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ISN 68739

AUDIT OF THE SMALL FARMER DIVERSIFICATION SYSTEMS PROJECT COMPONENT WITH THE INSTITUTE OF AGRICULTURAL SCIENCE AND TECHNOLOGY

Audit Report No. 1-~~529~~ 520-89-51-N
September 18, 1989

U. S. MAILING ADDRESS:
RIG/T
APO MIAMI 34022

AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL
AMERICAN EMBASSY
TEGUCIGALPA - HONDURAS

TELEPHONES:
32-9987
also 32-3120 EXT. 2701-2703

September 18, 1989

MEMORANDUM

TO: USAID/Guatemala Director, Anthony J. Cauterucci

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

SUBJECT: Audit Report No. 1-520-89-51-N, "Audit of the Small Farmer Diversification Systems Project Component with the Institute of Agricultural Science and Technology"

This report presents the results of a non-Federal financial audit requested by your Mission of the Small Farmer Diversification Systems Project, USAID/Guatemala Project No. 520-0255, component implemented by the Institute of Agricultural Science and Technology (Instituto de Ciencia y Tecnologia Agricola - ICTA). The audit covered the period from the start of ICTA's project operations on July 18, 1983 through June 30, 1987. It did not cover the remainder of the project period which ended on March 31, 1989. The accounting firm Touche Ross in Guatemala prepared the report which is dated August 21, 1989.

The project's major goal is to strengthen the Guatemalan agricultural sector's livestock and to stimulate small farm diversification from basic grains to higher value diversified crops of greater labor intensity. ICTA's role in the project was to perform research and adapt technology to be applied for improving fruit, vegetables and cattle, and to improve technical training provided to small farmers by other implementing institutions. ICTA received about US$202,000 in project funds during the audit period.

The purpose of this audit was to determine whether: (1) the fund accountability statement for the project component fairly presents project receipts and disbursements for the period with disclosure of questionable expenditures, if any, (2) ICTA's

internal control system is adequate to manage the project component's funds, and (3) ICTA has complied with agreement terms and applicable laws and regulations.

Touche Ross disclaimed expressing an opinion on the fund accountability statement for the project component because ICTA did not have separate accounting records for the project; the funds received by ICTA were not reconciled with those disbursed by USAID/Guatemala and the Government of Guatemala; the project's bank account was not reconciled with the fund accountability statement; disbursements were made directly by USAID/Guatemala, including scholarships for approximately Q.350,000, which were not recorded by ICTA; there was a lack of subsidiary records for the amount of Q.122,600 recorded from 1984 to 1986 as liabilities for goods and services not received; fixed assets valued at Q.303,000 were not separately identifiable because they were commingled with the institution's own assets; and the auditors were unable to apply alternative procedures to satisfy themselves as to the accountability and use of funds received from USAID/Guatemala due to inadequate records. Touche Ross' study and evaluation of the system of internal control over the project component revealed weaknesses which, in its opinion, result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the project component's financial statements may occur and not be detected within a timely period. In reaching this opinion, Touche Ross referred to the numerous accountability deficiencies mentioned above plus inadequate controls over inventory and over vehicle use and fuel consumption. Touche Ross disclaimed expressing an opinion on ICTA's compliance with agreement terms and applicable laws and regulations because of the above mentioned deficiencies plus the fact that required audits were not performed. Touche Ross identified Q.131,800 (US$48,815) in questionable costs which involved expenditures reported to USAID/Guatemala which were not supported with documentation.

The Touche Ross report contains 6 recommendations regarding improvements needed in ICTA's accountability for A.I.D. funds, internal controls, and compliance with the agreement terms and applicable laws and regulations. Although the project ended on March 31, 1989, we noted that USAID/Guatemala continues to work with ICTA on a similar follow-on project, the Highlands Agricultural Development Project, USAID/Guatemala Project

No. 520-0274 phase II. We believe that the conditions noted during this audit will likely be applicable in this new project and therefore, USAID/Guatemala should require implementation of all the Touche Ross recommendations to the extent they would be appropriate in settling matters related to the audited project or useful in promoting better accountability over the new project. In this regard, we consider those findings related to the lack of accountability for A.I.D. funds, inadequate internal controls over inventories and vehicle use and fuel consumption, and the questionable costs to be particularly significant. Also, we believe that a final close-out audit is needed for the project component since the audit found a lack of accountability over A.I.D. funds and material internal control weaknesses.

We are making the following recommendations which will be included 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 Institute of Agriculture Science and Technology (ICTA) concerning the disposition of the Q.131,800 (US$48,815) of costs considered questionable by the Touche Ross report dated August 21, 1989.

Recommendation No. 2

We recommend that USAID/Guatemala determine whether ICTA has established a proper accounting system to adequately account for A.I.D. funds under the follow-on Highlands Agricultural Development Project, USAID/Guatemala Project No. 520-0274 phase II, and, if not, in order to address the deficient conditions noted in the Touche Ross report dated August 21, 1989, provide technical assistance to ICTA to develop and implement an accounting system which will be adequate for USAID/Guatemala's purposes and provide separate accountability for A.I.D. funds.

Recommendation No. 3

We recommend that USAID/Guatemala require ICTA to implement adequate internal controls over inventories and vehicle use and fuel consumption. Material weaknesses in these areas are described by the Touche Ross report dated August 21, 1989.

Recommendation No. 4

We recommend that USAID/Guatemala arrange for a final close-out audit of the Small Farmer Diversification Systems Project, USAID/Guatemala Project No. 520-0255, component implemented by the Institute of Agricultural Science and Technology. This should include a regular financial audit covering the period July 1, 1987 to March 31, 1989 with additional steps included to determine the amounts of A.I.D. funds provided for this component during the project's life.

