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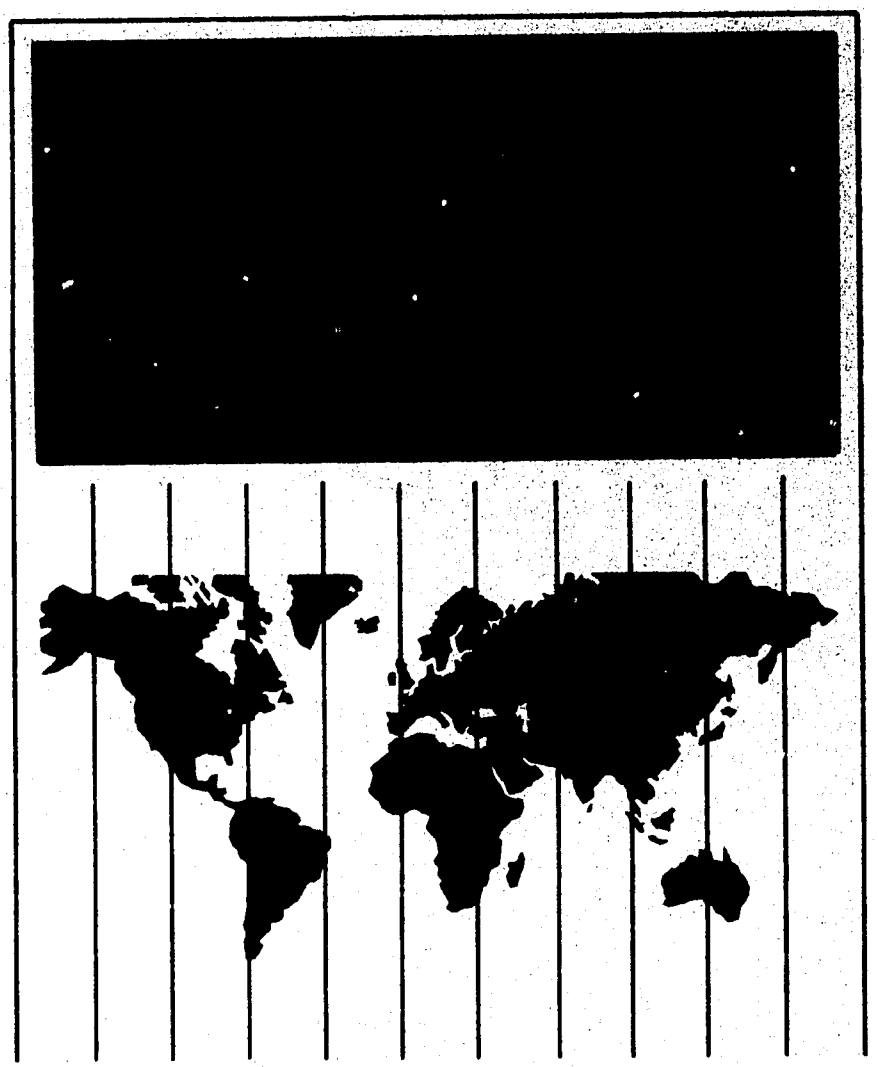
UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE INSPECTOR GENERAL



Regional Inspector General for Audit
DAKAR

PD-ABB-083

NON-FEDERAL AUDIT OF THE GAMBIA SELF-HELP PROGRAM

Audit Report No. 7-635-90-05-N

May 10, 1990

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

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

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C/o AMERICAN EMBASSY
B.P. 49 DAKAR SENEGAL
WEST AFRICA

May 10, 1990

MEMORANDUM FOR Jimmie M. Stone, Representative
USAID/Banjul

FROM: Paul E. Armstrong, RIG/A/Dakar

SUBJECT: Non-Federal Audit of the Gambia Self-Help Program, Audit Report No. 7-635-90-05-N

Attached is the subject audit report prepared by Peat, Marwick, Mitchell & Co., Chartered Accountants, Banjul, The Gambia. The audit was made at the request of USAID/Gambia.

