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AUDIT OF THE
RURAL PRIMARY EDUCATION
IMPROVEMENT PROJECT WITH THE
NATIONAL PROGRAM OF BILINGUAL
BICULTURAL EDUCATION
IN GUATEMALA

Audit Report No. 1-520-90-08-N
December 28, 1989

U S. MAILING ADDRESS:
RIG/T
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AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL
AMERICAN EMBASSY
TEGUCIGALPA - HONDURAS

TELEPHONES:
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also 32-3120 EXT. 2701-2703

December 28, 1989

MEMORANDUM

TO: USAID/Guatemala Director, Anthony J. Cauterucci
FROM: RIG/A/T, *Coinage N. Gothard*
SUBJECT: Audit Report No. 1-520-90-08-N, "Audit of the Rural Primary Education Improvement Project with the National Program of Bilingual Bicultural Education in Guatemala"

This report presents the results of a non-Federal financial audit of the Rural Primary Education Improvement Project, USAID/Guatemala Project No. 520-0282, managed by the Ministry of Education's National Program of Bilingual Bicultural Education (PRONEBI) for the period October 1, 1985 to December 31, 1988. The accounting firm of Touche Ross & Co. in Guatemala prepared the report, which is dated December 18, 1989.

The purpose of the project was to strengthen and institutionalize an educational system that would be responsive to the expectations and necessities of Mayan Indians located in the Guatemalan highlands. The educational backing was to be accomplished through personnel training, developing and applying bilingual education materials, and providing school furniture and equipment. The expectation was that 260,000 indian children from the Mayan language groups would be educated through the new bilingual education program by the end of the project. A total of \$4,172,297 (Q.11,265,203) of loan and grant funds had been expended through the end of the audit period.

The purpose of the audit was to determine whether: (1) the fund accountability statements of the project fairly present the project's receipts and disbursements for the period, with disclosure of questionable expenditures, if any; (2) PRONEBI's internal control is adequate for project purposes; and (3) it has complied with the terms of the project's agreements and applicable laws and regulations.

In the opinion of Touche Ross, except for questioned costs of \$75,159 (Q.202,928) as well as the failure to record loan and grant disbursements made directly by USAID/Guatemala for \$1,537 (Q.4,150) and \$114,368 (Q.308,794) respectively, the

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fund accountability statements present fairly, in all material respects, the project's receipts and expenditures on a cash basis for the audit period. However, in a related audit finding the auditors noted that reports to A.I.D. were not based on and did not reconcile with the entity's accounting records. Although the differences were either explainable or immaterial, the auditors recommended monthly reconciliations to avoid similar problems in the future. Touche Ross' evaluation of PRONEBI's internal control structure disclosed material weaknesses in its design and operation which, in its opinion, result in more than a relatively low risk that errors or irregularities in material amounts may occur and not be detected within a timely period. Material weaknesses included deficiencies in the accounting and budgetary control systems and in the controls over use of vehicles, inadequate and circumvented inventory controls and inadequate accounting for fixed assets. Touche Ross also noted that \$274,490 (Q.741,118) worth of vehicles and equipment furnished directly to the Ministry of Education was not being accounted for by PRONEBI or subject to any agreement controls. With respect to compliance with the loan and grant agreements and applicable laws and regulations, Touche Ross identified the questionable costs noted above, found that the reported amount of national counterpart contributions was overstated by \$428,434 (Q.1,156,773) and found an excess budget of \$162,870 (Q.439,750) with regard to the project's Bilingual Education masters degree program. Also, it found that biannual audits had not been performed and that not all of the project's furniture and equipment had been put to adequate use. Except for these conditions, Touche Ross was of the opinion that, with respect to items tested, PRONEBI complied in all material respects with agreement terms and applicable laws and regulations; and with respect to items not tested, it had no cause to believe that PRONEBI did not comply in all material respects with these provisions.

The Touche Ross report contains 13 recommendations concerning accountability for project funds, internal controls, and compliance with agreement terms and applicable laws and regulations. We have summarized the most significant recommendations for inclusion in the Office of the Inspector General's audit recommendation follow up system:

Recommendation No. 1

We recommend that USAID/Guatemala negotiate a settlement with the National Program of Bilingual Bicultural Education (PRONEBI) for \$43,508 (Q.117,470) in questioned costs identified by the Touche Ross report dated December 18, 1989.

Recommendation No. 2

We recommend that USAID/Guatemala research the location of missing furniture identified in Annex 1 of the Touche Ross report dated December 18, 1989 as purchased for International Consultants and, in the event the furniture is not located, negotiate a settlement with International Consultants for \$31,651 (Q.85,458) in questioned costs as detailed in the audit report.

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Recommendation No. 3

We recommend that USAID/Guatemala require the Government of Guatemala to provide additional resources to the project totaling \$428,434 (Q.1,156,773) to compensate for the in-kind counterpart contribution shortfall through December 31, 1988, exclude from the project's budget the job positions unrelated to PRONEBI's operations, and provide to PRONEBI the originally planned project positions and operating budget.

Recommendation No. 4

We recommend that USAID/Guatemala reprogram the \$162,870 (Q.439,750) excess project budget identified by the Touche Ross report dated December 18, 1989 relating to unneeded funds programmed for Bilingual Education masters degree scholarships.

Recommendation No. 5

We recommend that USAID/Guatemala verify the existence of 72 vehicles and tools and equipment valued at US\$274,490 (Q.741,118) that were given to the transportation department of the Ministry of Education in July 1988 and direct the Ministry of Education to exercise controls over the use of these vehicles at least as stringent as the controls implemented by PRONEBI, including the additional controls recommended for PRONEBI by the Touche Ross report dated December 18, 1989. USAID/Guatemala should also periodically verify that these vehicles are being properly controlled and used for project purposes only.

Recommendation No. 6

We recommend that USAID/Guatemala require the National Program of Bilingual Bicultural Education (PRONEBI) to improve its accountability and control over project funds by basing its financial reporting to A.I.D. on properly reconciled accounting records, accounting for each receipt and expenditure on an individual transaction basis, instituting an adequate budgetary control system, closely controlling the use of vehicles and related maintenance and operating costs, introducing adequate inventory controls, and strengthening controls over fixed assets. Material weaknesses in these areas are described by the Touche Ross report dated December 18, 1989.

The draft report was discussed with both USAID/Guatemala and PRONEBI representatives on November 21 and 22, 1989. Touche Ross incorporated appropriate modifications to this final report based on additional explanations and supporting documentation that were presented at these meetings.

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

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 **Lara & González, C PA**

Contadores Públicos, Auditores y Consultores

AUDIT OF THE RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
USAID/GUATEMALA PROJECT No. 520-0282

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
USAID/GUATEMALA PROJECT No. 520-0282

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December 18, 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 audit of the Rural Primary Education Improvement Project, USAID/Guatemala Project No. 520-0282, managed by The National Program of Bilingual Bicultural Education (Programa Nacional de Educación Bilingue Bicultural-PRONEBI) from October 1, 1985 to December 31, 1988.

BACKGROUND

On December 27, 1984, the Government of Guatemala (GOG), through the General Secretariat of the National Economic Planning Council (SGCNPE), and the Ministry of Education (ME), signed loan agreement No. 520-V-038 for US\$8,700,000 and grant agreement No. 520-0282 for US\$3,300,000 with the U.S. Agency for International Development in Guatemala (USAID/Guatemala). On September 27, 1986, the loan amount was increased to US\$10,204,000 through Amendment No. 1 to the loan agreement. The USAID/Guatemala funds were committed for the purpose of financing the acquisition of goods and services necessary to carry out the project. In addition to these funds, GOG committed a minimum of Q.24,943,000 in counterpart funds, including costs contributed in kind. The completion dates for the loan and grant agreements are November 15 and November 30, 1990, respectively.

The agreements were signed to fund the Rural Primary Education Improvement Project, which will be managed by the National Program of Bilingual Bicultural Education (PRONEBI), part of the Directorate of Rural and Social Education of the Ministry of Education. The project's major goal is to strengthen and institutionalize an educational system that responds to the expectations and necessities of Mayan Indian indigenous areas, with emphasis on the main indian language groups of Quiché, Mam, Cakchiquel, and Kekchi, located in the Guatemalan highlands. The educational backing will be accomplished through personnel

training, developing and applying bilingual education materials, and providing school furniture and equipment. It is expected that at the conclusion of the project, 260,000 indian children from the Mayan language groups will have been educated through a new bilingual educational program.

AUDIT OBJECTIVES AND SCOPE

The general objective was to perform a financial audit of the Rural Primary Education Improvement Project, USAID/Guatemala Project No. 520-0282, managed by the Ministry of Education (ME) through its National Program of Bilingual Bicultural Education (PRONEBI) for the period from October 1, 1985 to December 31, 1988. Our review was made in accordance with generally accepted auditing standards and the U. S. Comptroller General's "Government Auditing Standards" (1988 Revision). Accordingly, we included such tests of the accounting records and such other audit procedures as we considered necessary under the circumstances. Our examination was made to determine whether:

1. The fund accountability statements of the Rural Primary Education Improvement Project accurately present the project's receipts and disbursements for the period from October 1, 1985 to December 31, 1988, with disclosure of questionable expenditures, if any.
2. PRONEBI's internal control structure is adequate to manage the project's funds as required by USAID/Guatemala. In this regard, our study included the following significant control categories: procurement systems, budgetary controls, warehousing, vehicles, fixed assets, statistical control with respect to the project's activities and results, and distribution of education materials.
3. PRONEBI and the Ministry of Education (ME) have complied with agreement terms, amendments, and implementation letters and applicable laws and regulations which may have a material effect on the fund accountability statements.

The scope of our work consisted of:

1. Reviewing the agreements, action plans, project implementation letters, and other documentation related to the project.
2. Reviewing PRONEBI's fund accountability statements for the period from October 1, 1985 to December 31, 1988.
3. Conducting a study and evaluation of the internal control structure, including controls over procurement systems, budgetary controls, inventory management, control and protection of fixed assets, statistical controls, and distribution of education materials.

4. Determining whether PRONEBI and ME were complying with agreement terms, amendments, project implementation letters, and applicable laws and regulations.

RESULTS OF AUDIT

Fund Accountability Statements

The results of our audit of the fund accountability statements of the Rural Primary Education Improvement Project, managed by PRONEBI, disclosed that, except for questioned costs of Q.202,928 and for failure to record loan and grant disbursements made directly by USAID/Guatemala for Q.4,150 and Q.308,794, respectively, the fund accountability statements present fairly, in all material respects, the income collected and expenses paid arising from cash transactions of the National Program of Bilingual Bicultural Education for the period October 1, 1985 to December 31, 1988.

Internal Control Structure

Our study and evaluation of the internal control structure disclosed certain matters involving its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the fund accountability statements. These conditions were the following:

1. There were deficiencies in the accounting and budgetary control systems.
2. There were deficiencies in the controls over the use of vehicles, spares parts, fuel and lubricants.
3. Inventory controls were not adequate.
4. Controls were circumvented following the theft of project inventory.
5. Accounting control over fixed assets was inadequate.
6. Payment controls were weak.
7. There were payroll related deficiencies.

We believe that the above conditions are material weaknesses. As set forth in the scope of work, our study and evaluation of PRONEBI's internal control structure included the following major

areas, with the following results:

- A. Procurement System. No reportable conditions nor material weaknesses were disclosed in the procurement system.
- B. Budgetary Controls. As described in findings No. 1 of the report on the fund accountability statement and No. 1 of the report on internal control structure, the budgetary control system was deficient. The reimbursements paid directly by USAID/Guatemala were not recorded by PRONEBI, a monthly budget execution statement for loan and grant funds was not prepared, budget versus expenditures information supplied to USAID/Guatemala did not agree with the accounting records, and excess expenditures on certain project items were not detected.
- C. Warehouse Control. Controls in this area were inadequate. Project inventories were stored along with the inventories of other PRONEBI projects and other units of the Ministry of Education and thus the inventories were accessible by a number of warehousemen, none of which had fidelity bonds; the inventories were not insured; warehouse issue forms of school furniture and equipment were not prepared at the point they were delivered and these forms were not dated; there were excess inventories of general purpose stock; some teaching materials were not adequately packed; and no warehouse security service existed. These deficiencies are described in finding No. 3 of the report on the internal control structure.
- D. Vehicles, Spare Parts, Fuel and Lubricants Control. As described in finding No. 2 of the report on internal control structure there were deficiencies in the controls over the use of vehicles, spare parts, and fuel and lubricants.
- E. Controls Over Fixed Assets. The controls over fixed assets were inadequate. As described in finding No. 5 of the report on internal control structure, the accounting control over furniture and equipment was inadequate; PRONEBI's records did not reconcile by Q.731,881 with the reports submitted to A.I.D.; personal responsibility cards for each fixed asset did not identify the source of funds; and fixed assets were not identified with an internal inventory control number.
- F. Statistical Controls. Our evaluation of statistical controls with respect to the project's activities and results disclosed no reportable conditions or material weaknesses.
- G. Education Materials Distribution. Our evaluation of the procedures used by PRONEBI to distribute the education materials to the beneficiaries of the project disclosed no material weaknesses.