The Touche Ross report was discussed with representatives from ICTA and USAID/Guatemala on July 6, 1989 and their comments were considered in preparing this final report.

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

Lara & González, CPA
Member Firm
Touche Ross International

AUDIT OF THE SMALL FARMER DIVERSIFICATION SYSTEMS PROJECT COMPONENT WITH THE INSTITUTE OF AGRICULTURAL SCIENCE AND TECHNOLOGY USAID/GUATEMALA PROJECT No. 520-0255

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SMALL FARMER DIVERSIFICATION SYSTEMS PROJECT

COMPONENT WITH THE INSTITUTE OF AGRICULTURAL

SCIENCE AND TECHNOLOGY

USAID/GUATEMALA PROJECT No. 520-0255

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Lara & González, CPA
Member Firm
Touche Ross International

August 21, 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 Small Farmer Diversification Systems Project, USAID/Guatemala Project No. 520-0255, component implemented by the Institute of Agricultural Science and Technology (Instituto de Ciencia y Tecnología Agrícola - ICTA), from July 18, 1983 to June 30, 1987.

BACKGROUND

On August 28 and September 24, 1981, the Government of Guatemala (GOG) through the Ministry of Public Finances (Ministerio de Finanzas Públicas - MPF), the Ministry of Agriculture, Livestock, and Food (Ministerio de Agricultura, Ganadería y Alimentación MAGA), and the National Board of Economic Planning (Consejo Nacional de Planificación Económica - CNPE) signed grant agreement No. 520-0255 for US$3,696,000 and loan agreement No. 520-T-034 for US$5,500,000 with the U.S. Agency for International Development in Guatemala (USAID/Guatemala) for the Small Farmer Diversification Systems Project, USAID/Guatemala Project No. 520-0255. USAID/Guatemala committed funds were for the purpose of financing the acquisition of the goods and services necessary to carry out the project. In addition to these funds the GOG committed a minimum of US$6,700,000 in counterpart funds, to finance administrative expenses and other direct and indirect costs related to the project. The completion date of the project, originally scheduled for March 31, 1987, was later extended to March 31, 1989.

The project's major goal is to strengthen the agricultural sector's livestock and to stimulate small farm diversification from basic grains to higher value diversified crops of greater labor intensity. The project activities are: a) applied research and technology adaptation, b) extension and promotion, c) loans and social cost payments (contributions), d) in-service

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training, e) project coordination, and f) nutritional impact evaluation.

The Institute of Agricultural Science and Technology (ICTA) is part of the Ministry of Agriculture, Livestock, and Food (MAGA). ICTA's general objective is to contribute towards the economic and social development of the country through the generation, validation, and promotion of proper technology to increase agricultural and cattle production. ICTA's role in the project was to perform research and adapt technology to be applied for improving fruit, vegetables, and cattle; and to improve the agricultural and cattle related technical training provided to small farmers by two other implementing institutions, the General Directorate for Livestock Services (DIGESEPE) and the General Directorate for Agricultural Services (DIGESA).

The other implementing institutions of the Government agricultural sector participating in the project were as follows:

- the Coordinating Unit for the Agricultural Diversification Program (Unidad Coordinadora del Programa de Agricultura UCPRODA) was formed specifically to coordinate the project activities. This coordination included receiving reimbursement requests from the implementing institutions, obtaining the reimbursements from USAID/Guatemala and distributing them back to the implementing institutions, and preparing consolidated financial information for the project based on fund accountability statements or other financial statements received from each implementing institution.

- the General Directorate for Livestock Services (Dirección General de Servicios Pecuarios - DIGESEPE) was responsible for the livestock extension activities that focused primarily on improving management practices related to disease, parasite control, and nutritional feed supply;

- the General Directorate for Agricultural Services (Dirección General de Servicios Agrícolas - DIGESA) was responsible for project activities involving the transfer of agricultural technology for crop production;

- the National Bank for Agricultural Development (Banco Nacional de Desarrollo Agrícola - BANDESA) was responsible for the administration of the trust fund created under the project to provide loans and grants to small and medium-sized farmers; and

- the Technical Assistance Team (Equipo de Asistencia Técnica - EAT) was a group of professionals with extensive agricultural experience organized to coordinate some technical assistance to the project.

AUDIT OBJECTIVES AND SCOPE

The general objective was to perform a financial and compliance audit of the Small Farmer Diversification Systems Project, USAID/Guatemala Project No. 520-0255, component implemented by the Institute of Agricultural Science and Technology (ICTA), for the period from July 18, 1983 to June 30, 1987. Our review was made in accordance with generally accepted auditing standards and the United States Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 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 statement of the project component implemented by ICTA fairly presents the project receipts and disbursements for the period from July 18, 1983 to June 30, 1987, with disclosure of questionable costs, if any.

2. ICTA's internal accounting control system is adequate to manage the project funds as required by USAID/Guatemala. In this regard, our study included the controls over the following project areas: procurement systems, warehousing, vehicles, fixed assets, and technical transfer mechanisms.

3. ICTA has complied with applicable laws, regulations, agreement terms, and implementation letters which may have a material effect on the fund accountability statement.

The scope of our work consisted of:

1. Reviewing ICTA's fund accountability statement for the period from July 18, 1983 to June 30, 1987.

2. Conducting a study and evaluation of ICTA's internal accounting controls, including controls over the procurement system, warehousing, vehicles, fixed assets, and technical transfer mechanisms.

3. Determining whether ICTA was complying with agreement terms, amendments, project implementation letters, and applicable laws and regulations.

