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AUDIT OF
USAID/JAMAICA EMERGENCY
REHABILITATION PROJECT
PART V - COUNCIL OF VOLUNTARY
SOCIAL SERVICES/UNITED WAY OF JAMAICA

Audit Report No. 1-532-89-41-N
July 28, 1989

530015

U. S. MAILING ADDRESS
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AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL
AMERICAN EMBASSY
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July 28, 1989

MEMORANDUM

TO : USAID/Jamaica, Director, William R. Joslin

FROM : RIG/A/T, Coinage N. Gothard, Jr.

SUBJECT: Audit of USAID/Jamaica Emergency Rehabilitation Project: Part V, Council of Voluntary Social Services/United Way of Jamaica, Report No. 1-532-89-41-N

This report presents the results of a concurrent non-Federal financial audit of the Emergency Rehabilitation Project, USAID/Jamaica Project No. 532-0185. The draft audit report was submitted to you for comment and your comments are appended to the Part I Report. Because of its size and because Congress requested a detailed accounting of this project, the draft report was divided into five parts. Part I is a consolidated report; Part II reports on the Restoration of Essential Services component; and report Parts III, IV and V contain the results of the audit of the Support for Non-Governmental Organizations Component -- the National Development Foundation of Jamaica, the Kingston Restoration Company Limited, and the Council of Voluntary Social Services/United Way of Jamaica, respectively. The certified public accounting firm of Touche Ross prepared the reports, which are dated May 25, 1989.

The purpose of this audit was to report on (1) the fairness of the fund accountability statement of the project for the period September 28, 1988 to February 25, 1989, (2) the internal control structure, and (3) compliance by the project's implementing entities with applicable laws, regulations, and agreement terms.

In the opinion of Touche Ross, the fund accountability statement presents fairly the CVSS/United Way of Jamaica's receipts and expenditures for the period September 28, 1988 to February 25, 1989. Touche Ross's evaluation of the internal control structure did not disclose any matters that were considered reportable conditions in accordance with generally accepted auditing standards and the U.S. Comptroller General's auditing standards. In their opinion, there was compliance with agreement terms and applicable laws and regulations tested. Nothing came to their attention to indicate non-compliance with items not tested.

The Touche Ross report does not contain audit recommendations. We attribute this to the concurrent audit approach and your staff's timely work in correcting deficiencies as they were disclosed during the audit.

I appreciate the cooperation and courtesy extended to my staff during the audit.

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AUDIT OF THE EMERGENCY REHABILITATION PROJECT

USAID/JAMAICA PROJECT NO. 532-0185

TABLE OF CONTENTS

5.0 CVSS/UNITED WAY OF JAMAICA (CVSS/UWJ)

		Page
TRANSMITTAL LETTER AND SUMMARY		
	Background	1
	Audit Objectives and Scope	2
	Results of Audit	3
5.1 FUND ACCOUNTABILITY STATEMENT		
5.1.1	Auditor's Opinion	4
5.1.2	Fund Accountability Statement	5
5.1.3	Notes to the Fund Accountability Statement	6
5.2 INTERNAL ACCOUNTING CONTROL		
5.2.1	Auditor's Opinion	7
5.2.2	Evaluation	8
5.3 COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS, AND AGREEMENT TERMS		
5.3.1	Auditor's Opinion	9

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TRANSMITTAL LETTER AND SUMMARY

July 14, 1989

Mr. Coinage N. Gothard, Jr.
Regional Inspector General for Audit
U. S. Agency for International Development
Tegucigalpa
Honduras, C.A.

Dear Mr. Gothard:

This report presents the results of our financial audit of the CVSS/United Way of Jamaica (CVSS/UWJ) Component, of the Emergency Rehabilitation Project, USAID/Jamaica Project No. 532-0185 for the period September 28, 1988 to February 25, 1989.

BACKGROUND

Under the CVSS/UWJ Component, USAID/Jamaica granted US$985,000 which was used to establish sub-grants to private voluntary organizations for the carrying out of relief and rehabilitation activities.

AUDIT OBJECTIVES AND SCOPE

The overall objective of the examination was to perform a financial audit of the fund accountability statement of the CVSS/UWJ Component, for the period September 28, 1988 to February 25, 1989.

Our examination was performed in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Government Auditing Standards" (1988 Revision), and accordingly, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances, to determine that funds were being properly accounted for and were used in accordance with applicable laws, regulations and agreement terms.