Compliance with Agreement Terms and Applicable Laws and Regulations

There are questioned costs for Q.202,928; the reported national counterpart contribution is not reliable; some terms of the loan and grant agreements have not been complied with, and the school furniture was inadequately used.

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, PRONEBI complied in all material respects with agreement terms and applicable laws and regulations; and with respect to items not tested, we found no cause to believe that PRONEBI had not complied in all material respects with these provisions.

MANAGEMENT COMMENTS

This report was discussed with PRONEBI and USAID/Guatemala representatives on November 21 and 22, 1989. PRONEBI prepared written comments included as Annex 1 together with supporting documentation. We took PRONEBI's oral and written explanations into account in modifying this final report.

TOUCHE ROSS & CO.


Lic./Rolando Lara Leiva

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
USAID/GUATEMALA PROJECT No. 520-0282

REPORT ON THE FUND ACCOUNTABILITY STATEMENTS
INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying fund accountability statements of the Rural Primary Education Improvement Project, USAID/Guatemala Project No. 520-0282, managed by the National Program of Bilingual Bicultural Education (PRONEBI) for the period from October 1, 1985 to December 31, 1988. These fund accountability statements are the responsibility of PRONEBI's management. Our responsibility is to express an opinion on these statements on the basis of our audit.

We conducted our audit in accordance with generally accepted auditing standards and the "Government Auditing Standards" (1988 Revision) issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance that the fund accountability statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note D of the fund accountability statements, expenses amounting to Q.202,928 were considered questionable.

As described in finding No. 1, attached, the funds received by PRONEBI were not reconciled with those provided by USAID/Guatemala. Consequently, PRONEBI failed to record loan and grant disbursements made directly by USAID/Guatemala for Q.4,150 and Q.308,794, respectively. In addition, the accounting records did not reconcile with the fund accountability statements. The records show disbursements for Q.1,082,035 less than the fund accountability statements and cash for Q.17,624 in excess to the cash reported in the fund accountability statements. We were unable to apply alternative procedures to satisfy ourselves that all the disbursements were registered in

the fund accountability statements.

As described in Note A, the fund accountability statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting outside generally accepted accounting principles.

In our opinion, except for questioned costs, as indicated in the third paragraph, and for the failure to register some disbursements made directly by USAID/Guatemala, as explained in the fourth paragraph, the fund accountability statements referred to above present fairly, in all material respects, the income collected and expenses paid arising from cash transactions of the National Program of Bilingual Bicultural Education for the period from October 1, 1985 to December 31, 1988, on the accounting basis described in Note A.

Touche Ross & Co.

June 14, 1989

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
 THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
 USAID/GUATEMALA PROJECT No. 520-0282
FUND ACCOUNTABILITY STATEMENT
 (LOAN FUNDS)
From October 1, 1985, to December 31, 1988
 (Quetzales)

<u>Budgetary Categories</u>	<u>Budget According to Project Implementation Letters</u>	<u>Actual</u>	<u>Questionable Costs (Annex 1)</u>	
			<u>Ineligible</u>	<u>Suspended</u>
Income:				
Funds received from				
USAID/Guatemala -	Q.13,098,647	Q. 6,362,392		
Global Rotating Fund	.			
from GOG	_____	<u>3,931,500</u>		
	Q.13,098,647	<u>10,293,892</u>		
	=====			
Expenditures:				
Administration and				
Supervision	Q. 4,749,043	2,198,254	Q.15,041	Q.52,438
Bilingual Education				
Materials and School				
Furniture	5,953,150	3,337,152	14,670	
Training	2,134,585	1,539,309		
Evaluation and Audits	12,600	12,600		12,600
Contingencies and				
Inflation	249,269	_____	_____	_____
	Q.13,098,647	7,087,315	Q.29,711	Q.65,038
	=====		=====	=====
Reimbursements made to				
the Global Rotating				
Fund (GOG)		<u>3,176,265</u>		
Available Project Funds		30,312		
Less: Cash to December				
31, 1988		<u>27,541</u>		
Shortage to be explained				
or reconciled		Q.(2,771)		
		=====		

The enclosed notes are an integral part of this financial report.

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
 THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
 USAID/GUATEMALA PROJECT No. 520-0282
FUND ACCOUNTABILITY STATEMENT
 (GRANT FUNDS)
From October 1, 1985, to December 31, 1988
 (Quetzales)

<u>Budgetary Categories</u>	<u>Budget According to Project Implementation Letters</u>	<u>Actual</u>	<u>Questionable Costs (Annex 1)</u>	
			<u>Ineligible</u>	<u>Suspended</u>
Income:				
Funds received from USAID/Guatemala - Global Rotating Fund from GOG	Q.5,184,002	Q.4,266,796		
	-----	-----		
	Q.5,184,002 =====	<u>4,266,796</u>		
Expenditures:				
Administration and Supervision	Q. 756,347	612,342	Q.1,000	Q. 1,364
Bilingual Education Materials and School Furniture	56,177	24,860		
Training	1,694,409	1,175,868	995	425
Evaluation and Audits	137,200	46,817		18,937
Curriculum Development	111,500	76,031		
Technical Assistance	1,726,500	1,923,541		85,458
Investigation and Evaluation	576,823	313,461		
Contingencies and Inflation	125,046	4,968		
	-----	-----		
	Q.5,184,002 =====	<u>4,177,888</u>	Q.1,995 =====	Q.106,184 =====
Available Project Funds		88,908		
Less: Cash to December 31, 1988		<u>91,017</u>		
Surplus to be explained or reconciled		Q.2,109 =====		

The enclosed notes are an integral part of this financial report.

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
USAID/GUATEMALA PROJECT No. 520-0282

NOTES TO THE FUND ACCOUNTABILITY STATEMENTS
From October 1, 1985 to December 31, 1988

A. Summary of Significant Accounting Policies

The fund accountability statements of the project are prepared on a cash basis in which revenues and related assets are recognized when received, rather than when earned, and expenses are recognized when paid, rather than when incurred.

B. Loan and Grant Agreements

On December 27, 1984, the Government of Guatemala (GOG), through the General Secretariat of the National Economic Planning Council (SGCNPE), and the Ministry of Education (ME), signed loan agreement No. 520-V-038 for US\$8,700,000 and grant agreement No. 520-0282 for US\$3,300,000 with the U.S. Agency for International Development in Guatemala (USAID/Guatemala). On September 27, 1986, the loan amount was increased to US\$10,204,000 through Amendment No. 1 to the loan agreement. The completion dates of the project are scheduled for November 15 and November 30, 1990, for the loan and grant, respectively.

The agreements were signed to fund the Rural Primary Education Improvement Project, which will be implemented by the National Program of Bilingual Bicultural Education (PRONEBI), part of the Directorate of Rural and Social Education (SER) of the ME. The project's major goal is strengthening and institutionalizing an educational system which responds to the expectations and necessities of the Mayan indigenous areas, with emphasis on the main Indian language groups of Quiché, Mam, Cakchiquel, and Kekchi, located in the Guatemalan highlands. The educational backing will be accomplished through personnel training, developing and applying bilingual educational materials, and providing school furniture and equipment. It is expected that at the conclusion of the project 260,000 indian children of the Mayan language groups will have been educated through a new bilingual educational program.

C. Implementing Institution

The National Program of Bilingual Bicultural Education (PRONEBI) is part of the Directorate of Rural and Social Education (SER) of the Ministry of Education, established on December 20, 1984, through Government Agreement No. 1093-84, and its bylaws were approved on July 10, 1985. Its general objectives are to plan, organize, develop, supervise, and evaluate educational resources that will facilitate and provide technical backing for the

education of monolingual indian children, through activities such as:

- a) Developing scientifically and technically, the systematic education of monolingual school children of Mayan origin.
- b) Strengthening the identity of the population of Mayan indian origin with their own cultural values to meet their actual needs and legitimate interests.
- c) Developing, implementing, and evaluating the bilingual bicultural education curriculum.
- d) Strengthening, consolidating, and preserving the purity of the Mayan indian languages in Guatemala.

D. Questioned Costs

PRONEBI assigned goods purchased with project funds and disbursed funds for items and activities that are not permissible according to agreement terms, in the amount of Q.202,928 as itemized in Annex 1.

E. Monetary Unit

PRONEBI's fund accountability statement is stated in Quetzales (Q.), the monetary unit of Guatemala. Foreign currency transactions must be carried out through the banking system, in which three different exchange rates have been established: the official market rate (Q.1:US\$1) to pay the public debt and those private liabilities registered prior to June 6, 1986; the regulated market rate to pay for imports and liquidate exports; and the banking market rate for those transactions not included in the above mentioned markets. As of June 23, 1988, the exchange rate applied in the regulated and banking markets was established at Q.2.70:US\$1.

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
 • THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
 USAID/GUATEMALA PROJECT No. 520-0282

REPORT ON THE FUND ACCOUNTABILITY STATEMENTS
FINDINGS

1. Financial Information was not Reliable

Condition:

- A. PRONEBI's reports of project expenses submitted to A.I.D., which were prepared from PRONEBI's source documentation, were not reconciled and did not agree with the amounts reflected in PRONEBI's accounting records. As of December 31, 1988, the project disbursement amounts show in the expense reports exceeded what was reflected in the accounting records by Q.997,967 and Q.84,068 for the loan and grant respectively:

<u>Year</u>	<u>Disbursements According to</u>		<u>Difference</u>
	<u>Accounting</u> <u>Records</u>	<u>Expense Reports</u> <u>Submitted to</u> <u>A.I.D.</u>	
<u>Loan</u>			
1985	Q. 354,942	Q. 354,942	Q. -
1986	1,217,322	1,234,003	16,681
1987	3,864,747	3,991,768	127,021
1988	<u>1,393,455</u>	<u>2,247,720</u> *	<u>854,265</u>
	Q.6,830,466	Q.7,828,433	Q.997,967
	=====	=====	=====
<u>Grant</u>			
1985	Q. 210,417	Q. 208,436	Q. (1,981)
1986	520,893	645,833	124,940
1987	875,747	880,294	4,547
1988	<u>2,486,763</u>	<u>2,443,325</u>	<u>(43,438)</u>
	Q.4,093,820	Q.4,177,888	Q. 84,068
	=====	=====	=====

* Includes Q.741,118 for vehicles and equipment purchased directly by A.I.D. which were given directly to the Ministry of Education. According to USAID/Guatemala officials, PRONEBI has no responsibility to account for or control these assets. (See finding No. 2 of the report on the internal control structure.)

- B. The funds recorded as received by PRONEBI were not reconciled with the amount of project disbursements per A.I.D.'s records. Therefore, direct disbursements made by USAID/Guatemala of Q.4,150 (US\$1,537) and Q.308,794 (US\$114,368) for the loan and grant respectively have not been registered by PRONEBI.

- C. The cash per accounting records to December 31, 1988 was not reconciled with the cash reported in the fund accountability statements. As of December 31, 1988, the cash balance per accounting records exceeded the cash shown in the fund accountability statement by Q.8,333 and Q.9,291 for the grant and loan respectively.

Criteria:

To ensure adequate accountability over project funds, financial reports and information need to be based on the official accounting records which have been properly reconciled, on a monthly basis, with subsidiary records and with USAID/Guatemala's records.

Cause:

PRONEBI's accountant was not supervised and she was overloaded with work. Also, she had not been specifically instructed to make these reconciliations on a monthly basis.