Under the Gambia Self-Help Program (GSHP), the U.S Embassy channels A.I.D. funds to local communities in The Gambia for small-scale economic development projects. Typical examples include: gardens, wells, weaving cooperatives and village schools. The projects are approved for A.I.D. financing by a committee comprised of representatives from the U.S. Government and local non-profit private voluntary organizations, such as Catholic Relief Services and Save the Children Foundation. An official of the U.S. Embassy in Banjul, assisted by a local employee, is responsible for overall management and supervision of GSHP. As of September 30, 1989, A.I.D. had obligated $52,646 and disbursed $32,622 for nineteen Self-Help projects which are listed in Appendix 1.

The audit objectives were to: (i) verify the allowability, reasonableness and propriety of GSHP expenditures from October 1, 1988 to September 30, 1989; (ii) evaluate GSHP's internal controls; and (iii) determine compliance with applicable laws, regulations and agreements.

The audit of GSHP expenditures showed a serious lack of oversight by program management, resulting in several questionable payments. For example:

- procurements totaling $10,797 were made without signed purchase orders or other evidence of approval;

- several payments amounting to $3,686 for well-digging costs were disbursed to contractors although the construction work had not been completed; and

- payments to vendors were generally made on the basis of pro-forma invoices and without ensuring whether goods or services ordered were, in fact, received.

Consequently, a substantial portion of the GSHP disbursements of $32,622 was questionable. The auditors disclaimed an opinion on the GSHP statement of expenditures.

The auditors' evaluation of internal controls also highlighted significant deficiencies, such as:

- a lack of appropriate segregation of duties relating to negotiating, ordering, receiving and paying for goods and services;

- a complete absence of meaningful inventory records for project materials, commodities and equipment; and

- inefficient planning, estimating and monitoring of construction activities and related expenditures.

Resulting from the above findings, the auditors concluded that GSHP's internal control structure was inadequate for recording, processing, summarizing and reporting financial data.

Concerning compliance issues, the auditors reported that USAID was neither able to provide guidance nor identify any provision of law, regulation, contract or grant that was applicable to GSHP. Therefore, no criteria could be established to determine GSHP's compliance with laws, regulations and agreements.

While the GSHP is but a drop in the bucket of A.I.D.'s substantial assistance to The Gambia, we are nevertheless concerned that the projects are operating in an extremely lax and unstructured control environment, without established procedures and guidelines. It is also apparent that until recently USAID/Banjul has followed a policy of benign neglect of this activity by providing little or no guidance and oversight. Moreover, the responsible U.S. Embassy official was overburdened by her regular official

duties which severely restricted her time and ability to effectively monitor the GSHP operations. To make matters worse, the local employee who assisted this official resigned following an investigation by the RIG/I/D into allegations of financial irregularities.

Given these disturbing developments, we strongly believe that USAID/Banjul should promptly implement aggressive corrective actions to get this actvity on track and ensure that A.I.D. funds are being used for their intended purposes.

Therefore, this report makes three recommendations for USAID/Banjul's action which will be included in the Office of the Inspector General's audit recommendation follow-up system.

Recommendation No. 1

We recommend that the A.I.D. Representative, Banjul execute a written agreement with the Government of The Gambia specifically covering the Gambia Self-Help Program.

Recommendation No. 2

We recommend that the A.I.D. Representative, Banjul:

a. establish within ninety days from issuance of this report, and in collaboration with the Government of The Gambia, comprehensive written procedures and an internal control structure which provide reasonable assurance that 1) assets and funds of the Gambia Self-Help Program are safeguarded against loss from unauthorized use or disposition, and 2) the accounting system permits preparation of accurate and reliable financial reports;

b. appoint competent full-time personnel to operate and manage the Gambia Self-Help Program; and

c. suspend further funding for the Gambia Self-Help Program pending completion of the above corrective actions.

