.00

Exhibit 2

Tuesday Group's Unverified Expenses

<u>Activity</u>	<u>J\$ Amount</u>	<u>US\$ Equivalent</u>
1. Lady Musgrave Home		
PJ Properties	8,550	1,565
Fleur-des-lis Linens	<u>1,368</u>	<u>251</u>
Total	9,918	1,816
2. Mandeville School	7,581	1,388
3. Snowden Primary School	7,400	1,355
4. St. James Infirmary	<u>2,160</u>	<u>396</u>
Total to be verified	<u>J\$27,059</u>	<u>US\$4,955</u>

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Exchange Rate: J\$5.46 = US\$1.00



EMBASSY OF THE  
UNITED STATES OF AMERICA  
Kingston, Jamaica

Appendix 1  
Page 1 of 2

November 6, 1987

Mr. Coinage Gothard, Jr.  
RIG/A/T  
Agency for International Development  
APO Miami 34022

Dear Mr. Gothard:

Mr. William Joslin, Director USAID/Jamaica was kind enough to share with me the draft of the Audit of USAID/Jamaica's Special Development Activity Fund.

After reviewing the report I have some suggestions which could shed more light on matters that are presently or may come under review.

First, all parties that have a bearing on a case should be interviewed. In this audit, the Chief of Mission is mentioned frequently and yet I was never interviewed. Only at my request did the auditors visit my office at the end of the audit for a courtesy call, during which concern over my interest in effective programming of the Special Activities Development Fund was never brought up.

Second, I believe that should the text of an audit, its findings or its recommendations involve actions or activities of United States Government officers, those officers should be formally offered the opportunity to respond, especially if they have not been interviewed. In this audit draft I do not agree with several areas in the text but have no problem with the recommendations.

Third, as Chief of Mission, I have the duty and responsibility under the authority of Section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927), as quoted to me by the President in his letter of October 29, 1985, "to exercise full responsibility for the direction, coordination and supervision of all United States Government officers and employees in the country".

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\* Both the Ambassador and the AID Mission Director were absent from Jamaica during the period when audit field work was being conducted. The Ambassador's spouse was interviewed about the activities of the Tuesday Group which she headed.

Mr. Coinage Gothard, Jr.

Appendix  
Page 2 of

The President goes on to say, "I expect you to oversee the operation of all United States Government programs and activities within that responsibility".

The President spells out these responsibilities to me further by saying, "So that you can ensure effective coordination of all United States Government activities within your responsibilities, I ask you to provide strong program direction and leadership of operations Mission-wide. Please instruct all personnel under your charge: it is their duty to keep you fully informed at all times about their activities so you can effectively direct, coordinate, and supervise United States programs and operations under your jurisdiction and recommend policies to Washington".

Since this authority and responsibility extends as the letter states, "to all United States Government departments and agencies", I do not consider my interest in any activity of this Embassy to be outside of my authority or improper, especially when such interest is solicited and appreciated.

In all matters, however, I insist upon strict adherence to the rules, regulations and the laws as passed by Congress. I consistently ask my staff, "Is this action or activity lawful and consistent with the rules and regulations?"

Finally, a word about Mr. Joslin. He is one of my key advisors with whom I meet, along with a few others, on a daily basis. He has earned this advisory post because he is not a "yes" man. His views are often different than mine and others on a wide range of subjects, beyond USAID. He can be counted on to voluntarily speak up, especially when his views differ. His counsel and advice are welcome and sought after because he is highly respected by his fellow officers and especially by me. This, therefore, is not a man who can be "pressured".

I hope these thoughts and information will be useful to you.

Sincerely,



Michael Sotirhos  
Ambassador



United States Agency for International Development  
Mission to Jamaica

Appendix  
Page 1 of 1

6B Oxford Road,  
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Tel: 92-94850

RECEIVED  
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PRELIMINARY STATEMENT OF  
AUDIT FINDINGS

November 09, 1987

TO: RIG/A/T: Coinage Gothard

FROM: DIRECTOR: William R. Joslin *W. Joslin*

SUBJECT: Audit of Selected Projects Funded Under USAID/Jamaica's  
Special Development Activity Fund. (Project 532-0029)

The Special Development Activity Fund is very management intensive even though it involves relatively small amounts of funds. Nonetheless, it is worthwhile because it provides highly visible American assistance to the people of Jamaica. It also demonstrates that we care about people even as we encourage the fiscal (i.e., governmental) austerity necessary to establish a macro economic policy framework conducive to sustained economic growth. The fund also provides a rapid response mechanism to micro-level development needs at the community level.