RESULTS OF AUDIT

Fund Accountability Statement

Due to the lack of reconciliation between funds received by ICTA with those provided by USAID/Guatemala and the Government of Guatemala; the failure to reconcile the project's bank account with the fund accountability statement; the lack of subsidiary

records for the amount of Q.122,600 recorded from 1984 to 1986 as liabilities for goods and services not received; the failure to separately identify project fixed assets valued at Q.303,000 which were commingled with the institution's assets; the nonrecording of disbursements made directly by USAID/Guatemala, including scholarships for approximately Q.350,000; and the inadequacy of ICTA's accounting system in general, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the fund accountability statement of ICTA for the period from July 18, 1983 to June 30, 1987. However, questionable costs of Q.131,800 were disclosed by the audit.

Internal Controls

Our study and evaluation of the internal controls disclosed conditions that we believe result in more than a relatively low risk that errors or irregularities, in amounts that would be material in relation to the fund accountability statement of the project component, may occur and not be detected within a timely period. These conditions were the following:

Findings in our report on the fund accountability statement:

1. The accounting records and budgetary controls were inadequate.

2. Financial information was not reconciled.

Findings in our report on internal control systems:

1. Inventory and warehouse controls were inadequate.

2. Vehicle logs were not used and controls over fuel purchases were inadequate.

3. Technology transfer was not documented.

As set forth in the scope of work, our study and evaluation of ICTA's internal controls included the following major areas with the following results:

A. Procurement System. Our evaluation of the procurement system did not disclose any material weakness.

B. Warehouse Controls. Inventory controls were inadequate. Receipt and issue forms were prepared after the materials were received or issued. In addition, amounts recorded as received and issued for some supplies were based on estimates rather than on actual quantities or weight.

C. Vehicles, Spare Parts, Fuel and Lubricants Controls. ICTA's controls in this area were not adequate. There was no system for controlling vehicle and fuel usage, no reviews were made to determine the reasonableness of fuel usage considering the kilometers traveled, and fuel requisitions were not properly filed by date and user.

D. Fixed Assets Controls. Fixed asset controls were inadequate. There were no fixed asset subsidiary ledgers and fixed assets acquired with project funds were commingled with the institution's other assets, without identification.

E. Technical Transfer Mechanisms and Controls. Controls for transfer of technology were inadequate. There were no plans establishing goals and schedules for their accomplishment and the results of field visits were not documented.

Compliance with Applicable Laws, Regulations, and Agreement Terms

ICTA's inadequate internal controls and accounting records were not sufficient to enable us to express, and we do not express positive assurance on those items tested for compliance with applicable laws, regulations, and agreement terms or negative assurance on those items not tested. Nevertheless, our study and evaluation revealed that annual audits were not performed.

MANAGEMENT COMMENTS

A copy of this report was provided to ICTA and we discussed the report with them on July 6, 1989. ICTA provided written comments to the report which we have included as Annex 1. After considering ICTA's oral and written comments, we determined that the report as written accurately reflects the conditions found during the audit.

ICTA expressed disagreement with most of the report's findings concerning its accounting system and internal controls stating that they were adequate. However discussion brought out that ICTA's comments were for the organization as a whole rather than specifically for A.I.D. funds under the project. ICTA agreed that the accountability for A.I.D. funds could not be separated from the organization's overall system of accounting and that its internal controls at the project level were inadequate.

TOUCHE ROSS & CO.

Lic. Rolando Lara Leiva

Lara & González, CPA
Member Firm
Touche Ross International

SMALL FARMER DIVERSIFICATION SYSTEMS PROJECT

COMPONENT WITH THE INSTITUTE OF AGRICULTURAL

SCIENCE AND TECHNOLOGY

USAID/GUATEMALA PROJECT No. 520-0255

REPORT ON THE FUND ACCOUNTABILITY STATEMENT

AUDITOR'S OPINION

We have performed a financial and compliance audit of the fund accountability statement of the Small Farmer Diversification Systems Project, USAID/Guatemala Project No. 520-0255, component implemented by the Institute of Agricultural Science and Technology (ICTA), for the period from July 18, 1983 to June 30, 1987. Except as described in the following paragraph, our examination was made in accordance with generally accepted auditing standards and the United States Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 Revision) and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances.

As described in the accompanying findings No. 1 and No. 2, ICTA did not have separate accounting records for the project; the funds received by ICTA were not reconciled with those disbursed by USAID/Guatemala and the Government of Guatemala; the project's bank account was not reconciled with the fund accountability statement; disbursements were made directly by USAID/Guatemala, including scholarships for approximately Q.350,000, which were not recorded; there was lack of subsidiary records for the amount of Q.122,600 recorded from 1984 to 1986 as liabilities for goods and services not received; fixed assets valued at Q.303,000 were not separately identifable because they were commingled with the institution's assets; and we were unable to apply alternative procedures to satisfy ourselves as to the accountability and use of funds received from USAID/Guatemala due to inadequate records.

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As described in Note D to the fund accountability statement, costs in the amount of Q.131,800 were considered questionable, because of a lack of supporting documentation.

As described in Note A, ICTA's policy is to prepare the fund accountability statement on the modified cash basis, where revenues are recognized when received rather than when earned. Also, assets and expenses are recognized when funds are committed rather than when the assets are received or the expenses incurred. Accordingly, the accompanying fund accountability statement is not intented to present the financial information in conformity with generally accepted accounting principles.

Due to the limitations mentioned in the second paragraph and the questionable costs mentioned in the third paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on ICTA's fund accountability statement referred to above.

Touche Ross & Co.

August 5, 1988
Guatemala.