Recommendation No. 3

We recommend that a financial and compliance audit of the

Gambia Self-Help Program be conducted annually by an independent firm of public accountants, as a pre-requisite for continued A.I.D. funding.

Please advise within 30 days of the actions planned or taken by the Mission to implement the above recommendations. I appreciate the cooperation and courtesy extended to the non-Federal auditors during the audit.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

THE UNITED STATES EMBASSY TO THE GAMBIA

THE GAMBIA SELF HELP PROGRAMMES

NON FEDERAL FINANCIAL AND COMPLIANCE AUDIT

REPORT

PEAT, MARWICK, MITCHELL & CO
CHARTERED ACCOUNTANTS
34 WELLINGTON STREET
BANJUL

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THE GAMBIA SELF HELP PROGRAMMES
NON FEDERAL FINANCIAL AND COMPLIANCE AUDIT - REPORT

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ACRONYMS

"USAID", "AID"	The United States Agency for International Development
"GSHP", "The Programme"	The Gambia Self Help Programmes
"The projects"	The 19 self help projects for which GSHP obligated funds during the fiscal year ended 30th September, 1989.
"RIG/I/D"	The Regional Inspector General for Investigations, Dakar.
"US"	The United States of America
"FAR"	Federal Acquisition Regulations
"AIDAR"	AID Acquisition Regulations

SECTION 1
TRANSMITTAL LETTER
AND
SUMMARY

KPMG Peat Marwick Mitchell & Co

Chartered Accountants

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Wellington Offices
34 Wellington Street
Banjul
The Gambia

Telephone 28140
or 26173
Cables VERITATEM Banjul

APC/HF/MS

Our ref:
Your ref:

17th April, 1990

Paul E. Armstrong Esq.,
Regional Inspector General for Audit
U.S.A.I.D.,
c/o American Embassy,
DAKAR
SENEGAL

Dear Sir,

The attached report presents the results of our financial and compliance audit of disbursements made under The Gambia Self Help Programme from 1st October, 1988 to 30th September, 1989.

1.1 Background

GSHP provides direct funding of local community projects in The Gambia. These projects are typically on a small scale and are not normally within the scope of AID funding. During the audit period 17 projects were accepted for funding under this programme with a total obligation of $45,000. Two other projects were funded during the period utilising $7,646 of unliquidated obligations from prior fiscal years.

The programmes are under the supervision and management of the American Embassy in Banjul and are funded by USAID/Banjul on the basis of claims submitted by the Embassy.

In November, 1989, at the instigation of the responsible US official, an investigation into allegations of fraud was conducted by RIG/I/Dakar. We have not been made privy to the contents of the inspectors report but we have been informed that no evidence to support a criminal prosecution was found and that the Embassy employee suspected, who was in charge of programme coordination, has subsequently resigned.

Member firm of
Klynveld Peat Marwick Goerdeler

Resident Manager
R A Wilhelm

Non resident partners
R.M.Davies (Managing)
O S C Johnson
A J Hardcastle
T.W Allen
Chief A A Ard, M O N

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1.2 Audit objectives and scope

The objectives of the audit were to:

- verify the allowability, reasonableness and propriety of costs charged to the 19 self help projects for which a total obligation of $52,646 was made under the Programme from 1st October, 1988 to 30th September, 1989;

- review and evaluate GSHP's system of internal controls and operating procedures for consistency with sound management practice and, where appropriate, to recommend changes to strengthen Programme operations;

- evaluate whether the work performed in the self help projects accomplished their stated objectives; and,

- determine whether the self help projects and the Programme substantially complied with applicable US and Gambian laws and regulations.