In practical terms, however, there is always the risk that a disproportionate share of small grants will go to those well practiced in "donor grantsmanship". The antidote is to find ways of encouraging outreach in order to have visibility with the full range of groups and areas.

Another problem is that the very size of a Mission's overall program may limit the time available for careful review of each proposed Special Project. This can lead to accepting overstated budgets, or projects which are well written but perhaps not as meritorious as others. This in turn would limit the number and impact of activities undertaken.

The current Ambassador is very active in visits and speaking engagements throughout the country. He is very people oriented. He thus could be a resource in ensuring that we are going beyond traditional applicants. And he strongly advocates spreading the grants as widely as possible to achieve favorable publicity for the United States. I have welcomed this initiative and his advice. It has been just that; all final decisions have consistently been made by the USAID Mission Director, or Acting Director.

-2-

The Tuesday Group was from USAID's perspective such an outreach effort. At the conceptual level, it had merit. However, the audit demonstrates that it, too, is management intensive when one considers the level of oversight which AID must provide to ensure total compliance with all of AID's financial accountability requirements. Because of the potential for intense criticism if there is any shortcoming, and the level of AID effort necessary to ensure there will not be a shortcoming, this proved to be an administratively unworkable mechanism.

The audit stresses the differing roles of A.I.D., the Ambassador, and others in the U.S. Mission, and reminds us all to be sure we honor that division. It has, like most audits, identified areas of vulnerability and administrative shortcoming. The USAID Mission has implemented steps to remedy those weaknesses which have been identified, and will continue to exercise fully its ultimate responsibility for these AID funds.

The Mission's response to the two open draft audit recommendations is enclosed as Attachment A.

Attachment A

Recommendation No. 2a

- a. a refund of \$3,088 (Exhibit 1) for AID funds which it used to finance expenses that did not meet established criteria, and evidence from four activities (Exhibit 1) recognizing AID as the donor of \$1,227 in subgrant funds received by them;

Response

The expenses listed in Exhibit 1b, totalling US\$3,088, have been disallowed.

Supporting documentation for two of the four activities listed in Exhibit 1a was received from the Tuesday Group. The claims of J\$1,000.00 for the Accompong Community Center and J\$200 for the Carpenter's Memorial Church activities were disallowed.

Letters were received by the Tuesday Group from the Archbishop Center's Fund Raising and the Manchester Golden Age Centre activities acknowledging USAID as the donor. The letters are attached as Exhibits I and II respectively.

Recommendation No 2b

Documentation to support \$4,955 in expenses for the activities listed on Exhibit 2, and recovery of funds for expenses not properly documented or that are determined to be non-allowable;

Response

Actions taken by USAID/Jamaica for the four projects listed on Exhibit 2 of draft audit report are as follows:

1. Lady Musgrave Home - A letter (Exhibit III) dated September 3, 1987 from the Acting Superintendent of the Home to the Tuesday Group acknowledged receipt of the used furniture and three dozen sheets. The amount of J\$9,918.00 was accepted on an allowable cost under the project.
2. St. James Infirmary - A letter (Exhibit IV) dated April 3, 1987 from the Infirmary acknowledged receipt of J\$2,060.00. The Tuesday Group claim of J\$2,160.00 was reduced by J\$100.00 to an accepted expenditure of J\$2,060.00 under the project.
3. Mandeville School - A letter (Exhibit V) dated September 4, 1987 from Ms. Barbara Panton acknowledged receipt of the contribution from the Tuesday Group and USAID. Enclosed as Exhibit VI is a photo copy of the cancelled check to support the Tuesday Group claim. The total claim of J\$7,580.88 was accepted as a project cost.

4. Snowden Primary School - Exhibit V mentioned under paragraph 3 above also was a response to this sub-project. Enclosed as Exhibit VII is a photo copy of the cancelled check to support the Tuesday Group claim. The total claim of J\$7,400 was accepted as a project cost.

The Tuesday Group submitted a revised voucher totalling J\$109,191.00. This claim included six projects that were in process at the time of the audit or that could not be documented when the first submission was presented to USAID/Jamaica. Of the six additional sub-projects, five claims were accepted with one being disallowed in total.

USAID/Jamaica will process the second submission accepting claims totalling J\$106,052.00 (US\$19,423.44). The balance of the initial advance of J\$109,200.00 (US\$20,000.00) was refunded to USAID. The receipt for J\$3,148.00 is enclosed as Exhibit VIII.

Also enclosed is a photo copy of the Mission's response to the Tuesday Group. The letter dated October 21, 1987 provided explanations for the claims disallowed and a summary of all sub-projects activities. See Exhibit IX.

The Mission requests that, based on the action taken, recommendation Nos. 2a and b be closed upon submission of the final audit report.

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