SMALL FARMER DIVERSIFICATION SYSTEMS PROJECT

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USAID/GUATEMALA PROJECT No. 520-0255

FUND ACCOUNTABILITY STATEMENT

From July 18, 1983 to June 30, 1987

(Quetzales)

			Questionable Costs (Note D)
Income:			
Advance received from the Government of Guatemala and USAID/Guatemala reimbursements deposited in project bank account		Q.546,368	
Expenditures:			
Materials and supplies	Q.296,997		Q.131,800
Vehicles and equipment	302,994		
Construction and supervision	152,910		
	752,901		
Less: An estimate of expenditures paid directly by USAID/Guatemala	368,269	384,632	
Project funds that should be available		161,736	Q.131,800
Less: Bank account balance as of June 30, 1987		218,154	
Surplus to be reconciled or explained		Q. 56,418	

Enclosed notes are an integral part of this financial report.

SMALL FARMER DIVERSIFICATION SYSTEMS PROJECT

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USAID/GUATEMALA PROJECT No. 520-0255

NOTES TO THE FUND ACCOUNTABILITY STATEMENT

From July 18, 1983, to June 30, 1987

A. Summary of Significant Accounting Policies

The fund accountability statement of the project was prepared on the modified cash basis, where revenues are recognized when received rather than when earned and assets and expenses are recognized when funds have been committed rather than when the assets are received or the expenses incurred.

B. Grant and Loan Agreements

On August 28 and September 24, 1981, the Government of Guatemala (GOG) through the Ministry of Public Finances (Ministerio de Finanzas Públicas - MPF), the Ministry of Agriculture, Livestock, and Food (Ministerio de Agricultura, Ganadería y Alimentación - MAGA), and the National Board of Economic Planning (Consejo Nacional de Planificación Económica - CNPE) signed grant agreement No. 520-0255 for US$3,696,000 and loan agreement No. 520-T-34 for US$5,500,000 with the U. S. Agency for International Development in Guatemala (USAID/Guatemala). The completion date of the project, originally scheduled for March 31, 1987, was extended to March 31, 1989.

The agreements were signed to carry out the Small Farmer Diversification Systems Project to be implemented through six Guatemalan Government institutions. The project's major goal was to strengthen the agricultural sector's livestock and to stimulate small farm diversification from basic grains to higher value diversified crops of greater labor intensity. The project activities were: a) applied research and technology adaptation, b) extension and promotion, c) loans and social cost payments (contributions), d) in-service training, e) project coordination, and f) nutritional impact evaluation.

ICTA, one of the Government implementing institutions of the project, in coordination with the other participating institutions, is responsible for the research and adaptation of technology applied to fruit, vegetables, and cattle; and for improving agricultural and cattle related technical training provided to small farmers by two other implementing institutions, the General Directorate for Agricultural Services (DIGESA), and the General Directorate for Livestock Services (DIGESEPE).

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NOTES TO THE FUND ACCOUNTABILITY STATEMENT

From July 18, 1983, to June 30, 1987

C. Implementing Institution

The Institute of Agricultural Science and Technology (ICTA) is a descentralized unit of the Ministry of Agriculture, Livestock, and Food established in 1973. Its main activity is to originate, validate, and promote proper technology to increase agricultural and livestock production and to improve the socio-economic level of those inhabitants of the rural areas dedicated to agricultural and cattle activities.

In order to achieve its objectives, ICTA has five research centers and five auxiliary centers located in key areas of the most important agricultural regions of the country. ICTA's activities for the Small Farmer Diversification Systems Project are developed in the research and production center at Labor Ovalle, located in Quetzaltenango.

D. Questioned Costs

Due to the inadequacy of ICTA records, costs amounting to Q.131,800 were questioned, and are detailed as follows:

• Expenditures for goods and services not received were recorded in the fund accountability statements from 1984 to 1986, without detail and supporting documentation. (See finding No. 1 of this section.)	Q.122,600
• Disbursements were made for materials and supplies for 1987, without detail and supporting documentation.	9,200
	Q.131,800

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USAID/GUATEMALA PROJECT No. 520-0255

NOTES TO THE FUND ACCOUNTABILITY STATEMENT

From July 18, 1983, to June 30, 1987

E. Fund Accountability Statement Preparation

Expenditures paid directly by USAID/Guatemala were estimated and subtracted from expenditures registered by ICTA for presentation in the fund accountability statement. The fund accountability statement shows a surplus of Q.56,418 to be reconciled or explained by ICTA. (See finding No. 2 of this section.)

ICTA received funds in advance from the Government of Guatemala (GOG), depositing them in the project bank account. The liquidation of such funds was reported to USAID/Guatemala. Funds in advance received from GOG were Q.261,706. Also, reimbursements of Q.284,662 have been received from USAID/Guatemala. As of June 30, 1987, ICTA had not repaid the GOG funds received in advance.

F. Monetary Unit

ICTA's fund accountability statement is stated in Quetzales (Q.), the monetary unit of Guatemala. Foreign currency transactions must be realized through the banking system in which three different exchange rates have been established as follows: 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 30, 1987, the regulated market rate was Q.2.50:US$1 and the banking market rate was of Q.2.60:US$1. On June 23, 1988, the exchange rate applied in the regulated and banking markets was unified at Q.2.70:US$1.

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USAID/GUATEMALA PROJECT No. 520-0255

REPORT ON THE FUND ACCOUNTABILITY STATEMENT

FINDINGS

1. The Accounting Records and Budgetary Control Were Inadequate

Condition:

ICTA's accounting records and budgetary control related to the project were inadequate as evidenced by the following conditions:

A. As an organization, ICTA had no subsidiary records and transactions for the project were mixed in with ICTA's overall records with no capability for automated retrieval. A review of project receipts and expenditures would require a manual search of documentation supporting daily entries to ICTA's cash book. Such an effort would be time consuming and prone to human error.