Effect:

The financial information prepared by PRONEBI was not reliable. Errors or irregularities may have occurred that have not been detected, and funds have not been properly recorded.

Recommendations:

USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to:

- A. Reconcile the differences between its accounting records and the expense reports submitted to A.I.D. and make the appropriate adjustments. In this connection, USAID/Guatemala should inform PRONEBI that it has no responsibility to account for the vehicles and equipment that A.I.D. gave directly to the Ministry of Education.
- B. Record the Q.4,150 of loan funds and the Q.308,794 of grant funds from payments made directly by USAID/Guatemala which were not registered in its accounting records as of December 31, 1988. Also, determine and record any further direct payments for the project made by USAID/Guatemala since December 31, 1988 on a monthly basis.
- C. Base its financial reports and information on its official accounting records which have been properly reconciled, on a monthly basis, with its subsidiary records, the bank statements and with USAID/Guatemala's records.

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
USAID/GUATEMALA PROJECT No. 520-0282

REPORT ON THE INTERNAL CONTROL STRUCTURE
INDEPENDENT AUDITOR'S REPORT

We have audited the fund accountability statement of the Rural Primary Education Improvement Project, USAID/Guatemala Project No. 520-0282, managed by The National Program of Bilingual Bicultural Education (PRONEBI) for the period from October 1, 1985 to December 31, 1988, and have issued our report thereon, dated June 14, 1989.

We conducted our audit in accordance with generally accepted auditing standards and "Government Auditing Standards" (1988 revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statements are free of material misstatement.

In planning and performing our audit of the fund accountability statements of PRONEBI for the period from October 1, 1985 to December 31, 1988, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statements and not to provide assurance on the internal control structure.

The management of PRONEBI is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit fund accountability statements to be prepared in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods

is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: procurement, budgetary control, warehousing, including shipping and receiving procedures, vehicles, school furniture and equipment, statistical controls with respect to project activities and results, and distribution of the educational materials.

For all the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the fund accountability statements.

As described in the findings of this section, there are reportable conditions in the accounting and budgetary control systems, in the controls over the use of vehicles, spare parts, fuel and lubricants, in the controls over inventories, in the procedures for investigating and taking action on inventory shortages, in the controls over fixed assets, in the controls over payments, and over certain aspects of the payroll system.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the fund accountability statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the findings No. 1 to 7 in the pages that

follow are material weaknesses.

This report is intended solely for the use of the management of the National Bilingual Bicultural Education Program (PRONEBI) and the U. S. Agency for International Development. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

Touche Ross & Co.

June 14, 1989

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
USAID/GUATEMALA PROJECT No. 520-0282

REPORT ON THE INTERNAL CONTROL STRUCTURE
FINDINGS

1. There Were Deficiencies in the Accounting and Budgetary Control Systems

Condition:

Accountability over A.I.D. funds was deficient and accounting control was not being consistently exercised with respect to certain types of transactions. Additionally, there was a disparity between accounting and budgetary information. The individual conditions noted follow:

- A. PRONEBI was not accounting for project reimbursements paid by USAID/Guatemala. The checks received were immediately sent to the Guatemalan National Treasury without recording the transactions in the accounting records.
- B. A monthly budget execution statement for loan funds was not prepared, and grant funds were not reconciled with the cash on hand. Additionally, the budget versus expenditures information supplied to USAID/Guatemala in "Attachment 1" of each expense report did not agree with the accounting records.
- C. The accounting system is not appropriate for this size project. It is totally manual and operated by only one person. Accounting transactions are aggregated into monthly figures without adequate reference to the source documents.
- D. The consumption of gasoline and warehouse materials is computed based on annual inventory changes rather than by directly accounting for the individual transactions.
- E. Through December 31, 1988, a shortage was identified in the project's loan funds of Q.2,771 and a surplus was identified in the grant funds of Q.2,109. PRONEBI's employees reimbursed the project for the net shortage in May 1989, without having been able to identify the origin of either the shortage or surplus. However, this reimbursement was incorrect because the project's loan and grant funds are required to be accounted for separately.
- F. An adequate budgetary control system was not utilized during the period, and, as a result, excess expenditure positions on certain project expense items were not detected in a timely manner. A recap of the excess expenditure positions for the various expense items for each year is found below:

<u>Budgetary Category</u>	<u>1988</u>	<u>1987</u>	<u>1986</u>	<u>1985</u>
<u>Grant</u>				
Administration and Supervision	Q. (1,852)	Q. (2,614)	Q. (5,507)	Q. (5,006)
Materials and School Furniture	-	(360)	-	-
Training	(145,355)	(110,925)	(539)	(4,236)
Investigation and Evaluation	(6,419)	(5,273)	(49,004)	(1,594)
Technical Assistance	(1,009) *	(3,760)	(200)	(128)
Evaluation and Auditing	(2,935)	(1,503)	(1,137)	-
Curriculum Development	<u>(43,311)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Q.(200,881) =====	Q.(124,435) =====	Q.(56,387) =====	Q.(10,964) =====

* Adjusted to exclude Q.618,175 paid directly by USAID/Guatemala.

<u>Loan</u>				
Administration and Supervision	Q.(250,197)	Q. -	Q.(450,866)	Q.(2,485)
Materials and School Furniture	-	-	(20,038)	-
Training	<u>-</u>	<u>(13,313)</u>	<u>-</u>	<u>(6,894)</u>
	Q.(250,197) =====	Q.(13,313) =====	Q.(470,904) =====	Q.(9,379) =====

The excess expenditures on budget line items in a given year have been compensated by adjusting the budget of the succeeding year. However, this method of correcting for a lack of budget control will not be possible near the end of the agreements when the funds are totally consumed.

Criteria:

- A. The agreement requires that the accounting system used to control project funds should generate timely and reliable information, in conformity with generally accepted accounting principles. To accomplish this, financial information needs to be based on the official accounting records which account for each transaction and which have been properly reconciled with subsidiary records, the bank balance, and USAID/Guatemala's records.

- B. Budgetary control needs to be exercised to assure that the project's resources are applied to the intended activities.

Cause:

PRONEBI apparently had not paid attention to the agreement's requirements related to the accounting system. Also, the volume of transactions generated by the project was more than a single person could handle under a manual system. The lack of budgetary control systems stems from the failure to execute the project as originally envisioned in the budget and the failure to use the accounting records as the basis for project financial information.

Effect:

The above situations allow for the possibility of errors and irregularities which cannot be detected promptly and the origination of expenses in excess of the approved budgets. Also, project activities are not being executed as originally planned in the budgets.

Recommendation:

USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to:

- A. Record reimbursements paid by USAID/Guatemala in the accounting records before sending the checks to the National Treasury and thereafter to keep track of the source and amount of funds received from the National Treasury for the project.
- B. Process the accounting transactions for the project by the use of the administration department's personal computer. Each individual transaction should be accounted for separately with specific reference to the supporting source documentation. Adequate accounting software should be purchased in order to make this possible.
- C. Account for the consumption of fuels and materials by individual transaction based on individual warehouse exit receipts and gasoline vouchers.
- D. Install the use of adequate subsidiary ledgers to be reconciled monthly with the general ledger.
- E. Prepare statements of budget execution based on the information in the official accounting records after such records have been reconciled with subsidiary records, the cash balance and USAID/Guatemala records for each agreement. The monthly budget execution statement should be checked and approved by the responsible officials.

- F. Institute an adequate budgetary control system for the project. Accounting control should be established over each budget line item with preauthorization of individual expenditures such that no expenditures are allowed that would exceed the individual line item budgets. If there is a valid need to exceed the individual line item budgets PRONEBI should request USAID/Guatemala's authorization to transfer funds budgeted from one expense item to another.
- G. Reverse the entry made in May, 1989 to reimburse the project for the net difference between the unidentified shortage in loan funds and surplus in grant funds as of December 31, 1988; and prepare a new set of transactions reimbursing the project's loan funds for the unidentified shortage and withdrawing from project funds the amount of the unidentified surplus in grant funds.

2. There were Deficiencies in the Controls over the Use of Vehicles, Spare Parts, Fuel and Lubricants

Condition:

- A. Fuel consumption presented the following deficiencies:
- a) In 1985, the "vouchers" utilized for fuel consumption were authorized with a rubber stamp signature of PRONEBI's director, and no notation was made of the employee who received the voucher. (This condition was corrected in 1986, and accordingly no recommendation is included).
 - b) PRONEBI's director assigned himself a project vehicle which he used all the time, including weekends and holidays, in the absence of evidence that the vehicle was used for project purposes only.
 - c) Neither the director nor the transportation chief of PRONEBI prepared travel reports for their trips. Additionally, on November 15, 1987, PRONEBI discontinued its "Bi-weekly vehicle fuel consumption report."
 - d) During the years 1986 to 1988 the Ministry of Education's Director of Rural and Social Education used Q.2,150 worth of the project's fuel and tires worth Q.2,900 purchased with project funds and no evidence was on hand to show that the fuel was actually used for project purposes.
 - e) The fuel consumed by consultants to the project was paid against invoices. However, there was no indication on the invoices of the purpose of their trips or the number of kilometers traveled.
- B. In May 1986, a new jeep belonging to the project costing US\$12,801 was given to the Ministry of Education and in July

1988, 9 jeeps, 63 motorcycles, and new tools and equipment valued at Q.741,118 (US\$274,490) were given to the transportation department of the Ministry of Education. PRONEBI has no control over any of these assets and did not record the 1988 transaction in its accounting records. We did not verify the existence of these assets or determine what controls, if any, were being applied to them by the Ministry of Education.

- C. There is no control maintained over the cost of maintenance and repair for project jeeps. The controls over motorcycles consisted of the transportation chief transmitting his authorization for the maintenance and repair of the motorcycles by telephone to each departmental coordinator.
- D. The insurance coverage for damages to the vehicles was at times insufficient because it was not adjusted when the market exchange rate changed. For instance until April 1, 1988 the vehicles were insured at their book value, the value having been set using the official exchange rate of Q.1.00:US\$1.00. However, the market exchange rate for the Quetzal from the beginning of the project until April 1988 was Q.2.50:US\$1.00. In April 1988, the insurance coverage was adjusted based on the then current market exchange rate. However, since that time the value of the Quetzal versus the dollar has fallen further.
- E. Two overhauls were performed on the 1986 model jeep Cherokee vehicle without first establishing whether employee abuse caused the need for said overhauls. The cost of the first was borne by the dealer under the vehicle's warranty and the second was paid with loan funds in the amount of Q.4,143.

Criteria:

All expenditures against the loan and grant agreements should be fully accounted for and adequate controls need to be applied to assure that all vehicles, spare parts, fuel and lubricants are used for project purposes only. Also, employees should be required to reimburse project costs in cases where damage or loss of vehicles is due to employee negligence or misconduct.

Cause:

PRONEBI failed to implement strong controls over the use of vehicles or over vehicle maintenance and operating costs. Also, PRONEBI lacked independence with respect to the Rural and Social Education Directorate of the Ministry of Education.

Effect:

The inadequate controls in this area leave open the possibility of misuse of vehicles, spare parts, fuels and lubricants and maintenance funds without detection.

Recommendations:

USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to introduce policies and procedures to more closely control the use of vehicles and related maintenance and operating costs including the following:

- A. Establish a policy that vehicles purchased with project funds are to be used for project purposes only and that vehicle logs are to be used for all such vehicles showing the driver, date, and destination on each vehicle trip, the official purpose of each trip, the kilometers traveled and the dates and amounts of fuel purchases. These vehicle logs should be periodically reviewed by PRONEBI's director to determine that the vehicles have been used for project purposes only and that the fuel consumption is reasonable considering the kilometers traveled.
- B. Unless PRONEBI's director and transportation chief strictly observe the controls recommended in 2A above, these officials should be required to discontinue their use of project vehicles. Instead, they should use their personal vehicles and be paid a flat rate of no more than US\$0.135 per kilometer traveled based upon travel claims submitted which identify each vehicle trip, the official purpose of each trip, and the kilometers traveled. Also to the extent that PRONEBI's director cannot furnish evidence to prove that his use of project vehicles after working hours and on weekends was for official project purposes, he should be required to reimburse the project for a pro rata share of the cost of maintenance and operation of the vehicle.
- C. Establish and implement a policy that any loss of project vehicles or damage to them that is the result of employee abuse or negligence will be reimburseable by the employee. Also, establish and implement a policy and procedure to investigate the facts surrounding any losses of vehicles or abnormal maintenance required where there is a suspicion of contributory employee negligence or abuse. The abnormal overhaul requirements for the project jeep mentioned in this finding should be the first matter investigated under this new policy and the results of the investigation and report of actions taken should be reported to USAID/Guatemala.
- D. Create subsidiary accounting records which identify, for each vehicle, the quantity and cost of maintenance and repairs which are performed during the project period. These subsidiary records should be supported with source documentation and the written authorizations for such repair and maintenance expenses.
- E. Maintain insurance coverage on project vehicles based upon their full market value.