The scope of our work consisted of the following:

(a) a review of the fund accountability statement as of February 25, 1989;

(b) study and evaluation of the internal control structure as considered necessary in the circumstances;

.../2

Partners: F. Carroll Thorburn, Philmore H. Ogle, Carl M. Findlay, I. Sydney Fernando, Donald S. Reynolds, Donneth C. Chin, Winston A. Milwood
Lloyd L. Duncan, Carey O. Metz

AUDIT OBJECTIVES AND SCOPE (Cont'd)

(c) a review of the agreement under which funds were granted to determine whether USAID/Jamaica and CVSS/UWJ have complied with the applicable laws, regulations and agreements which may have an effect on the fund accountability statement;

(d) a review of the reconciliations of the special bank account to determine that receipts and disbursements from the funds of the project, are properly accounted for;

(e) performance of inspections and observations as considered necessary.

The following major audit procedures were carried out in order to meet the stated audit objectives.

1. Obligations

   We agreed the total amount of $985,000 to the Grant Agreement and subsequent amendments.

2. Earmarks

   We compared $985,000 in earmarks to the Project Implementation Orders for Technical Services (PIO/Ts).

3. Commitments

   We compared commitments of $985,000 to the commitment documents and to the related PIO/Ts.

4. Disbursements

   We examined documentary evidence in support of disbursements totalling $663,003.

5. Sub-grants

   We reviewed agreements for $964,324 of total sub-grants of $985,000 disbursed by CVSS/UWJ.

6. Bank Account

   We traced grant funds to the special bank account. We also obtained bank confirmation of the bank balance and reviewed bank account reconciliations.

.../3

July 14, 1989

RESULTS OF AUDIT

The results of our work are included in the following three reports:

(a) Report on the fund accountability statement

(b) Report on the internal accounting controls

(c) Report on the compliance with applicable laws, regulations and agreement terms

Fund Accountability Statement

In our opinion, the fund accountability statement presents fairly the financial status of the project as at February 25, 1989.

Internal Accounting Control

Our evaluation was limited to an understanding of the control environment and the flow of transactions through the accounting system in relation to the project activities. As a result, we do not express an opinion on the internal control structure of CVSS/UWJ taken as a whole.

However, our evaluation disclosed certain matters which came to our attention. Details of these matters are outlined in Section 5.2.2 of this report.

Compliance with Applicable Laws, Regulations and Agreement Terms

Our review of the applicable agreements and regulations that could have an effect on the fund accountability statement of the project disclosed that CVSS/UWJ complied with the tested terms of such agreements.

Nothing came to our attention that caused us to believe that items not tested were not in compliance with applicable laws, regulations and agreement terms.

Touche, Ross, Thibaudeau & Co.

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EMERGENCY REHABILITATION PROJECT
USAID/JAMAICA PROJECT NO. 532-0185

5.0 CVSS/UNITED WAY OF JAMAICA (CVSS/UWJ)

5.1.1 AUDITOR'S OPINION - FUND ACCOUNTABILITY STATEMENT

We have examined the fund accountability statement of the CVSS/UWJ component of the Project, for the period September 28, 1988 to February 25, 1989. Our examination was performed in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Government Auditing Standards" (1988 Revision), and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying fund accountability statement presents fairly the financial status of the project as of February 25, 1989, in conformity with the basis of preparation as explained in Note 2.

This report is intended solely for the use of the United States Agency for International Development. This restriction is not intended to limit distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

Touche, Ross, Thorburn & Co.

Kingston, Jamaica,
May 25, 1989

Partners: E. Carroll Thorburn, Philmore H. Ogle, Carl M. Findlay, T. Sydney Fernando, Donald S. Reynolds, Donneth C. Chin, Winston A. Milwood, Lloyd L. Duncan, Carey O. Metz

Touche Ross International

EMERGENCY REHABILITATION PROJECT
USAID/JAMAICA PROJECT NO. 532-0185

5.0 CVSS/UNITED WAY OF JAMAICA (CVSS/UWJ)

5.1.2 FUND ACCOUNTABILITY STATEMENT

FEBRUARY 25, 1989
(All amounts in US$)

ELEMENT	(1) OBLIGATIONS $	(2) EARMARKS $	(3) COMMITMENTS $	(4) DISBURSEMENTS $	(5) ACCRUED EXPENDITURE $
CVSS/ United Way of Jamaica	985,000	985,000	985,000	663,003	200,600

Explanation of Column Headings

(1) Obligation: is the amount made available by USAID/Jamaica to pay for goods and services for projects and is established by a signed project agreement or amendments to the agreement.

(2) Earmark: represents an implementation action of a project which involves funding. Earmarks are generally approved bilaterally by signatures on project implementation orders or project implementation letters, including prevalidation of fund availability by USAID/Jamaica.

(3) Commitment: is the recognition of the execution of a contractual document such as a Purchase Order or Contract for Services.

(4) Disbursement: is the amount disbursed for goods and services.

(5) Accrued Expenditure: represents cost incurred during a given period for goods received and services rendered but not billed, or billed but not paid.