Our audit procedures included, but were not limited to:

- reviewing project documents, accounting records, agreements and correspondence relating to GSHP;

- examining disbursement reports and related accounting records to determine whether costs reported were allowable, reasonable and relevant to the Programme's activities;

- carrying out sufficient tests to determine whether the Programme had adequately documented expenses and whether the expenditures were properly supported;

- determining whether commodities and equipment were properly procured, utilised, accounted for and delivered - including inspection, verification and interviews with recipients;

- review construction costs to determine the efficiency, propriety and economy of the expenses - including making field trips to inspect completed construction work and construction in progress and to interview project beneficiaries;

- reviewing and evaluating GSHP's system of internal controls in order to determine the extent to which established procedures were functioning as intended; and

- determining whether the Programme had complied with applicable US and Gambian laws and regulations.

1.3 Results of audit

1.3.1 Statement of disbursements

Our audit of GSHP disbursements during the year ended 30th September, 1989 revealed:

- substantial deficiencies in documentation supporting disbursements.
- payments totalling $3,686.37 made well before it was reasonably necessary to do so.

Because of the significance of the deficiency in supporting documentation we have been unable to express an opinion on the statement of disbursements.

1.3.2 Internal controls

Our review and evaluation of the GSHP's internal controls highlighted the following material weaknesses:

- a lack of segregation of duties that could have facilitated any misuse of Programme funds that may have occurred;
- a complete absence of inventory control at project sites which does not provide adequate assurance that materials and commodities procured have been properly safeguarded and used for their intended purposes.

1.3.3 Compliance with applicable laws and regulations

We were unable to determine whether GSHP complied with applicable laws and regulations since neither the officials responsible for GSHP nor USAID officials were able to locate or identify any documents setting out the provisions applicable to Self-Help Programmes.

1.3.4 Recommendations

This report includes a total of 10 recommendations. These were discussed with the responsible US official and the USAID/Banjul Controller at an exit conference held on 15th March, 1990. It was agreed that our recommendations would be implemented.

We take this opportunity to place on record our thanks for the cooperation and assistance extended to us during the course of our audit.

Yours faithfully,

Peat Marwick Mitchell & Co

SECTION 2
REPORT ON STATEMENT OF DISBURSEMENTS

2 REPORT ON STATEMENT OF DISBURSEMENTS

2.1 Independent auditors' opinion

We have audited the statement of disbursements made under The Gambia Self Help Programme from 1st October, 1988 to 30th September, 1989. The statement is set out at Appendix 1. This disbursement statement is the responsibility of the Programme's management. Our responsibility is to express an opinion on the statement based on our audit.

We conducted our audit in accordance with generally accepted US Government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient evidence supporting the amounts and disclosures in the statement and refer the reader to the matters set out in the accompanying findings.

In view of the significance of the matters referred to above and in the accompanying findings, we are unable to express an opinion as to whether the statement of disbursements under The Gambia Self Help Programme gives a true and fair presentation of the amounts expended under that Programme from 1st October, 1988 to 30th September, 1989.

This report is intended for the information of the Programme's management, the Mission of the United States Agency for International Development in Banjul and the Office of the Regional Inspector General for Audit in Dakar, Senegal. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Peat Marwick Mitchell & Co

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants
17th April, 1990
Banjul, The Gambia.

2.2 Findings

2.2.1 Queried and unpaid disbursements

Condition

The responsible US official has withheld payment of claims totalling $1,396.50 and therefore those funds have not been disbursed. These amounts are included as disbursements in the Programme's disbursement summary.

Cause

The amounts were recorded in anticipation of payment. However payment was not made as the responsible official found the claims to be unsupported or unreasonable.

Effect

The summary of disbursements does not reflect actual disbursements made. The adjustments are shown at Appendix 2.

Management Comments

These amounts were recorded by the former GSHP coordinator in anticipation of payment but payments were not approved by the responsible official because appropriate supporting documentation was not furnished.