B. At the end of 1984, 1985 and 1986, ICTA recorded expenditures for the amount of its unspent budget for each of those years and these expenditures were not supported with subsidiary records. The total for the three years was Q.122,600. When questioned concerning these unsupported amounts, ICTA could not provide documentation which fully reconciled back to the recorded figures.

C. Due to the lack of subsidiary records it was not possible to verify the amounts reported in the fund accountability statement for fixed assets.

D. Fixed assets valued at Q.303,000 acquired with project funds were not separately identified as belonging to the project and were commingled with the institution's other fixed assets.

E. Some expenditures paid directly by USAID/Guatemala were not recorded in ICTA's records, including scholarships amounting to Q.350,000.

Criteria:

Proper control of the use of funds requires implementing an adequate accounting system, including the use of a general ledger and subsidiary records.

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REPORT ON THE FUND ACCOUNTABILITY STATEMENT

FINDINGS

Cause:

A. The project was allowed to start without ICTA having a proper accounting system capable of accounting for the use of project funds, and, thereafter, the institution had not developed an adequate accounting and administrative procedures manual to establish requirements to maintain proper accounting records and controls.

B. With regard to the Q.122,600 of unsupported year end expenditures recorded by ICTA, the apparent motivation was to circumvent normal budgetary controls so as to be able to use these funds for the following year without asking Government of Guatemala authorization for a new budget.

Effect:

The financial information prepared by ICTA was not reliable and budgetary controls were weak.

Recommendation:

USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to:

A. Establish a separate accounting system specifically for the project,

B. Implement the use of a general ledger and subsidiary records for proper control of accounts payable, fixed assets, inventories, and expenses. The subsidiary records for fixed assets should include information on each asset's location, value and the name of the employee responsible for it,

C. Support recorded transactions with adequate documentation, and do not record transactions until such time as the costs are actually incurred,

D. On a monthly basis, record the expenditures paid directly by USAID/Guatemala on ICTA's behalf. The expenditures should be identified as having been paid directly by USAID/Guatemala, and

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REPORT ON THE FUND ACCOUNTABILITY STATEMENT

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E. Identify the fixed assets acquired with project funds and tag these assets to separately identify them from the rest of the organization's assets.

2. Financial Information Was Not Reconciled

Condition:

A. The unreconciled difference between ICTA's fund accountability statement and the funds provided to the project by USAID/Guatemala and the Government of Guatemala indicated a cash surplus of Q.56,418. (See fund accountability statement on page 3 of this report.)

B. ICTA had an independent bank account for the management of USAID/Guatemala project funds; nevertheless, ICTA's fund accountability statement was not reconciled with this bank account.

Criteria:

As part of the system of internal control over project funds financial information must be reconciled monthly. ICTA's fund accountability statement should fully reconcile to its general ledger and subsidiary records and should be reconciled with the Coordinating Unit for the Agricultural Diversification Program's (UCPRODA's) and USAID/Guatemala's records on a monthly basis.

Cause:

There was lack of supervision and coordination among the implementing units and USAID/Guatemala. Also, as explained in finding No. 1 of this section, ICTA did not maintain separate records for the project.

Effect:

The financial information prepared and provided by ICTA and therefore UCPRODA was not reliable. Errors or irregularities may have occurred that have not been detected and funds have not been properly accounted for.

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REPORT ON THE FUND ACCOUNTABILITY STATEMENT

FINDINGS

Recommendation:

USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to:

A. Reconcile or explain the Q.56,418 cash surplus indicated in the project component's fund accountability statement as of June 30, 1987, and

B. Reconcile, on a monthly basis, the funds received for the component with the funds provided by the Government of Guatemala and USAID/Guatemala, the expenditures realized, and the outstanding bank account balance. The fund accountability statement should also be reconciled monthly with the financial information submitted by the Coordinating Unit for the Agricultural Diversification Program (UCPRODA) to USAID/Guatemala.

Lara & González, CPA
Member Firm
Touche Ross International

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USAID/GUATEMALA PROJECT No. 520-0255

REPORT ON INTERNAL CONTROL SYSTEMS

AUDITOR'S OPINION

We have performed a financial and compliance audit of the fund accountability statement of the Small Farmer Diversification Systems Project, USAID/Guatemala Project No. 520-0255, component implemented by the Institute of Agricultural Science and Technology (ICTA) for the period from July 18, 1983 to June 30, 1987 and have issued our report thereon dated August 5, 1988. As part of our examination, we performed a study and evaluation of ICTA's system of internal accounting and administrative controls to the extent that we considered necessary to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's fund accountability statement. Our study and evaluation made in accordance with generally accepted auditing standards and the United States Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 Revision), was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole and included a review of the significant internal controls in the areas of procurement, warehousing, vehicles, fixed assets, and technology transfers.

The management of ICTA is responsible for establishing and maintaining a system of internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of an internal control system 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

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recorded properly to permit the preparation of financial information in accordance with generally accepted accounting principles and/or on a comprehensive accounting basis. Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made with the limited purpose as described in the first paragraph, would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of ICTA taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed conditions described in the accompanying findings No. 1 to 3 and findings No. 1 and 2 in the report on the fund accountability statement that we believe result in more than a relatively low risk that errors or irregularities, in amounts that would be material in relation to the fund accountability statement of the project, may occur and not be detected within a timely period.