EMERGENCY REHABILITATION PROJECT
USAID/JAMAICA PROJECT NO. 532-0185

5.0 CVSS/UNITED WAY OF JAMAICA (CVSS/UWJ)

5.1.3 NOTES TO THE FUND ACCOUNTABILITY STATEMENT

FEBRUARY 25, 1989

NOTE 1. OBJECTIVE OF PROJECT

USAID/Jamaica provided CVSS/UWJ with a grant which was used to fund sub-grants to private voluntary organisations for the carrying out of relief and rehabilitation activities.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Expenditures of the project are reflected in the fund accountability statement on the accrual basis.

Exchange Rate

The basic records of the project are kept in United States dollars. Disbursements made in Jamaican dollars are translated to United States dollars at the rate of exchange prevailing at transaction date.

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EMERGENCY REHABILITATION PROJECT
USAID/JAMAICA PROJECT NO. 532-0185

5.0 CVSS/UNITED WAY OF JAMAICA (CVSS/UWJ)

5.2.1 AUDITOR'S OPINION - INTERNAL ACCOUNTING CONTROL

In planning and performing the audit of the fund accountability statement of the CVSS/UWJ Component of the Project for the period September 28, 1988 to February 25, 1989, we considered the internal control structure of CVSS/UWJ in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide assurance on the internal control structure. Our evaluation was limited to an understanding of the control environment and the flow of transactions through the accounting system in relation to the project activities.

For the purposes of this report, we considered significant controls in the following areas:

1. Receipt of Grant
2. PVO Agreements
3. Disbursement of Advances and Reimbursement of Expenditures
4. Accounting and Reporting

Our evaluation of the internal control structure did not disclose any reportable condition in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Government Auditing Standards" (1988 Revision). Reportable matters involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure of certain implementing entities that, in our opinion, could adversely affect the ability of those entities to record, process, summarise and report financial data consistent with the assertions in the fund accountability statement.

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Touche, Ross, Thorburn & Co.

Kingston, Jamaica,
May 25, 1989

Partners: E. Carroll Thorburn, Philmore H. Ogle, Carl M. Findlay, T. Sydney Fernando, Donald S. Reynolds, Donneth C. Chin, Winston A. Milwood, Lloyd L. Duncan, Carey O. Metz.

Touche Ross International

EMERGENCY REHABILITATION PROJECT
USAID/JAMAICA PROJECT NO. 532-0185

5.0 CVSS/UNITED WAY OF JAMAICA (CVSS/UWJ)

5.2.2 INTERNAL ACCOUNTING CONTROL EVALUATION

Area	Control Feature	Evaluation
1. Receipt of Grant	- Acknowledgement of receipt of funds.	Satisfactory.
	- Funds lodged to special bank account.	Satisfactory.
2. PVO Agreements	- Applications, made by Private Voluntary Organisations (PVO's) approved by the Emergency Relief Fund (ERF) Committee.	Satisfactory.
	- PVO Agreement signed.	Satisfactory.
3. Disbursement of Advances and Reimbursement of Expenditures	- Requests for advances accompanied by estimates.	Satisfactory.
	- Disbursement of advances approved by Vice-President, Finance.	Satisfactory.
	- Requests for reimbursement supported by properly approved suppliers' invoices.	Satisfactory.
4. Accounting and Reporting	- Preparation of monthly bank reconciliation.	Satisfactory.
	- Federal Cash Advance Status Report supported by listing of disbursements.	Satisfactory.

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EMERGENCY REHABILITATION PROJECT
USAID/JAMAICA PROJECT NO. 532-0185

5.0 CVSS/UNITED WAY OF JAMAICA (CVSS/UWJ)

5.3.1 AUDITOR'S OPINION - COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND AGREEMENT TERMS

We have performed a financial audit of the fund accountability statement of the CVSS/UWJ Component of the Project, for the period September 28, 1988 to February 25, 1989, and have issued our report thereon dated May 25, 1989. Our examination was performed in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Government Auditing Standards" (1988 Revision).

In connection with our examination, we selected and tested transactions and records to determine compliance with agreement terms and applicable laws and regulations as considered necessary in the circumstances.

The results of our review indicated that for the items tested, CVSS/UWJ was in compliance with the applicable laws, regulations and agreement terms. Additionally, nothing came to our attention that caused us to believe that items not tested were not in compliance with applicable laws, regulations and agreement terms.

The report is intended solely for the use of the United States Agency for International Development. This restriction is not intended to limit distribution of this report, which upon acceptance by the Office of the Inspector General, is a matter of public record.

Touche, Ross, Thorburn & Co.

Kingston, Jamaica,
May 25, 1989

Partners: E. Carroll Thorburn, Philmore H. Ogle, Carl M. Findlay, I. Sydney Fernando, Donald S. Reynolds, Donneth C. Chin, Winston A. Milwood, Lloyd L. Duncan, Carey O. Metz

APPENDIX 1

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