- F. USAID/Guatemala should verify the continued existence of the 73 vehicles and the tools and equipment that were provided to the Ministry of Education in July 1988 and direct the Ministry of Education to exercise controls over the use of these vehicles at least as stringent as the controls implemented by PRONEBI including those controls that this audit has recommended for PRONEBI. USAID/Guatemala should also periodically verify that the vehicles are being properly controlled and used for project purposes only.
- G. PRONEBI should recover the vehicle provided to the Ministry of Education in May 1986 and the cost of fuel and tires provided to the Ministry of Education's Rural and Social Education Director. The Q.2,150 worth of fuel and Q.2,900 worth of tires were provided to the Rural and Social Education Director during the years 1986 to 1988 without evidence that they were used for project purposes and, therefore, these costs are considered to be questionable.

3. Inventory Controls were not Adequate

Condition:

We noted the following internal control weaknesses which place the project's inventories at risk:

- A. Project inventories are stored in a warehouse along with the inventories of other projects and organizations and thus these inventories were accessible by a number of warehousemen, none of which had fidelity bonds.
- B. The inventories were not insured. The insurance company that PRONEBI does business with would not insure the project inventory because other projects' inventories were stored in the same warehouse.
- C. Warehouse issue forms for the distribution of school furniture and equipment were not prepared at the point of issuing such items and were not dated.
- D. Excess inventories of general purpose stocks valued at Q.41,435 have been purchased which would be useful to any project or institution. By their nature these stocks are more susceptible to pilferage.
- E. Some counterpart funded educational materials were not adequately packed leading to their premature deterioration.
- F. No security service exists and there were insufficient fire extinguishers for the warehouse.

Criteria:

An internal control system over warehouse inventories requires that goods be adequately safeguarded and preserved so that they

will be available in good condition when needed. Also, prudent management practice would be to insure the inventories against likely losses from fire, theft, etc.

Cause:

PRONEBI's warehousing arrangements did not permit it to exercise adequate control over its inventories; and it did not supervise its warehousing operations. Also, its purchasing policy and procedure permitted the accumulation of excess stocks and stocks which were not properly packed.

Effect:

The project's inventory could be used by other institutions and there would be no way to determine liability in case of shortages. There exist physical movements of stocks without adequate and timely controls. Also, in the case of a major loss, PRONEBI does not have the financial resources to be able to replace its inventory.

Recommendation:

USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to:

- A. Obtain physically secure warehouse space for its use which fulfills its minimum requirements of security and location. It would be desirable that the warehouse space be within the existing warehouse. However, whatever arrangement is decided upon should include control over entry and exit to the warehouse space in order to be able to pinpoint responsibility in case of a loss. Also, warehousemen should be fidelity bonded.
- B. Obtain insurance for the project's inventory.
- C. Establish an adequate internal control system over project inventories to include monthly reconciliations of the warehouse's kardex files against the accounting department's control account, periodic physical inventories, and supervision to assure that the system of internal controls is operating as intended.
- D. Establish procurement policies to ensure that stock purchases are adequately packaged and to avoid purchasing stocks in quantities that are excess to the project's needs.
- E. Issue "warehouse exit" forms at the point where the furniture and equipment are physically leaving the warehouse.

4. Controls were Circumvented Following the Theft of Project Inventory

Condition:

In June, 1987, the person in charge of the warehouse took various articles valued at Q.10,345. This inventory was not insured and the employee was not fidelity bonded. The Director of Rural and Social Education within the Ministry of Education who is responsible for the warehouse where the project's inventory is kept, accepted the warehouseman's resignation but did not notify the authorities. Nor was PRONEBI notified although the inventory was PRONEBI's and the warehouseman was PRONEBI's employee. PRONEBI later became aware of the situation and requested the intervention of the Office of the General Accountant of Guatemala and a legal proceeding was instituted and is underway.

As of December 31, 1988, this shortage was charged against the project.

Criteria:

Significant inventory shortages or losses should be thoroughly investigated and legal action should be initiated in the case of criminal conduct and, as appropriate, to recover the value of the missing items or money.

Cause:

The Ministry of Education's Rural and Social Education Director improperly took it upon himself to drop the matter once he received the warehouseman's resignation. His actions were inappropriate because both the stolen inventory and the employee involved were PRONEBI's responsibilities.

Effect:

The improper intervention of the Ministry of Education's Director of Rural and Social Education might have allowed the theft to go unreported. Hence the crime might not have been prosecuted and there would be no possibility of recovering any of the loss. Fortunately, PRONEBI instituted appropriate action on its own with the help of the Office of the General Accountant of Guatemala.

Recommendation:

- A. USAID/Guatemala should discuss the Ministry of Education's Director of Rural and Social Education involvement in the project as mentioned in this and finding No. 2 of this section with the Minister of Education and insist that the Director of Rural and Social Education refrain from taking actions which impinge on PRONEBI's authority to manage the project in accordance with the agreement.

- B. PRONEBI should establish a policy to investigate all significant shortages noted in its inventories and institute legal action in all cases of criminality to punish the personnel responsible and recover the value of the missing items.
- C. USAID/Guatemala should require PRONEBI to refund to the project the Q.10,345 charged to the project representing the amount of the June, 1987 theft of project inventory.

5. Accounting Control over Fixed Assets was Inadequate

Condition:

- A. Accounting control over office furniture and equipment was inadequate as evidenced by differences between the asset counts per the project's inventory records and the actual number of assets in the central and regional offices and beneficiary schools. In our visit to a sample of 41 schools, we found that in 19 schools there were discrepancies between the physical stocks and the project's inventory records. In the majority of these cases the numbers of assets on hand was greater than what was reflected in the inventory records.
- B. PRONEBI's accounting records for fixed assets do not reconcile by Q.731,881 with the reports submitted to USAID/Guatemala. PRONEBI did not record Q.741,118 representing vehicles and tools which A.I.D. provided directly to the Ministry of Education (see finding No. 2 of this section) and it did not investigate a further unreconciled difference of Q.9,237.
- C. The personal responsibility cards prepared for each fixed asset did not identify whether the item was purchased with project funds.
- D. Furniture and office equipment at regional offices and schools were not identified with an internal inventory control number, and the assets purchased with project funds were not identified as having been provided by the United States Government.

Criteria:

Controls need to be in place to maintain accountability for all furniture and office equipment purchased with project funds so as to assure that these items are used for project purposes only. The controls should include periodic physical inventories, the results of which are reconciled with the amounts recorded in the general ledger. To provide systematic accountability over project funds all fixed assets should be identified with a control number which identifies the specific asset and the source of financing. Also, items purchased with A.I.D. funds are required to carry the emblem indicating that they were provided by the Government of

the United States.

Cause:

There was a lack of basic internal controls being exercised over fixed assets to assure they were properly accounted for.

Effect:

Asset losses can occur without the inventory section being aware of it.

Recommendation:

USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to institute further internal controls over its fixed assets purchased with project funds to include:

- A. Conducting periodic physical inventories of furniture and office equipment in the central and departmental offices and in beneficiary schools, the results of which are reconciled with PRONEBI's central inventory records for such fixed assets and with the General Ledger.
- B. Identifying on the personal responsibility cards for each asset whether the asset was purchased with project funds.
- C. Establishing policies and procedures that require that the movement of each fixed asset be accompanied by documentation to report the movement to PRONEBI's inventory section.
- D. Reconciling, on a monthly basis, monthly budget execution information with the accounting records and General Ledger.
- E. Identifying each fixed asset with a control number which identifies the specific asset and source of financing and affixing the A.I.D. emblem to all fixed assets purchased with project funds.

6. Payment Controls were Weak

Condition:

- A. Only one signature is required for the payment of checks.
- B. Not all invoices paid are stamped with a seal that shows the check number with which they were paid, the date of payment and the stamp of authorization of the Comptroller General's delegate. Consequently, the supporting documentation for the reimbursement requests presented to USAID/Guatemala did not have a reference to the check with which they were paid.
- C. In the reimbursement requests sent to USAID/Guatemala, copies of the warehouse entry slips are not always attached to the

supporting documents for the materials bought.

Criteria:

An internal control system requires that the documentation supporting checks be reviewed, approved, and authorized by responsible officials, and that joint signatures be used when issuing checks. Evidence of the review, approval and authorization should be written on the documentation with cross reference to the paying check number.

Cause:

PRONEBI's director is the only person authorized to sign checks for the project. With regard to the inadequate cross referencing of supporting documentation, checks and reimbursement requests, the accounting department has been lax in its procedures.

Effect:

Errors, irregularities, or an incorrect use of funds can occur and not be detected.

Recommendation:

USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to:

- A. Establish the policy for joint signatures for all checks in order to control project funds.
- B. Stamp all supporting documentation with a notation "Paid with check No. and date" prior to obtaining the authorizing signatures for checks. Also, this documentation should be stamped by the Comptroller General's delegate as being authorized for payment before the payment is made.
- C. Use signed checks as a source document in preparing the reimbursement requests to be presented to USAID/Guatemala. Also, the documentation supporting payments should include cross references to the check with which they were paid.
- D. Attach a copy of the "Warehouse and Inventory Entry" slip to support entries into the warehouse and do not authorize payments of material suppliers invoices which do not have this documentation attached.

7. There were Payroll Related Deficiencies

Condition:

- A. PRONEBI's accounting procedures with regard to liquidating advances for group per diem payments were not adequate. Checks were issued to supervisors who were responsible for payment of the per diem earned by teachers attending courses

and seminars. The checks were issued for the estimated amounts of per diem payable. However, when actual per diem payments were less than the check amounts, the excesses were not always liquidated. At December 31, 1988, there were unliquidated amounts of Q.1,492 that had been outstanding for periods from several months to nearly 3 years.

- B. For the salaries paid with grant funds, PRONEBI did not withhold from its employees' salaries social security, income tax and quotas of "Banco de los Trabajadores" or make its employer's contributions for social security.
- C. There are no individual personnel files for those persons working on the project.

Criteria:

- A. Accounting control over checks issued for group per diem should be established through the use of a subledger which should indicate when the per diem was scheduled to start and end and when the check should have been liquidated. The accounting department should review outstanding checks for group per diem monthly and assure that they are liquidated timely, generally two weeks after completion of the related course or seminar.
- B. Guatemala's social security law requires tax withholding on employees' salaries as well as contributions by the employer. Additionally, the income tax law and the law for the Banco de los Trabajadores specifies that employers should withhold specific amounts from each employee's salary.
- C. Adequate controls over payroll require that pay rates, leave accruals, withholding deductions, etc. be based on employee specific information which is approved by the organization and documented in an employee personnel file.

Cause:

- A. PRONEBI's accounting department had not established a system and procedure to assure the timely liquidation of checks issued for payment of group per diem.
- B. PRONEBI did not withhold the employee's share of social security or the income tax and Banco de los Trabajadores contributions from employees' salaries because it misinterpreted the laws' requirements that the employer withhold these taxes. Also, PRONEBI had no budget to pay the employer's share of social security taxes. However, it had not requested that the Government of Guatemala provide it such budget.
- C. Personnel files were not maintained because PRONEBI does not have a personnel department. Payrolls are established based on information that is not organized into personnel files.

Effect:

- A. Irregularities could occur in the use of funds for per diem expenses without them being identified.
- B. The labor and fiscal laws of Guatemala were not complied with. PRONEBI is liable for the payment of its employer tax contributions which it did not make and is at risk of having to pay the quotas not deducted from the workers plus fines and interest.
- C. There is no documentation to prove that the salaries and benefits earned by employees are appropriate and accurate.