This report is intended solely for the use of ICTA 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

August 5, 1988
Guatemala

SMALL FARMER DIVERSIFICATION SYSTEMS PROJECT

COMPONENT WITH THE INSTITUTE OF AGRICULTURAL

SCIENCE AND TECHNOLOGY

USAID/GUATEMALA PROJECT No. 520-0255

REPORT ON INTERNAL CONTROL SYSTEMS

FINDINGS

1. Inventory and Warehouse Controls Were Inadequate

Condition:

A. Control over receipt and issuance of materials was inadequate, mainly because:

   a) Forms documenting receipts and issues were prepared after the materials were received or dispatched from the warehouse. The warehouse-keeper signed the forms after receipts and issues were recorded in the kardex.

   b) The warehouse-keeper dispatched materials without obtaining prior approval from a responsible officer.

B. The recording of the receipt and issuance of some agricultural supplies, such as potato seeds, was based on estimates by the technicians rather than on the actual quantity (pounds) of supplies involved.

Criteria:

A warehouse should have proper, formal inventory controls in order to accurately account for and safeguard materials and to be able to detect errors or irregularities. Proper controls should include procedures for using and preparing inventory transaction forms and their approval and authorization.

Cause:

There was a lack of an inventoy control system.

Effect:

Errors in the recording of inventory transactions or misuse of the inventories themselves could occur without being detected.

Recommendation:

USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to establish a proper inventory control system, including the following:

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REPORT ON INTERNAL CONTROL SYSTEMS

FINDINGS

A. Establish the use of numbered inventory forms and require written evidence of the persons who prepared and approved transactions,

B. Implement procedures that accurately account for and record receipts and issues of materials and supplies. Bulk items should be recorded based on their actual weight, and

C. Reconcile inventory subsidiary records with the warehouse kardex on a monthly basis, and periodically perform physical inventories to verify the accuracy of recorded inventory amounts.

2. Vehicle Logs Were not Used and Controls over Fuel Purchases Were Inadequate

Condition:

The major deficiencies disclosed in this area were as follows:

A. The institution had no system for controlling vehicle and fuel useage. Vehicle logs were not used.

B. There was no post review of fuel usage to determine the reasonableness of the gallons used versus the kilometers traveled.

C. Fuel requisitions were not properly filed by date and user.

Criteria:

Formal procedures and controls that permit the evaluation of the use of vehicles and their fuel consumption should be established.

Cause:

There was an inadequate internal control system over vehicle use and fuel consumption including a lack of supervision.

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FINDINGS

Effect:

Vehicles and fuel could be used for unauthorized purposes and fuel could be misappropriated without being detected.

Recommendation:

USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to establish adequate controls over fuel consumption and vehicle use, including the following:

A. Prenumbered fuel purchase requisition forms filed by date and user,

B. Written evidence documenting the persons who requested, approved, and received the fuel,

C. Support for payments, which should include original invoices from gas stations and the original approved fuel purchase requisition forms,

D. Use of vehicle logs for each vehicle (showing each vehicle trip, purpose of the trip, locations visited, kilometers traveled and a record of fuel purchases) and periodic management reviews made to determine whether the vehicles have been used only for project purposes and that fuel consumption was reasonable considering the kilometers traveled, and

E. Supervisory control performed by personnel not involved with the use of the vehicles.

3. Technology Transfer Was Not Documented

Condition:

There was no plan against which to measure the adequacy of technology transfer efforts, and the results of field visits were not documented.

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REPORT ON INTERNAL CONTROL SYSTEMS

FINDINGS

Criteria:

The institution should have an established plan for technology transfer that should include project goals and progress reporting, and documentation of the results of individual events whose main purpose was to transfer technology or assess the results of technology transfer efforts.

Cause:

The agreement did not specify what was required in this area.

Effect:

It was not possible to determine whether or not ICTA had complied with the requirements to transfer technology to the General Directorate for Agricultural Services (DIGESA) and the General Directorate for Livestock Services (DIGESEPE) as established in the agreement.

Recommendation:

USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to develop and implement policies and procedures for technology transfer which will include the establishment of goals, plans and schedules for reaching those goals, progress reporting against the established plans and schedules, and written reports on the results of individual events whose main purpose was to transfer technology or to assess the results of technology transfer efforts.

Lara & González, CPA
Member Firm
Touche Ross International

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USAID/GUATEMALA PROJECT No. 520-0255

REPORT ON COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS,

AND AGREEMENT TERMS

AUDITOR'S OPINION

We have performed a financial and compliance audit of the fund accountability statement of the Small Farmer Diversification Systems Project, USAID/Guatemala Project No. 520-0255, component implemented by the Institute of Agricultural Science and Technology (ICTA) for the period from July 18, 1983 to June 30, 1987. Our study and evaluation was made in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 Revision), which includes requirements for the review of compliance with applicable laws, regulations, and agreement terms. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances. The laws, regulations, and agreement terms reviewed for compliance included:

1. Grant agreement No. 520-0255 and loan agreement No. 520-T-034, their amendments and project implementation letters.

2. A.I.D. Handbook Number 11, Chapter 4.

3. A.I.D. procurement regulations.

4. Purchasing and contracting laws of the Government of Guatemala.

5. The Guatemalan Social Security Law.

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The deficiencies detected as indicated in findings No. 1 and 2 in the report on the fund accountability statement, findings No. 1 to 3 in the report on internal controls, and the accompanying finding to this report prevent us for expressing, and we do not express positive assurance on those items tested for compliance with applicable laws, regulations, and agreement terms or negative assurance on those items not tested.