2.2.2 Deficiencies in documentation supporting Programme disbursements

Condition

We noted the following deficiencies in supporting documentation:

- we were unable to identify a single instance where project management had acknowledged receipt of materials, commodities, equipment or services provided under GSHP;
- we noted many instances where payment had been made on the strength of a proforma invoice. Such an invoice does not guarantee that the items concerned have been received by the project;
- we noted disbursements totalling $1,668.00 for which there were no supporting vouchers whatsoever;
- file copies of purchase orders in respect of amounts totalling $10,797.69 did not bear the signature of the authorising officer; and,
- in many cases GSHP does not have evidence that payments made have been received by suppliers.

Criteria

Programme expenses must be reasonable, allowable and necessary and supported by appropriate documentation.

Materials, commodities, equipment or services must have been received by the projects before GSHP makes payment.

Cause

GSHP was not established with a sound system of internal controls. This resulted in concentration of duties in one individual (finding 3.2.1 - "Lack of segregation of duties"), whose activities could not be controlled and checked by the responsible US official as the framework for such control did not exist.

Effect

GSHP has no assurance that the materials, commodities equipment and services which it has paid for have been properly received by the projects concerned. Furthermore, the Programme has no evidence that these payments have been made to the suppliers. An absence of documentation may mask unauthorised or inappropriate expenditure or misuse of project funds.

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Recommendation

We recommend that the following minimum documentation be required for all future disbursements:

- duly authorised and approved purchase order which is certified by the responsible US official as being reasonable in relation to the projects location (finding 2.2.4 - "Transportation costs") and the scale of work to be performed (finding 3.3.3 - "Use of estimates to control costs");

- certification by the project manager that:

  (i) materials, commodities or equipment have been received in good condition and have been stored securely (the quantity received should be specified); and,

  (ii) the service contracted for has been performed to the satisfaction of the project manager.

  This certificate should be countersigned by the Peace Corps Volunteer responsible for project monitoring (finding 3.2.1- "Lack of segregation of duties");

- supplier's invoice agreeing with the purchase order and project manager's certificate; and,

- signed payment receipt from the supplier.

Payment should not be made against proforma invoices and progress payments should only be sanctioned in specified circumstances (finding 2.2.3 - "Inappropriate payments")

Management Comments

These standards have been accepted for adoption by the Programme.

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2.2.3 Inappropriate payments

Condition

In the following six GSHP projects, disbursements totalling $3,686.37 were made although the services contracted for had not been completed:

Project number	Amount $	Comments
9635030	687.50	Well digging, contract calls for payment in instalments on the basis of certifications. The full amount was disbursed on the date of signature of contract. It is inconceivable that this work could have been completed at time of payment.
9635040	687.50	Same as above
9635050	738.20	Same as above
9635060	714.28	Same as above, but part payment was made before contract was signed and balance paid two days after.
9635070	241.61	Well digging, our site inspection showed that no well digging work has yet been done on this project.
9635120	617.28	Well digging, but no invoices have been processed for the cement and rods necessary to line the wells. Therefore this work cannot have been completed.
	$ 3,686.37	

Criteria

Project expenditures must be reasonable, allowable and necessary. Reasonableness is to be considered not only in terms of quantum, but also in terms of period. Payments should not be made until services have been received.

Cause

GSHP has not instituted a sound system of internal controls. Such a system, if implemented, would have identified the above payments as unreasonable.

Effect

Payments totalling $3,686.37 have been made well before it was reasonably necessary to do so.

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Recommendation

Payments should not be made until the related materials, commodities, equipment or services have been received to the satisfaction of the project manager (finding 2.2.2 - "Deficiencies in documentation supporting Programme disbursements").

However, we do recognise that progress payments may be called for in certain circumstances, such as construction work. In these cases the level of progress triggering progress payments should be documented in the relevant purchase order. Project managers should confirm the achieved progress before disbursement of such payments is permitted.

Management Comments

The finding was accepted as valid and the recommendations will be implemented.