Recommendation:

USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to:

- A. Use an accounting subledger to control checks issued for group per diem which should indicate when the per diem was scheduled to start and end and when the check should be liquidated. Accounting personnel should review outstanding group per diem checks monthly and assure that checks are liquidated timely, generally two weeks after completion of the course or seminar.
- B. Use individual personnel files which should contain as a minimum the employee's job application, work contract, salary record, pay rate, leave records, authorized leave accrual, and withholding information.
- C. Make the employer's contribution and withhold the proper amounts from employees to comply with Guatemala's labor and fiscal laws. Also, request through the Ministry of Education that its employer contributions for social security be authorized as part of its approved budget.

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
USAID/GUATEMALA PROJECT No. 520-0282

REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND APPLICABLE LAWS
AND REGULATIONS
INDEPENDENT AUDITOR'S REPORT

We have audited the fund accountability statements of the Rural Primary Education Improvement Project, USAID/Guatemala Project No. 520-0282, managed by the National Program of Bilingual Bicultural Education (PRONEBI) for the period October 1, 1985 to December 31, 1988, and have issued our report thereon dated June 14, 1989.

We conducted our audit in accordance with generally accepted auditing standards and "Government Auditing Standards" (1988 Revision) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statements are free of material misstatement.

Compliance with agreement terms and laws and regulations applicable to the National Bilingual Bicultural Education Program (PRONEBI) is the responsibility of PRONEBI's management. As part of obtaining reasonable assurance about whether the fund accountability statements are free of material misstatement, we performed tests of PRONEBI's compliance with agreement terms and applicable laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in the agreement, statutes, or regulations, that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the fund accountability statements. The results of our tests of compliance disclosed the following material instances of noncompliance, the effects of which have not been corrected in National Bilingual Bicultural Education Program's fund accountability statements.

As described in finding No. 1 of this section, the reported amount of counterpart funds is not reliable, being overstated by at least Q.1,156,773 through December 31, 1988. Also, as described in Annex 1 to the report there were questionable costs of Q.202,928.

We considered these material instances of noncompliance in forming our opinion on whether the National Bilingual Bicultural Education Program's fund accountability statements are presented fairly, in all material respects, and this report does not affect our report dated June 14, 1989 on those statements.

We also noted certain nonmaterial instances of noncompliance which we have included as findings No. 2 and 3 of this section.

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, PRONEBI complied, in all material respects, with the provisions referred to in the third paragraph of this report, and with respect to items not tested, nothing came to our attention that caused us to believe that PRONEBI had not complied, in all material respects, with those provisions.

This report is intended for the information of the management of the National Bilingual Bicultural Education Program (PRONEBI) and the U. S. Agency for International Development. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

Touche Ross & Co.

June 14, 1989

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
USAID/GUATEMALA PROJECT No. 520-0282

REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND APPLICABLE LAWS
AND REGULATIONS
FINDINGS

1. The Reported Amount of Counterpart Contribution is not
Reliable

Condition:

The Government of Guatemala (GOG) has reported as part of its counterpart contribution the salaries of personnel that did not work on the project as follows:

- A. In 1988, 108 positions for "Specialized workers III" were included with an approximate cost of Q.690,000. These personnel actually work for The Rural Primary Education Development Project (PRODEPRIR).
- B. Since 1987, the project has included in its reported contribution the expenses for 8 "Technical Administrative" positions. The personnel filling these positions work for the Directorate of Rural and Social Education of the Ministry of Education, with an approximate cost of Q.55,800.
- C. Since 1985, the project has reported the costs associated with various other positions of personnel which do not work for PRONEBI. A total contribution amount of Q.410,973 has been reported for these other positions.
- D. During the field trips it was noted that some of the teachers were not bilingual as required by the agreement, however their salaries were reported within the counterpart contribution.

Criteria:

Sections 6.2 and 6.3 of the loan agreement establish that GOG should report as its counterpart contribution only those goods and services contributed to the project.

Cause:

The Technical Budget Directorate of the Ministry of Public Finances (MFP) had identified these positions as being PRONEBI's but in actuality the positions are assigned to other units within the Ministry.

Effect:

GOG has not complied in making available to the project the positions stipulated as counterparts. This negatively affects

the accomplishment of project activities.

Recommendations:

USAID/Guatemala should require the Government of Guatemala to:

- A. Exclude from the project's expense budget the job positions of other activities within the Ministry of Education which have no relation to PRONEBI's operations.
- B. Provide to PRONEBI the positions and operating budget originally planned for the project.
- C. Provide additional resources to project to make up, by the end of the project, the amount of the counterpart contribution shortfall from the beginning of the project through to the present. This audit has identified a shortfall of at least Q.1,156,773 through December 31, 1988.

2. Some Terms of the Loan and Grant Agreements were Unfulfilled

Condition:

- A. The requirement in the agreements for independent audits every two years has not been complied with.
- B. Only 3 out of the 10 Masters Degrees Scholarships were utilized. As a result, there is an excess budget of about Q.439,750 for this activity.
- C. The required plan for maintaining furniture costing Q.3,046,502 distributed to the beneficiary schools had not been formulated through December 31, 1988.

Criteria:

The loan and grant agreements, required:

- A. That independent audits of the project should be carried out every two years (loan agreement, Annex I, Section B.7).
- B. The training of 10 people outside Guatemala at masters level in bilingual education (grant agreement, Annex I, Section B.3).
- C. The design and execution of a maintenance plan for the project furniture distributed to beneficiary schools (loan agreement, Annex I, Section B.4).

Cause:

- A. USAID/Guatemala authorized the Office of the Comptroller General of Guatemala to carry out periodic reviews of the project. Even so, this office only effects reviews of the vouchers and does not perform audits in accordance with

generally accepted auditing standards or the "Government Auditing Standards" of the Comptroller General of the United States (1988 Revision).

- B. The project was unable to identify more personnel with B.A. degrees that could meet the prerequisites for obtaining the Masters in Bilingual Education that the loan agreement stipulates.
- C. PRONEBI had intended that a consultant to the project would prepare the maintenance plan, but this person has been overloaded with other project management work.

Effect:

- A. The project was not audited as required per the loan and grant agreements. As a result, the deficiencies noted during this audit were not brought to the attention of PRONEBI and USAID/Guatemala promptly.
- B. The project has an excess budget in the amount of Q.439,750 in the area of scholarships for masters degrees.
- C. There is no plan as to the maintenance of Q.3,046,502 worth of furniture distributed to beneficiary schools. This could lead to this investment not being maintained properly and hence subject to premature deterioration.

Recommendation:

USAID/Guatemala should require the National Bilingual Bicultural Education Program (PRONEBI) to:

- A. Have biannual independent audits of the project performed in conformity with generally accepted auditing standards and the U. S. Comptroller General's "Government Auditing Standards" (1988 revision).
- B. Present to USAID/Guatemala a plan to use the unneeded project funds in the amount of Q.439,750 authorized for scholarships in other areas of the project.
- C. Prepare a maintenance plan for the project furniture distributed to beneficiary schools.
- D. Report to USAID/Guatemala its status on compliance with each requirement in the loan and grant agreements.

3. Furniture and Equipment Assigned to Regional Supervisory Offices and Beneficiary Schools were not used Adequately

Condition:

- A. In some regional offices and schools there exists no

inventory ledger.

- B. The number of school desks provided by the project to some beneficiary schools are insufficient to meet the schools' needs.
- C. In the supervisory office in Panajachel, we observed that the motorcycle assigned by the project is not used.
- D. Too much furniture and equipment has been assigned to some departmental supervisory offices. In offices located in Solola, Panajachel, Quetzaltenango, Cahabon there was a lack of space for all the items assigned and, hence, some items were not used.
- E. We noted that at the school in Cobán 40 desks supplied by PRONEBI are not used because another institution has already supplied the desks.
- F. In some schools and regional supervisory offices the furniture and equipment provided under the project has not been put to an adequate use. In these locations (supervisory offices of Chichicastenango, Quiché and Cahabon; schools of Cojtong Huehuetenango, Raxquix of Cobán, El Calvario of Cobán) we observed instances where desks, chairs and bookcases are used by the supervisors, teachers and directors as bedroom and living room furniture.

Criteria:

Annex II, Section B.3, of the loan agreement establishes that, unless A.I.D. authorizes in writing to the contrary, any resources (assets) financed with funds from the loan should be used for the project until its completion, and thereafter will be used so as to further the objectives sought in carrying out the project.

Cause:

PRONEBI had no system of control to assure itself that the furniture and equipment that it issued under the project was sufficient to meet the legitimate needs of the departmental and regional offices and beneficiary schools. Once this furniture and equipment was issued, PRONEBI lost visibility of its end use.

Effect:

Not all the vehicles furniture and equipment are used as intended for the project. Even though there exists a great demand for these resources, some schools and offices received more items than they needed while others did not receive enough.

Recommendation:

USAID/Guatemala should require the National Program of Bilingual

Bicultural Education (PRONEBI) to:

- A. Visit each beneficiary school and regional and departmental office and determine the real requirement for project furnished furniture and equipment at each location.
- B. Require each school and departmental office to establish the use of an inventory ledger which shall include all the furniture and equipment supplied by the project.
- C. Effect a redistribution of school furniture and equipment among schools and offices to achieve a better match between the resources available under the project and the needs of the schools and offices. Should it be determined that there is an overall excess of any furniture and equipment items at any location, the excess items should be returned to the central warehouse.
- D. Conduct periodic unannounced visits of the schools and offices that have received furniture and equipment under the project to determine the use to which such items have been put and recover any items that are not used as intended to further project objectives.

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
USAID/GUATEMALA PROJECT No. 520-0282

LIST OF REPORT RECOMMENDATIONS

FUND ACCOUNTABILITY STATEMENTS

1. USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to:
 - A. Reconcile the differences between its accounting records and the expense reports submitted to A.I.D. and make the appropriate adjustments. In this connection, USAID/Guatemala should inform PRONEBI that it has no responsibility to account for the vehicles and equipment that A.I.D. gave directly to the Ministry of Education.
 - B. Record the Q.4,150 of loan funds and the Q.308,794 of grant funds from payments made directly by USAID/Guatemala which were not registered in its accounting records as of December 31, 1988. Also, determine and record any further direct payments for the project made by USAID/Guatemala since December 31, 1988 on a monthly basis.
 - C. Base its financial reports and information on its official accounting records which have been properly reconciled, on a monthly basis, with its subsidiary records, the bank statements and with USAID/Guatemala's records.

INTERNAL CONTROL STRUCTURE

1. USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to:
 - A. Record reimbursements paid by USAID/Guatemala in the accounting records before sending the checks to the National Treasury and thereafter to keep track of the source and amount of funds received from the National Treasury for the project.
 - B. Process the accounting transactions for the project by the use of the administration department's personal computer. Each individual transaction should be accounted for separately with specific reference to the supporting source documentation. Adequate accounting software should be purchased in order to make this possible.
 - C. Account for the consumption of fuels and materials by individual transaction based on individual warehouse exit receipts and gasoline vouchers.

- D. Install the use of adequate subsidiary ledgers to be reconciled monthly with the general ledger.
 - E. Prepare statements of budget execution based on the information in the official accounting records after such records have been reconciled with subsidiary records, the cash balance and USAID/Guatemala records for each agreement. The monthly budget execution statement should be checked and approved by the responsible officials.
 - F. Institute an adequate budgetary control system for the project. Accounting control should be established over each budget line item with preauthorization of individual expenditures such that no expenditures are allowed that would exceed the individual line item budgets. If there is a valid need to exceed the individual line item budgets PRONEBI should request USAID/Guatemala's authorization to transfer funds budgeted from one expense item to another.
 - G. Reverse the entry made in May, 1989 to reimburse the project for the net difference between the unidentified shortage in loan funds and surplus in grant funds as of December 31, 1988; and prepare a new set of transactions reimbursing the project's loan funds for the unidentified shortage and withdrawing from project funds the amount of the unidentified surplus in grant funds.
2. USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to introduce policies and procedures to more closely control the use of vehicles and related maintenance and operating costs including the following:
- A. Establish a policy that vehicles purchased with project funds are to be used for project purposes only and that vehicle logs are to be used for all such vehicles showing the driver, date, and destination on each vehicle trip, the official purpose of each trip, the kilometers traveled and the dates and amounts of fuel purchases. These vehicle logs should be periodically reviewed by PRONEBI's director to determine that the vehicles have been used for project purposes only and that the fuel consumption is reasonable considering the kilometers traveled.
 - B. Unless PRONEBI's director and transportation chief strictly observe the controls recommended in 2A above, these officials should be required to discontinue their use of project vehicles. Instead, they should use their personal vehicles and be paid a flat rate of no more than US\$0.135 per kilometer traveled based upon travel claims submitted which identify each vehicle trip, the official purpose of each trip, and the kilometers traveled. Also to the extent that PRONEBI's director cannot furnish

evidence to prove that his use of project vehicles after working hours and on weekends was for official project purposes, he should be required to reimburse the project for a pro rata share of the cost of maintenance and operation of the vehicle.