This report is intended solely for the use of ICTA 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

August 5, 1988
Guatemala

SMALL FARMER DIVERSIFICATION SYSTEMS PROJECT

COMPONENT WITH THE INSTITUTE OF AGRICULTURAL

SCIENCE AND TECHNOLOGY

USAID/GUATEMALA PROJECT No. 520-0255

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

FINDING

1. Annual Audits Were not Performed

Condition:

Periodic audits of the project were not made.

Criteria:

Section B.5, Annex II of the loan and grant agreements established that the books and records would be audited regularly in accordance with generally accepted auditing standards.

Cause:

USAID/Guatemala authorized the Office of the General Comptroller of Guatemala to perform periodic project audits. However, this office only performs voucher examinations and not audits in accordance with generally accepted auditing standards and the government auditing standards of the United States Comptroller General.

Effect:

As documented in this report, the financial information for the project was unreliable, project funds were not properly accounted for, questionable expenditures occurred, and there was a high risk that errors or irregularities in the use of project funds may have occurred without detection. However, because audits were not done, management was not informed of these problems at an earlier date.

Recommendation:

USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to have periodic independent audits of project funds performed in accordance with the U.S. Comptroller General's "Government Auditing Standards " (1988 Revision), either by the Guatemalan Comptroller General or by external audit firms.

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LIST OF REPORT RECOMMENDATIONS

FUND ACCOUNTABILITY STATEMENT

1. USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to:

   A. Establish a separate accounting system specifically for the project,

   B. Implement the use of a general ledger and subsidiary records for proper control of accounts payable, fixed assets, inventories, and expenses. The subsidiary records for fixed assets should include information on each asset's location, value, and the name of the employee responsible for it,

   C. Support recorded transactions with adequate documentation and do not record transactions until such time as the costs are actually incurred,

   D. On a monthly basis, record the expenditures paid directly by USAID/Guatemala on ICTA's behalf. The expenditures should be identified as having been paid directly by USAID/Guatemala, and

   E. Identify the fixed assets acquired with project funds and tag these assets to separately identify them from the rest of the organization's assets.

2. USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to:

   A. Reconcile or explain the Q.56,418 cash surplus indicated in the project component's fund accountability statement as of June 30, 1987, and

   B. Reconcile, on a monthly basis, the funds received for the component with the funds provided by the Government of Guatemala and USAID/Guatemala, the expenditures realized, and the outstanding bank account balance. The fund accountability statement should also be reconciled monthly with the financial information submitted by the Coordinating Unit for the Agricultural Diversification Program (UCPRODA) to USAID/Guatemala.

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LIST OF REPORT RECOMMENDATIONS

INTERNAL CONTROL SYSTEMS

1. USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to establish a proper inventory control system, including the following:

   A. Establish the use of numbered inventory forms and require written evidence of the persons who prepared and approved transactions.

   B. Implement procedures that accurately account for and record receipts and issues of materials and supplies. Bulk items should be recorded based on their actual weight.

   C. Reconcile inventory subsidiary records with the warehouse kardex on a monthly basis, and periodically perform physical inventories to verify the accuracy of recorded inventory amounts.

2. USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to establish adequate controls over fuel consumption and vehicle use, including the following:

   A. Prenumbered fuel purchase requisition forms filed by date and user,

   B. Written evidence documenting the persons who requested, approved, and received the fuel,

   C. Support for payments, which should include original invoices from gas stations and the original approved fuel purchase requisition forms,

   D. Use of vehicle logs for each vehicle (showing each vehicle trip, purpose of the trip, locations visited, kilometers traveled, and a record of fuel purchases) and periodic management reviews made to determine whether the vehicles have been used only for project purposes and that fuel consumption was reasonable considering the kilometers traveled, and

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LIST OF REPORT RECOMMENDATIONS

E. Supervisory control performed by personnel not involved with the use of the vehicles.

3. USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to develop and implement policies and procedures for technology transfer which will include the establishment of goals, plans and schedules for reaching those goals, progress reporting against the established plans and schedules, and written reports on the results of individual events whose main purpose was to transfer technology or to assess the results of technology transfer efforts.

COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS, AND AGREEMENT TERMS

1. USAID/Guatemala should require the Institute of Agricultural Science and Technology (ICTA) to have periodic independent audits of project funds performed in accordance with the U.S. Comptroller General's "Government Auditing Standards " (1988 Revision), either by the Guatemalan Comptroller General or by external audit firms.

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MANAGEMENT COMMENTS

(Free Translation)

Comments to the draft of the auditor's report issued by Lara & González for the A.I.D. Project No. 520-0255 for the period from July 18, 1983 to June 30, 1987.

In general terms it may be stated that the audit does not fairly reflect the activity and application of adequate procedures for the accounting of the institution, but only responds to the difficulty that the auditors had in obtaining the necessary information.

In relation to the results of the audit, we point out the following:

C. Control on Vehicles, Spare Parts, Fuel, and Lubricants

Vehicles acquired with project funds are accounted for through registration and inventory control.

As for fuel consumption, the request forms indicate the kilometers to be traveled, place, and identification of project's activity. The support documentation is filed with ICTA similar documentation according to the period of purchase.

Controls on the vehicles imply that the agronomists have to keep subsidiary records on vehicle use, an activity they refuse to do. Even so, the use of vehicles is adequately consigned in the forms for fuel request.

The invoices for fuel purchases are filed according to period of payment and together with the purchase order, solicitation form for fuel and a copy of the payment voucher.

The fuel requisitions are numbered and have evidence of the persons who request, authorize, and receive the fuel.

D. Controls Over Fixed Assets

There is adequate control over fixed assets since there is a

subsidiary record for this purpose.