2.2.4 Transportation costs

Condition

Disbursements paid include amounts totalling $968.34 in respect of transportation of materials, commodities and equipment. These costs could have been reduced or avoided through use of suppliers in the locale of each project. We found nothing to indicate that alternative suppliers had been considered.

Criteria

Programme expenses must be reasonable, allowable and necessary.

Cause

The Programme coordinator, who resigned during the RIG/I investigation, preferred to use one set of suppliers exclusively. These suppliers are located in the Banjul - Kombo St. Mary district. See also finding 3.3.2 - "Concentration of business with few suppliers".

Effect

Programme funds may have been expended inefficiently.

Recommendation

We recommend that in future, before the Programme places orders for supplies of materials, commodities, or equipment, that due consideration is given to the comparative cost of the order and transport using Banjul based suppliers or suppliers in the more immediate vicinity of the project.

Management Comments

The recommendation was accepted for implementation by GSHP.

SECTION 3
REPORT ON INTERNAL CONTROLS

3 REPORT ON INTERNAL CONTROLS

3.1 Independent auditors' opinion

We have audited the statement of disbursements made under The Gambia Self Help Programme from 1st October, 1988 to 30th September, 1989, and have issued our report thereon dated 17th April, 1990. The statement is set out at Appendix 1.

We conducted our audit in accordance with generally accepted US Government auditing standard. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement.

In planning and performing our audit of the statement we considered the Programme's internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the statement and not to provide assurance on the internal control structure.

The management of the Programme 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 structures are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorised use or disposition and that transactions are executed in accordance with generally accepted accounting principles. Because of inherent limitations in any 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 may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures into the following categories:

- receiving, utilising and safeguarding commodities and equipment;
- project selection and monitoring; and,
- accounting, ordering and payment.

For each of 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 which we consider to be reportable conditions and in some instances also material weaknesses. These are set out in the accompanying findings.

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 Programme's ability to record, process, summarise and report financial data.

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 to the statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We believe that the reportable conditions described under section 3.2 following constitute material weaknesses in GSHP's internal control structure which we consider inadequate for recording, processing, summarising and reporting financial data.

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.

This report is intended for the information of the Programme's management, the Mission of the United States Agency for International Development in Banjul and the Office of the Regional Inspector General for Audit in Dakar. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Peat Marwick Mitchell & Co

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants
17th April, 1990
Banjul, The Gambia.

3.2 Findings - Material weaknesses

3.2.1 Lack of segregation of duties

Condition

Preparation of purchase orders, negotiation of prices with suppliers, liaison with project management, organisation of delivery, requests for payment and receipt of payments were all handled by one person. It is our view that these arrangements represented a serious deficiency in internal control.

Criteria

GSHP should be administered in accordance with sound management practices. Such practices include the establishment of a sound system of internal control, which requires an appropriate segregation of duties and responsibilities to prevent misuse of Programme funds and safeguard assets.

Cause

The size of the Programme limits the amount of administration necessary and therefore makes segregation of duties less practical. In these circumstances a strong internal control structure and defined procedures are essential. No such structure has been created.

Effect

Any misappropriation or misuse of Programme funds which may have occurred cannot be detected.

Recommendation

In order to strengthen internal controls we recommend the following division of duties:

- A Peace Corps volunteer to work in the field identifying potential projects for the Programme and assisting project managers to control inventories of materials, commodities and equipment and to prepare progress reports. This volunteer should countersign project managers' certificates of receipt of materials, commodities, equipment or services;

- Recruitment of a clerk to work part time at the Embassy in GSHP administration. Duties to include:

  - preparation of purchase orders in line with guidelines outlined in findings 2.2.3 - "Inappropriate payments", 2.2.4 - "Transportation costs", 3.3.2 - "Inefficient procurement practices" and 3.3.3 "Use of estimates to control costs"; and,

- matching of purchase orders, supplier's invoices and project management's certificates of receipt for presentation to the responsible US official.