- C. Establish and implement a policy that any loss of project vehicles or damage to them that is that result of employee abuse or negligence will be reimburseable by the employee. Also, establish and implement a policy and procedure to investigate the facts surrounding any losses of vehicles or abnormal maintenance required where there is a suspicion of contributory employee negligence or abuse. The abnormal overhaul requirements for the project jeep mentioned in this finding should be the first matter investigated under this new policy and the results of the investigation and report of actions taken should be reported to USAID/Guatemala.
 - D. Create subsidiary accounting records which identify, for each vehicle, the quantity and cost of maintenance and repairs which are performed during the project period. These subsidiary records should be supported with source documentation and the written authorizations for such repair and maintenance expenses.
 - E. Maintain insurance coverage on project vehicles based upon their full market value.
 - F. USAID/Guatemala should verify the continued existence of the 73 vehicles and the tools and equipment that were provided to the Ministry of Education in July 1988 and direct the Ministry of Education to exercise controls over the use of these vehicles at least as stringent as the controls implemented by PRONEBI including those controls that this audit has recommended for PRONEBI. USAID/Guatemala should also periodically verify that the vehicles are being properly controlled and used for project purposes only.
 - G. PRONEBI should recover the vehicle provided to the Ministry of Education in May 1986 and the cost of fuel and tires provided to the Ministry of Education's Rural and Social Education Director. The Q.2,150 worth of fuel and Q.2,900 worth of tires were provided to the Rural and Social Education Director during the years 1986 to 1988 without evidence that they were used for project purposes and, therefore, these costs are considered to be questionable.
3. USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to:
- A. Obtain physically secure warehouse space for its use which fulfills its minimum requirements of security and

location. It would be desirable that warehouse space be within the existing warehouse. However, whatever arrangement is decided upon should include control over entry and exit to that the warehouse space in order to be able to pinpoint responsibility in case of a loss. Also, warehousemen should be fidelity bonded.

- B. Obtain insurance for the project's inventory.
 - C. Establish an adequate internal control system over project inventories to include monthly reconciliations of the warehouse's kardex files against the accounting department's control account, periodic physical inventories, and supervision to assure that the system of internal controls is operating as intended.
 - D. Establish procurement policies to ensure that stock purchases are adequately packaged and to avoid purchasing stocks in quantities that are excess to the project's needs.
 - E. Issue "warehouse exit" forms at the point where the furniture and equipment are physically leaving the warehouse.
4. A. USAID/Guatemala should discuss the Ministry of Education's Director of Rural and Social Education involvement in the project as mentioned in this and finding No. 2 of this section with the Minister of Education and insist that the Director of Rural and Social Education refrain from taking actions which impinge on PRONEBI's authority to manage the project in accordance with the agreement.
- B. PRONEBI should establish a policy to investigate all significant shortages noted in its inventories and institute legal action in all cases of criminality to punish the personnel responsible and recover the value of the missing items.
- C. USAID/Guatemala should require PRONEBI to refund to the project the Q.10,345 charged to the project representing the amount of the June, 1987 theft of project inventory.
5. USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to institute further internal controls over its fixed assets purchased with project funds to include:
- A. Conducting periodic physical inventories of furniture and office equipment in the central and departmental offices and in beneficiary schools, the results of which are reconciled with PRONEBI's central inventory records for such fixed assets and with the General Ledger.

- B. Identifying on the personal responsibility cards for each asset whether the asset was purchased with project funds.
 - C. Establishing policies and procedures that require that the movement of each fixed asset be accompanied by documentation to report the movement to PRONEBI's inventory section.
 - D. Reconciling, on a monthly basis, monthly budget execution information with the accounting records and General Ledger.
 - E. Identifying each fixed asset with a control number which identifies the specific asset and source of financing and affixing the A.I.D. emblem to all fixed assets purchased with project funds.
6. USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to:
- A. Establish the policy for joint signatures for all checks in order to control project funds.
 - B. Stamp all supporting documentation with a notation "Paid with check No. and date" prior to obtaining the authorizing signatures for checks. Also, this documentation should be stamped by the Comptroller General's delegate as being authorized for payment before the payment is made.
 - C. Use signed checks as a source document in preparing the reimbursement requests to be presented to USAID/Guatemala. Also, the documentation supporting payments should include cross references to the check with which they were paid.
 - D. Attach a copy of the "Warehouse and Inventory Entry" slip to support entries into the warehouse and do not authorize payments of material suppliers invoices which do not have this documentation attached.
7. USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to:
- A. Use an accounting subledger to control checks issued for group per diem which should indicate when the per diem was scheduled to start and end and when the check should be liquidated. Accounting personnel should review outstanding group per diem checks monthly and assure that checks are liquidated timely, generally two weeks after completion of the course or seminar.
 - B. Use individual personnel files which should contain as a minimum the employee's job application, work contract, salary record, pay rate, leave records, authorized leave

accrual, and withholding information.

- C. Make the employer's contribution and withhold the proper amounts from employees to comply with Guatemala's labor and fiscal laws. Also, request through the Ministry of Education that its employer contributions for social security be authorized as part of its approved budget.

COMPLIANCE WITH AGREEMENT TERMS AND APPLICABLE LAWS AND REGULATIONS

1. USAID/Guatemala should require the Government of Guatemala to:
 - A. Exclude from the project's expense budget the job positions of other activities within the Ministry of Education which have no relation to PRONEBI's operations.
 - B. Provide to PRONEBI the positions and operating budget originally planned for the project.
 - C. Provide additional resources to the project to make up, by the end of the project, the amount of the counterpart contribution shortfall from the beginning of the project through to the present. This audit has identified a shortfall of at least Q.1,156,773 through December 31, 1988.
2. USAID/Guatemala should require the National Bilingual Bicultural Education Program (PRONEBI) to:
 - A. Have biannual independent audits of the project performed in conformity with generally accepted auditing standards and the U. S. Comptroller General's "Government Auditing Standards" (1988 revision).
 - B. Present to USAID/Guatemala a plan to use the unneeded project funds in the amount of Q.439,750 authorized for scholarships in other areas of the project.
 - C. Prepare a maintenance plan for the project furniture distributed to beneficiary schools.
 - D. Report to USAID/Guatemala its status on compliance with each requirement in the loan and grant agreements.
3. USAID/Guatemala should require the National Program of Bilingual Bicultural Education (PRONEBI) to:
 - A. Visit each beneficiary school and regional and departmental office and determine the real requirement for project furnished furniture and equipment at each location.

- B. Require each school and departmental office to establish the use of an inventory ledger which shall include all the furniture and equipment supplied by the project.
- C. Effect a redistribution of school furniture and equipment among schools and offices to achieve a better match between the resources available under the project and the needs of the schools and offices. Should it be determined that there is an overall excess of any furniture and equipment items at any location, the excess items should be returned to the central warehouse.
- D. Conduct periodic unannounced visits of the schools and offices that have received furniture and equipment under the project to determine the use to which such items have been put and recover any items that are not used as intended to further project objectives.

THE RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
 THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
 USAID/GUATEMALA PROJECT No. 520-0282

QUESTIONABLE COSTS

(Loan)

<u>AMOUNT</u>	<u>DATE</u>	<u>ITEM</u>	<u>CRITERIA FOR QUESTIONING</u>
Q.12,801	Mar. 31, 1986	PRONEBI vehicle placed at the disposition of the Ministry of Education (Rate of Exchange Q.1:US\$1)	Use of project resources for activities not related to the project objectives.
10,345	Jun. 16, 1987	Uninsured articles stolen from the warehouse	The inventory was not used for project purposes. Also, it should have been insured in order to guarantee replacement and there was no request for legal payment.
2,900	1987 to 1988	Eight tires provided to Directors of Rural and Social Education (SER)	Use of project resources for activities not related to the project objectives.
2,150	1985 to 1988	Fuel used by the Directorate of Rural and Social Education (SER)	Use of project resources for activities not related to the project objectives.
1,425	Aug. 6, 1987	four tires provided to the Coordinator of the Integral Attention Program (PAIN)	Use of project resources for activities not related to the project objectives.

<u>AMOUNT</u>	<u>DATE</u>	<u>ITEM</u>	<u>CRITERIA FOR QUESTIONING</u>
Q. 30	Sep. 26, 1986	Fuel used by the Coordinator of the Educational Nucleus for Development Program (NEPADE)	Use of project resources for activities not related to the project objectives.
30	Dec. 2, 1988	Fuel used by the Supervisor of Huehuetenango, who does not work in the Project.	Use of project resources for activities not related to the project objectives.
30	Oct. 23, 1987	Fuel used by the NEPADE Coordinator	Use of project resources for activities not related to the project objectives.
<u>29,711</u>	Total ineligible costs of loan		
48,938	1987 to 1988	Repair of project vehicles	The agreement requires competitive bids for purchases greater than Q.1,000. No competitive bids were solicited. Therefore we have no basis for evaluations of the reasonableness of the prices paid.
12,600	Dec. 29, 1988	Payments to the Comptroller General's Office in Guatemala for inspection services	Although A.I.D. approved these payments, there was no legal requirement for PRONEBI to reimburse the Comptroller General's office for these costs. Legal decrees specifying the requirement for reimbursement apply only to autonomous government enterprises.

<u>AMOUNT</u>	<u>DATE</u>	<u>ITEM</u>	<u>CRITERIA FOR QUESTIONING</u>
Q. 3,500	Nov. 20, 1985	Acquisition of 4,000 cards for Journal and Ledger	Items were not needed or used for the project. The accounting has been carried in the books.
<u>65,038</u>		Total suspended costs of loan	
Q. 94,749 =====		Total questionable costs of loan	

THE RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
USAID/GUATEMALA PROJECT No. 520-0282

QUESTIONABLE COSTS

(Grant)

<u>AMOUNT</u>	<u>DATE</u>	<u>ITEM</u>	<u>CRITERIA FOR QUESTIONING</u>
Q. 1,000	May. 31, 1988	Invitation cards, diplomas, and programs made for the Aniversary of the Rural and Social Education celebration (SER)	Project resources used for activities not related to the project objective.
995	May. 11, 1987	Invoice No. 80 from the Educational Editorial for photocopies and collation of 20,300 copies for 12 text books	Costs charged twice to A.I.D. Reimbursed to the project on July 27, 1989 as result of the audit.
<u>1,995</u>	Total ineligible costs of grant		
Q. 73,332	Jan. 10, 1986	Acquisition of furniture for International Consultants. (Q.2.70:US\$1)	It was not entered into the warehouse, and its location is unknown.
18,937	Dec. 29, 1988	Payments to the Comptroller General's Office in Guatemala for inspection services	Although A.I.D. approved these payments, there was no legal requirement for PRONEBI to reimburse the Comptroller General's office for these costs. Legal decrees specifying the requirement for reimbursement apply only to autonomous government enterprises.

<u>AMOUNT</u>	<u>DATE</u>	<u>ITEM</u>	<u>CRITERIA FOR QUESTIONING</u>
Q. 12,126	May. 6, 1986	Acquisition of furniture for International Consultants. (Q.2.70:US\$1)	It was not entered into the warehouse, and its location is unknown.
1,364	1985 to 1986	Vehicles repair, metal doors, acquisition of card board boxes, etc.	Inadequate supporting documentation.
425	Nov. 26, 1986	Water, light, and telephone utilities, and premises used during the teacher training programs in Cobán and Chimaltenango	Inadequate supporting documentation. A simple receipt was given. These are government schools, and the cost is not reasonable.
<hr/>			
<u>Q.106,184</u>	Total suspended costs of grant		
Q.108,179 =====	Total questionable costs of grant		
Q.202,928 =====	Total questionable costs for both loan and grant		

AUDIT OF THE RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
USAID/GUATEMALA PROJECT No. 520-0282
MANAGEMENT COMMENTS
(Free Translation)

RURAL PRIMARY EDUCATION IMPROVEMENT PROJECT WITH
THE NATIONAL PROGRAM OF BILINGUAL BICULTURAL EDUCATION
- P R O N E B I -

COMMENTS ON THE EXTERNAL AUDITOR'S REPORT

REPORT ON THE FUND ACCOUNTABILITY STATEMENTS, FINDINGS

1. FINANCIAL INFORMATION WAS NOT RELIABLE

REPORT A. The project disbursement amounts shown in the expense report requests exceeded what was reflected in the accounting records by Q.997,967 and Q.84,068 for the loan and grant respectively.

COMMENT On September 4 of the current year (1989) the Program sent to the Auditors a reconciliation of those balances.

REPORT ON THE INTERNAL CONTROL STRUCTURE

1. THERE WERE DEFICIENCIES IN THE ACCOUNTING AND BUDGETARY CONTROL SYSTEMS

REPORT F. An adequate budget control system was not utilized during the period, and, as a result, excess expenditures on certain project expense items were not detected in a timely manner.

COMMENT Budget controls at the A.I.D. Mission are carried by components and not by line items. For example in the Administration and Supervision component of the Loan for 1988, there is a surplus of Q.250,000 which was originated by vehicle purchases made by the A.I.D. Mission and charged to the "Vehicle" line item.

REPORT G. Prepare a new set of transactions reimbursing the project's Loan funds for the unidentified shortage and withdrawing from the amount of the unidentified surplus in grant funds.

COMMENT The Program expects that for the effects of translation, it appears that we should reimburse the surplus to A.I.D.; what we plan to do is to revert the funds.

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2. THERE WERE DEFICIENCIES IN THE CONTROLS OVER THE USE OF
VEHICLES, SPARE PARTS, FUEL AND LUBRICANTS

REPORT A.b PRONEBI's director assigned himself a project vehicle.....

COMMENT According to implementation letter No. 2 Grant Funds, the Director of PRONEBI is one of the representatives of MINEDUC for the management of program funds. The vehicle was used on weekends to supervise training in the Landivar and Galvez Universities, and for promotional meetings. Finally it is convenient to mention that in 1988, the Comptroller of Accounts performed an audit of the Program, on fuel, and did not make any observation on the matter.

REPORT C. There is no control maintained over the cost of maintenance and repair for the project jeep.....

COMMENT From July 13, 1988, Circular No. 005-88 states that the persons in charge of motorcycle maintenance are the Regional Coordinators of Bilingual Education.

REPORT E. In December 1986, a motorcycle valued at US\$1,195 was stolen from the supervisor of El Quiché.....

COMMENT Enclosed are resolutions No. 7491 of the Comptroller General's Office, and A-049 of PRONEBI Administration, resulting from a lawsuit.

RECOMMENDATIONS

REPORT A. Establish a policy that vehicles purchased with project funds are to be used for project purposes only and that vehicle logs are to be used for all such vehicles showing the driver....

COMMENT The resolutions of the Ministry Office limit our vehicle control, as in the case of Dr. Eduardo Meyer, Ex-Minister of Education, and Mr. Rubén Flores, Ministry Manager. In respect to controls, we enclose the forms that the Program has always used.

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REPORT C Establish and implement a policy that any loss or damage of project vehicles.....

COMMENT The policies are established in the Program's Vehicle Regulation and the sanctions are imposed by the tribunals and the Comptroller General's Office.

REPORT D. Create subsidiary accounting records which identify, for each vehicle, the quantity and cost....

COMMENT These records have been implemented since 7/13/88 according to Circular 005-88.

REPORT E. Increase the amount of insurance coverage on project vehicles based upon their full market value.

COMMENT The Program has had this recommendation effective since April 19, 1988.

3. INVENTORY CONTROLS WERE NOT ADEQUATE

REPORT A. Project inventories are stored in a warehouse along with the inventories of other projects.

COMMENT It is not convenient for the Program to use installations outside the Ministry of Education, because when external financing is over, it would be isolated and without funds to cover the rent. The warehouse employees already have a fidelity bond.

REPORT D. Excess inventories of general purpose stocks have been purchased valued at Q.41,435 which would be useful to any project or institution....

COMMENT We do not know which stocks they are so we do not comment.

REPORT E. Some counterpart funded educational materials were not adequately packed leading to their premature deterioration.

COMMENT The materials were not teaching materials and they were not printed by PRONEBI, they were issues of the Constitution of Guatemala written in the Mayan languages.

5. ACCOUNTING CONTROL OVER FIXED ASSETS WAS INADEQUATE

REPORT D. Furniture and office equipment at regional offices and schools were not identified with an internal inventory control number, and the assets purchased with project funds were not identified as having been provided by the United States Government.

COMMENT All office furniture and equipment has an internal control number from the Rural and Social Education Directorate which is accepted by the Comptroller General and regulated by the Law of Inventories. In respect to the assets identified as articles being provided by the Government of the United States, the only ones that do not have a number are office furniture and equipment.

7. THERE WERE PAYROLL RELATED DEFICIENCIES

REPORT A. PRONEBI's accounting department had not established a system....

COMMENT Since July of the current year we have used Voucher checks.

REPORT B. The Government of Guatemala did not authorize a budget expense item for payment of employer's social security contribution.... PRONEBI apparently did this intentionally because it was making the required withholding on salaries paid with loan funds.

COMMENT First states that the Government did not authorize an item for the payment of employer contributions, but the program did not request this budget. In our country, a budget must be submitted so that the Government can authorize or not authorize an expense.

Finally states that PRONEBI apparently did this intentionally, since it was making the withholdings on salaries paid with Loan funds. The withholdings are not made by the program, but by the Government accounting, PRONEBI only pays salaries from Grant funds.

RECOMMENDATION

- REPORT C. Make the employer contributions and withhold the proper amounts from employees to comply with Guatemala's labor law....
- COMMENT The Ministry of Education cannot pay from counterpart contributions the employer's contributions on salaries paid with grant funds, it could be done if A.I.D. Mission accepts to pay the employer's contribution.

QUESTIONABLE COSTS

L O A N

- REPORT PRONEBI vehicle placed at the disposition of the Ministry of Education Q.12,801.00
- COMMENT The vehicle was requested by Dr. Eduardo Meyer and Mr. Ricardo Gómez Galvez, and has not been returned yet.
- REPORT Payments to the Comptroller General's office for inspection services Q.12,600.00
- COMMENT This expense was taken over by the Government of Guatemala when it used Loan funds, the payment is based on Decrees No. 14-70, 39-70, 68-87, and 93-87 of the Legislative Board and Implementation Letter No. 18.
- REPORT Uninsured articles stolen from the warehouse. Q.10,345.00
- COMMENT The case is in legal process in a tribunal, the second court of First Instance of Accounts under No. J-37/89. The process was initiated by the Comptroller General's Office on July 7, 1989.
- REPORT Eight tires provided to Director of Rural and Social Education (SER). Q. 5,050.00
- COMMENT According to Implementation Letter No. 2, grant agreement, the Director of Rural and Social Education

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services rendered, taking into consideration the difficulty in obtaining funds from the Ministry of Finances.

B.4 Summons

Vehicle maintenance includes 3 different line items; Labor costs, Repairs, and Lubricants, which implies that we should have to hire a mechanics in order to have a diagnosis detailed by line item each time that a vehicle needs to be taken to a shop for repair.

C. Conclusion

The Program does not accept questioned costs for Q.48,938.00 and even though there was an excess of Q.4,856.95 over the base of Q.1,000.00 per service, it considers what is shown in B.1 to B.4, above justify the actions taken.

REPORT Acquisition of 8,000 cards for budget control, inventories, journal and ledger. Q.3,500

COMMENT The inventory cards are being used; the budget journal, and ledger cards were not used.

G R A N T

REPORT Acquisition of furniture for International Consultants. Q.85,458.00

COMMENT This furniture was given in to Consultants of the University of New Mexico, and when they ended their contract, they turned the furniture over to A.I.D. Mission. Enclosed is the voucher and note which detail the furniture in which we are requested to reduce the availability of funds for this budgeted category and report them in the accountability statement.

REPORT Vehicles repair, metal doors, acquisition of card board boxes etc. Q.1,364.00

COMMENT In regard to vehicle repairs, it was for emergency services, and considering that the Grant does not allow payment for IVA, receipts were requested. Repair on the door was made by a ironwork and it was awarded to the lower cost; and the cardboard boxes were bought in the market for the distribution of

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educational materials, also at the lower costs.

- REPORT Water, light, and telephone utilities, used during the teacher training programs in Cobán and Chimalgenango. Q.425.00
- COMMENT The expense was approved in Implementation letter No. 29; this payment did not include premises maintenance, but did include janitor services for Q.300.00 and the rest for water, electricity, and telephone. From 1987 to present, and by request of the Comptrollers' office, we used form 306-C for these expenses.
- REPORT Payments to the Comptroller General's Office in Guatemala for inspection services. Q.18,937.00
- COMMENT This payment is based on Decrees 14-70, 39-70, 68-87, and 93-87 of the Legislative Board and Implementation Letters Nos. 3,10,24,27,33 and 44.
- REPORT Costs of the "Rural and Social Education Expectations for 1987" seminar, from September 1 through September 3, 1987.
- COMMENT The seminar does have a connection with the Project objectives; plan is enclosed.
- REPORT Invitation cards, diplomas, and programs made for the Anniversary of the Rural and Social Education celebration (SER). Q.1,000.00
- COMMENT All the programs belonging to Rural and Social Education contributed for this celebration, and both promoters and teachers from PRONEBI attended.
- REPORT Invoice No. 80 from the Educational Editorial for photocopies.... Q. 995.00
- COMMENT A photocopy of the deposit to the Grant bank account as reimbursement for the indicated amount is enclosed.

MINISTERIO DE EDUCACION
PROGRAMA NACIONAL DE EDUCACION BILINGUE

- P R O N E B I -

COMENTARIOS A INFORME AUDITORIA EXTERNA

INFORME SOBRE LOS ESTADOS DE EJECUCION PRESUPUESTARIA, HALLAZGOS

1. LA INFORMACION FINANCIERA NO ES CONFIABLE (Pag. 17)

INFORME A. "Los montos desembolsados del proyecto presentan que los informes de gastos excedían a los libros de contabilidad en Q. 997,967 y Q. 84,068 del Préstamo y Donación respectivamente".

COMENTARIO El 4 de septiembre del año en curso el Programa envió a la firma de Auditores la Conciliación de esos saldos (apexo I)

INFORME SOBRE LA ESTRUCTURA DE CONTROL INTERNO, HALLAZGOS

1. HUBO DEFICIENCIAS EN LOS CONTROLES DE CONTABILIDAD Y PRESUPUESTOS (Páginas 25, 29)

INFORME F "No se utilizó un sistema adecuado de control presupuestario durante el periodo, y como resultado, no se detectaron oportunamente ciertos sobregiros en algunos renglones de gastos del proyecto"

COMENTARIO "Los Controles presupuestarios en la misión A.I.D. se llevan por Componentes y no por renglones, por ejemplo en el Componente Administración y Supervisión del Préstamo para 1988 aparecen Q.250,000 de exceso, estos fueron originados por una compra de vehículos, hecha por la Misión A.I.D. con cargo al Renglon "Vehículos". Además se adjunta nota de la Oficina de Recursos Humanos (Anexo 11).

INFORME G Prepare las transacciones necesarias para reintegrar los fondos del Préstamo del Proyecto, al faltante no identificado y reponga a USAID/Guatemala la cantidad del sobranete no identificado de fondos de Donación".

COMENTARIO El Programa espera que por efectos de traducción aparezca que debemos reintegrar a la A.I.D. el sobrante, por cuanto lo que haremos es revertir fondos.

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HOJA No. 02

2. HUBO DEFICIENCIA EN EL CONTROL SOBRE EL USO DE VEHICULOS, REPUESTOS, COMBUSTIBLES Y LUBRICANTES.
(Páginas 29, 30, 31, 33, 34)

INFORME A.b "El Director del PRONEBI se asignó a su cargo un vehículo del proyecto....."