The clerk should not have any access to the physical payment, suppliers or the ordered goods.

- the responsible US official should check the adequacy of supporting documentation and perform the reasonableness tests outlined in findings 2.2.2 - "Deficiencies in documentation supporting Programme disbursements" and 3.3.3 - "Use of estimates to control costs" before authorising purchase orders and payment claims.

  This official should also not have any access to the physical payment or the ordered goods.

- all payments should be made through the Embassy cashier, whether by cheque or cash, who should obtain a receipt in all cases.

Management Comments

The recommendations were agreed for implementation.

3.2.2 Absence of inventory and equipment records

Condition

During the course of our audit we visited six project sites. None of these projects has kept inventory records of materials, commodities or equipment supplied.

Criteria

GSHP should ensure that suitable measures are taken by each project manager that will ensure the proper safeguard of materials, commodities and equipment supplied by the Programme. Reference is made to paragraph 10 of "Guidelines for the American Embassy Self-Help Programme in The Gambia" which requires such controls.

Cause

Project managers have not followed the required guidelines.

Effect

The Programme has no assurance that materials commodities and equipment supplied to each project have been properly safeguarded and used for the purposes of the project.

Recommendation

Project managers, with the assistance of the Peace Corps Volunteer assigned responsibility for project monitoring, where appropriate, should be obliged to account for all materials, commodities and equipment provided by GSHP.

Management Comments

The recommendation was accepted.

3.3 Findings - reportable conditions

3.3.1 Progress and completion reports

Condition

We did not observe any progress or completion reports in the Programme's project files.

Criteria

Project managers are obliged to keep GSHP informed of project progress.

Cause

Project managers have been permitted certain laxity in complying with project agreement obligations.

Effect

The responsible US official is not fully aware of progress in all the benefiting projects and is therefore not in a position to control project activities.

Recommendation

We recommend that the Peace Corps Volunteer with responsibility for project monitoring should work in conjunction with project managers in the preparation of regular, brief progress reports. A completion report should be prepared at the conclusion of each project.

Management Comments

The recommendation was accepted.

3.3.2 Inefficient procurement practices

Condition

At present the Programme deals with a few suppliers only. We found nothing to indicate that these suppliers offered better terms and prices than others.

Criteria

Programme expenses must be reasonable, allowable and necessary. GSHP is obliged to install internal controls that will ensure this.

Cause

GSHP has not instituted a sound system of internal control. Such a system would require a comparison of alternative sources of supply.

Effect

The Programme, and therefore the individual projects, may not have received the best value for the amount expended.

Recommendation

In view of the small size of each project we recognise that it is not practical to apply a competitive tender process to every element of every project. However, we would recommend that the Programme compiles a list of approved suppliers and prices for the items typically consumed by GSHP projects in general.

Management Comments

The recommendation was accepted.

3.3.3 Use of estimates to control costs

Condition

At present Embassy staff responsible for the authorisation and approval of Programme purchase orders and disbursements are unable to determine whether those costs are reasonable in regard to the amount of work to be performed. For example the Programme does not possess data on:

- quantity of cement and rods required per metre of lining in hand dug wells;
- number of man days labour required per metre of hand dug wells;
- quantity of cement and number of blocks required per square metre of walling;
- quantity of wire, etc required per metre of fencing.

Criteria

Programme expenses must be reasonable, allowable and necessary.

Cause

Programme officers will not be able to assess whether project requests are reasonable without data such as that referred to above.

Effect

GSHP is unable to determine if costs claimed are reasonable in comparison with the scale of works involved.

Recommendations

We recommend that:

(i) GSHP compile data as described above for the common elements of typical project activities;

(ii) project agreements, where possible, indicate the dimensions of construction works contemplated, including the depths of wells;

(iii) reference be made to the information referred to under (i) and (ii) above when approving purchase orders or when authorising payments; and,

(iv) the projects' progress reports make reference to the dimensions of completed construction so that comparison can be made with the quantity of materials purchased.