COMENTARIO Según carta de ejecución No. 2 (Anexo III) Fondos de Donación, el Director del PRONEBI es uno de los representantes del MINEDUC para el manejo de fondos del Programa. El vehículo lo usaba los fines de semana para supervisar capacitaciones en las Universidades: Landívar y Gálvez y para concentraciones de Promotores, por último es conveniente manifestar que en 1,988 la Contraloría de Cuentas realizó una auditoría de Combustible al Programa y no dejó ninguna observación al respecto. (Anexo IV).

INFORME C "No se ejerce control sobre el costo de mantenimiento y reparación de vehículos....."

COMENTARIO Desde el 13 de julio de 1988 se envió la Circular No. 005-88 (Anexo IV) en donde se establece que los encargados del mantenimiento de motocicletas son los Coordinadores Regionales de Educación Bilingüe.

INFORME E "En diciembre 1986, una motocicleta valorada en U\$ 1,195 fué robada al Supervisor del Quiché....."

COMENTARIO Se adjunta providencias: No. 7491 de la Contraloría de Cuentas y A-049-89 de la Administración del PRONEBI, resultado de un juicio. (Anexo V)

RECOMENDACIONES

INFORME A "Establecer una política para que los vehículos que se adquieran con fondos del Proyecto, sean utilizados únicamente para las actividades del mismo y que se establezca el uso de control diario de recorrido....."

COMENTARIO Las disposiciones del Despacho Ministerial, nos limitan el control de vehículos, como sucedió con el Dr. Eduardo Meyer Exministro de Educación y el Lic. Rubén Flores, Gerente del Ministerio. En lo que respecta a controles adjuntamos los formularios que siempre ha usado el Programa (Anexo IV)

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HOJA No. 03

INFORME C "Establecer e implementar una política en la que el costo de cualquier pérdida o daños a los vehículos del proyecto....."

COMENTARIO "Las políticas están establecidas en el Reglamento de Vehículos del Programa (Anexo VI) y las sanciones las imponen los juzgados y la Contraloría de Cuentas.

INFORME D "Establecer registros de contabilidad auxiliares los cuales identifiquen por cada vehículo, la cantidad y costo....."

COMENTARIO Estos registros están implementados desde el 13/7/88 según Circular 005-88 (Anexo IV)

INFORME E "Aumentar la cantidad de cobertura del Seguro sobre vehículos del Proyecto tomando como base el valor total de mercado"

COMENTARIO El Programa tiene en vigencia esta recomendación desde el 19 de abril de 1988. (Anexo VII)

3. LOS CONTROLES DEL INVENTARIO NO FUERON ADECUADOS
(Página 35)

INFORME A "Los inventarios del Proyecto se almacenaron en una bodega junto con los inventarios de otros proyectos....."

COMENTARIO Al Programa no le conviene utilizar instalaciones fuera del Ministerio de Educación, porque al terminar el financiamiento externo, quedaría aislado y sin fondos para cubrir el alquiler. Los empleados de la Bodega ya tienen fianza de fidelidad.

INFORME D "Se han adquirido inventarios excesivos de bienes de propósito general por Q. 41,435 los cuales pueden ser utilizados por cualquier proyecto o institución....."

COMENTARIO Ignoramos que bienes sean para poder opinar.

INFORME E. "Algunos materiales para enseñanza, no se empacaron adecuadamente, lo cual provocó su deterioro prematuro".

COMENTARIO Los materiales no eran de enseñanza y no fueron impresos por el PROMEBI, eran constituciones de la República en idiomas mayas.

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HOJA No. 04

4. EL CONTROL DE CONTABILIDAD SOBRE LOS ACTIVOS FIJOS FUE INADECUADO (Página 38)

INFORME D "El mobiliario y equipo de oficina no se identificó con un número de control interno de inventarios y no todos los activos se identificaron como artículos proveídos por el Gobierno de los Estados Unidos.

COMENTARIO Todo el mobiliario y equipo de oficina tiene un número de control interno de Socio Educativo Rural que es aceptado por la Contraloría de Cuentas y normado por la Ley de Inventarios (Anexo VIII). En lo que respecta a los activos que se identifiquen como artículos proveídos por el Gobierno de los Estados Unidos, los únicos que no lo poseen son el mobiliario y equipo de oficina.

6. HUBO DEFICIENCIAS RELACIONADAS CON LAS PLANILLAS (Páginas 43, 44)

C A U S A

INFORME A "El Departamento de Contabilidad de PRONEBI no ha establecido un sistema....."

COMENTARIO Desde julio de este año usamos cheques Voucher

INFORME B "El Gobierno de Guatemala no autorizó una partida presupuestaria para el pago de Cuotas patronales del Seguro Social.... PRONEBI aparentemente hizo esto intencionalmente puesto que si estaba haciendo las debidas retenciones sobre los salarios pagados con fondos del Préstamo"

COMENTARIO Al principio se dice que el Gobierno no autorizó una partida para el pago de cuotas patronales, pero que el Programa no solicitó ese presupuesto. En nuestro país para que el Gobierno autorice o no un gasto, debe plantearse en un presupuesto.
Al final se dice que el PRONEBI aparentemente hizo esto intencionalmente puesto que si estaba haciendo las debidas retenciones sobre los salarios pagados con fondos de Préstamo. Esas retenciones no las hace el programa sino Contabilidad del Estado, el PRONEBI solo paga sueldos de Donación.

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HOJA No. 05

RECOMENDACION

INFORME C Hacer las contribuciones patronales y retenciones por los montos correspondientes para cumplir con las leyes de trabajo....."

COMENTARIO El Ministerio de Educación no puede pagar de fondos de Contrapartida contribuciones patronales para sueldos cancelados con Donación, se podría si la Misión A.I.D. acepta pagar la cuota patronal.

GASTOS CUESTIONABLES

P R E S T A M O

INFORME Vehículo del PRONEBI al servicio del Ministerio de Educación Q. 12,801.00

COMENTARIO El vehículo fué solicitado al Doctor Eduardo Meyer, y al Lic. Ricardo Gómez Galvez y no ha sido devuelto (Anexo IX).

INFORME Pagos efectuados a la Contraloría de Cuentas por servicios de fiscalización Q. 12,600.00

COMENTARIO Este gasto fué absorbido por el Gobierno de Guatemala al utilizar fondos de Préstamo, el pago se fundamenta en los Decretos 14-70, 39-70, 68-87 y 93-87 del Organismo Legislativo y Carta de Ejecución No. 18 (Anexo X).

INFORME Artículos robados en bodega que no estaban asegurados. Q. 10,345.00

COMENTARIO El caso se encuentra en sumarial en el Juzgado Segundo de Primera Instancia de Cuentas bajo el número J-37/89. Iniciado por la Contraloría de Cuentas el 07 de julio de 1,989.

INFORME Ocho llantas y combustible usados por el Director de Socio Educativo Rural Q. 5,050.00

COMENTARIO De acuerdo con la Carta de Ejecución No. 2 de Donación (Anexo III), el Director de Socio Educativo Rural es representante del Ministerio de Educación para el manejo de fondos del Programa y según Anexo 1 de los Convenios de Préstamo y Donación (Sección B.5 Componente V Administración y Supervisión) Socio

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HOJA No. 06

Educativo Rural a través de su Dirección será encargada de realizar todas las actividades de ese componente como autoridad máxima de nuestro Programa.

INFORME 4 Llantas entregadas al Coordinador de PAIN Q. 1,425.00

COMENTARIO Antes que el PRONEBI adquiriera un Pick Up el Programa PAIN le facilitó su Pick Up para realizar actividades tales como: Traslado de materiales a Concentraciones de Promotores de Chimaltenango y Santa Lucía Utatlán, traslado de motos de Quiché a Quetzaltenango, etc. Por esa razón se le dieron las llantas.

INFORME Reparación de vehículos del Proyecto Q. 48,938.00

COMENTARIO A. Servicios que sobrepasan los Q. 1,000
De los 70 servicios que conforman los Q. 48,938.00 cuestionados, 12 sobrepasaron los Q. 1,000.00 el total de exceso es de Q. 4,856.95 (Anexo XI).

B. Razones para el exceso de Q. 4,856.95

B.1 Presupuestos

Al tener desperfectos un carro y cotizarlo a varios talleres hay que pagar presupuestos en cada taller, gasto no reconocido por el gobierno.

B.2 Servicios de Emergencia

En la liquidación 31/88 hay un gasto de Q. 2,097.98 con cargo al vehículo 0-553 que en el camino a Cobán Alta Verapaz, sufrió desperfectos mecánicos y de hacer cotizaciones el vehículo pudo quedarse una semana en la carretera.

B.3 Disponibilidad de fondos

Son pocos los talleres en Guatemala, que se esperan 2 o 3 meses para que se les cancelen los servicios prestados, tomando en cuenta lo difícil que es obtener fondos en el Ministerio de Finanzas.

B.4 Convocatorias

Como lo demuestra el cuadro, el mantenimiento de los vehículos implica tres renglones diferentes = Mano de Obra, Repuestos y Lubricantes. lo cual implicaría que tuvieramos

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HOJA No. 07

mecánicos para detallar lo que necesita el vehículo cada vez que va a un taller.

C. Conclusión

El Programa no acepta costos cuestionables por Q. 48,938.00 y aunque hubo exceso de Q. 4,856.95 sobre la base de Q. 1,000.00 por servicio, considera que lo expuesto en los incisos B.1 al B.4 justifican lo actuado.

INFORME Compra de 8,000 tarjetas para control de presupuestos, inventarios, Diario y Mayor. Q. 6,125.00

COMENTARIO De estas tarjetas se están usando las de Inventarios, no se usaron las de Presupuestos, Diario y Mayor (Ver Anexo XII).

D O N A C I O N

INFORME Compra de mobiliario para Consultoría Internacional. Q. 85,458.00

COMENTARIO Este mobiliario fue entregado a Consultores de la Universidad de Nuevo México y cuando ellos terminaron su contrato, lo entregaron a la Misión A.I.D. Adjuntamos nota y Voucher con el detalle del mobiliario, donde se nos indica que lo rebajemos y liquidemos (Anexo XIII).

INFORME Reparación de vehículos, puertas y portones de metal, compra de cajas de cartón etc. Q. 1,364.00

COMENTARIO En lo que respecta a la reparación de vehículos fué por servicios de emergencia y tomando en cuenta que la Donación no permite el pago de IVA, se solicitaron recibos. La reparación del portón fué con un herrero particular y se realizó en función de costos más bajos y las cajas de cartón se compraron en el mercado para realizar una distribución de materiales educativos y se realizó en función de costos más bajos.

INFORME Servicio de agua, luz, teléfono y locales usados durante la capacitación de maestros en Cobán y Chimaltenango Q. 425.00

COMENTARIO El gasto fué aprobado en Carta de Ejecución No. 29 (Anexo XIV) el pago no comprendía servicio de local,

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HOJA No. 08

pero si de conserjes por Q. 300.00 y el resto de agua, luz y teléfono. De 1,987 a la fecha y por requerimiento de la Contraloría de Cuentas usamos el Formulario 306-C para estos gastos.

- INFORME Pagos efectuados a la Contraloría General de cuentas por servicio de fiscalización Q. 18,937.00
- COMENTARIO El pago se fundamenta en los decretos 14-70, 39-70, 68-87 y 93-87 del Organismo legislativo y Cartas de Ejecución Nos. 3, 10, 24, 27, 33 y 44 (Anexo X).
- INFORME Gastos del Seminario "Expectativas del Socio Educativo Rural 1,987" realizado del 1 al 3 de septiembre de 1987. Q. 1,503
- COMENTARIO El Seminario si tiene que ver con objetivos del Proyecto, se adjunta plan (Anexo XV).
- INFORME Tarjetas de invitación, diplomas y programas por celebración del aniversario de Socio Educativo Rural Q. 1,000.00
- COMENTARIO Todos los programas que pertenecían a Socio Educativo Rural, colaboraron para esta celebración y hubo participación en el campo de Promotores y maestros del PRONEBI (Anexo XVI).
- INFORME Factura No. 80 de Editora Educativa por fotocopias..... Q. 995.00
- COMENTARIO Se adjunta fotocopia de depósito a la cuenta de Donación en concepto de reintegro por la cantidad señalada (Anexo XVII).

EMS/aacdeo

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APPENDIX I

REPORT DISTRIBUTION

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