Management Comments

The recommendation was accepted. The Programme will attempt to compile the data as recommended.

SECTION 4
REPORT ON COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

4 REPORT ON COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND AGREEMENTS

4.1 Independent auditors' opinion

We have audited the statement of disbursements made under The Gambia Self Help Programme from 1st October, 1988 to 30th September, 1989, and have issued our report thereon dated 17th April, 1990. The statement is set out at Appendix 1.

We conducted our audit in accordance with generally accepted US Government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Programme is the responsibility of the Programme's management. As part of obtaining reasonable assurance about whether the statement is free of material misstatement, we planned to perform tests of the Programme's compliance with applicable provisions of law, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

Neither the officials responsible for the Programme's management, nor the USAID officials responsible for its financing were able to locate or identify any documents setting out the provisions of law, regulations, contracts or grants applicable to the Programme. Therefore, we were unable to perform our planned tests on the Programme's compliance and, accordingly, cannot report on the results of those tests.

This report is intended for the information of the Programme's management, the Mission of the United States Agency for International Development in Banjul and the Office of the Regional Inspector General for Audit in Dakar. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Peat Marwick Mitchell & Co

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants
17th April, 1990
Banjul, The Gambia.

4.2 Findings

4.2.1 Non awareness of applicable laws and regulations

Condition

We attempted unsuccessfully to locate any document or paper detailing the applicable US laws, FAR and AIDAR for GSHP. The responsible US Embassy official was not aware of any applicable laws or regulations and USAID/Banjul could not provide any information.

Criteria

The Programme is obliged to comply with applicable US and Gambian laws and regulations.

Cause

Officials are not aware of the laws and regulations which impact on GSHP.

Effect

It is impossible to ascertain whether the Programme is complying with applicable laws and regulations.

Recommendation

We recommend that the USAID mission refers this matter to a higher authority for guidance. Once the applicable laws and regulations have been identified we consider it appropriate for the USAID Controller to conduct a review of GSHP compliance.

Management Comments

An attempt will be made to obtain guidance on this issue.

APPENDICES

APPENDIX 1

Summary of Programme obligations and disbursements from Programme's records

Project	Reference	Obligated $	Disbursed $	Outstanding $
Gambia Artisans Marketing Co-op	9635010	1,000	855	145
New Jeshwang Primary School Latrines	9635020	1,150	848	302
Kang Manga Village Garden	9635030	3,000	2,342	658
Batabutu Kantora Village Garden	9635040	3,000	2,746	254
Somita Village Garden	9635050	3,000	2,697	303
Ndemban Village Garden	9635060	2,500	2,364	136
Lamin Jukanja Tesito Garden	9635070	2,500	2,132	368
Dumbutu Fishing Project	9635080	3,000	2,423	577
Aljamdu Village Wells	9635090	3,000	1,018	1,982
Farafenni Village Garden	9635100	3,000	-	3,000
Wellingara Ello Seed Store	9635110	3,500	-	3,500
Kundang Well Rehabilitation	9635120	1,250	617	633
Bantanto Village Garden	9635130	3,000	1,710	1,290
Gambissara Weaving Project	9635140	2,250	2,032	218
Humuyel Village Garden	9635150	3,000	-	3,000
Jawo Kunda Village Garden	9635160	3,000	947	2,053
Kuntaur School Garden	9635170	3,850	2,586	1,264
Brikama Primary School	9635180	4,646	4,519	127
Juffureh Village Garden	9635190	3,000	2,786	214
Total		$52,646	$32,622	$20,024

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APPENDIX 2

Adjustments to summary of disbursements

Disbursement not approved and therfore not paid

Project Reference	Amount $
9635050	261
9635070	497
9635080	419
9635130	219
Total	$1,396

Appendix 3

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