The accounting records and internal controls are adequate since they follow the Integrated Accounting System for the Government and its Institutions. Section B.5 of the loan agreement establishes that the borrower commits himself to keep records that permit full accountability for goods and services provided with loan funds, for which reason ICTA kept the budgetary control and the subsidiary record of the project separately. A.I.D. never indicated which subsidiary records were necessary for the project.

Fund Accountability Statement

The surplus of Q.56,418 to be explained or reconciled corresponds to transfers from ICTA when funds in the A.I.D. account were insufficient and consequently this excess was pending for reimbursement to ICTA.

Notes to the Fund Accountability Statement

a) Summary of the Principal Accounting Policies: This policy is in accordance to the Integrated Accounting System for reconciling budget and accounting records.

b) Questioned Costs

Regarding the Q.131,800 in this note, expenses and services are always recorded with supporting documentation and are detailed on Purchase Orders and Petty Cash receipts. The questioned amount refers to expenditures commited but not incurred whose support is the list of purchases orders and petty cash receipts.

c) As for the lack of subsidiary records for A.I.D. funds, A.I.D. never indicated which ones were necessary.

e) Scholarship expenses for Q.350,000 have already been liquidated according to data furnished by Mr. Alejandro Fuentes.

Criteria

ICTA's accounting system has a general ledger authorized by the Comptroller of accounts and has the subsidiary records needed by ICTA.

Warehouse and Inventory Controls

The warehouseman uses numbered forms authorized by the comptroller of accounts or by the state tax administrations.

Receipt and issue of materials are recorded at the end of each month.

Physical stocks are reconciled with the kardex through periodic audits performed by the administration and the internal audit department of the institution.

Physical inventories are taken regularly every six months, but special one can be made when considered convenient.

All the payments made with ICTA's and its projects' funds comply with the requirement of having the invoices authorized by the General Directorate of Internal Tax: in original and numbered with its respective Tributary Identification Number (NIT).

A audit of 4 years of purchases, warehouses, vehicles, spare parts, fuel, lubricants, fixed assets, accounting, and technology transfer cannot be performed in one month.

That the records do not separate the operations for ICTA from those of the project is no reason to express an opinion that the accounting system is inadequate since through selective tests the reasonableness of the records can be proved, even though more extensive work has to be performed. Also, ICTA has an internal audit department that checks the institution's transactions.

Recommendations

1. The control procedures that A.I.D. requires for project progress reports must be established at the beginning of the project.

2. Instead of a review at the project's completion, periodic reviews during the course of the project should be made so that observations could be delt with to account for the use of project funds in an accurate and effective manner as required by the external auditors.

3. The above recommendation could prevent the findings disclosed during the audit by Lara & González. The audit process resulted in ICTA having to make an additional effort to provide the information in this way the auditors wanted it though this does not imply lax management or inadequate internal controls.

SECTOR PUBLICO AGROPECUARIO Y DE ALIMENTACION
INSTITUTO DE CIENCIA Y TECNOLOGIA AGRICOLAS
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Guatemala, C. A.

DF-269-89
11 de julio de 1989

Señores
LARA & GONZALEZ
Contadores Públicos y Auditores
Ciudad de Guatemala

Señores Auditores:

Adjunto a la presente envío a ustedes las observaciones por parte del ICTA al borrador del dictamen de Auditoría, practicada al proyecto de Diversificación del Pequeño y Mediano Productor del Altiplano, el cual es financiado con fondos del préstamo AID-520-T-034 y Contrapartida del Gobierno de Guatemala.

Sin otro particular, me es grato suscribirme de ustedes,

Atentamente,

atc. VIC
DIREC
DE RECURSOS FINANCIEROS
ICTA

c.c. Ing. Edgar Pineda -AID-

VMR/Mcoc

OBSERVACIONES AL BORRADOR DEL DICTAMEN DE AUDITORIA DE LARA & GONZALES, PRACTICADO AL PROYECTO AID T 520 DEL 18 DE JULIO DE 1983 AL 30 DE JUNIO DE 1987

EN TERMINOS GENERALES PUEDE AFIRMARSE QUE LO INDICADO POR LA AUDITORIA, NO ES UN REFLEJO FIEL DE LA ACTIVIDAD Y LA APLICACION DE PROCEDIMIENTOS ADECUADOS PARA EL PROCESO CONTABLE INSTITUCIONAL SINO QUE UNICAMENTE RESPONDE A LA DIFICULTAD QUE AFRONTARON, PARA RECABAR LA INFORMACION SOLICITADA.

CON RELACION A LOS RESULTADOS DE LA AUDITORIA SE PUEDE INDICAR LO SIGUIENTE:

C CONTROL DE VEHICULOS, REPUESTOS, COMBUSTIBLES Y LUBRICANTES
Los vehiculos adquiridos con fondos del proyecto, si estan controlados a traves del registro y control de inventario.
Con respecto al uso del combustible, las solicitudes tienen consignados los kilometros a recorrer, el lugar y la identificacion de la actividad correspondiente al proyecto. Los documentos se archivan con la demas papeleria similar de ICTA, y de acuerdo al periodo de despacho en las gasolineras.

Los controles en los vehículos implican que los ingenieros agrónomos tengan que llevar un auxiliar del uso del mismo, acción que no estan dispuestos a realizar, aún así, se consigna adecuadamante el uso de los mismos en los formularios de solicitud de combustible.

Los comprobantes de combustible se archivan de acuerdo a la liquidación de la gasolinera donde se despacha el mismo, y adjunto a la orden de compra, requisición y copia del voucher.

Los vales de combustibles son numerados, y tienen evidencia de quien los solicita, los autoriza y recibe el combustible.

D CONTROLES DE ACTIVOS FIJOS
Al respecto si hay control adecuado de los activos fijos, en razon de que existe un libro auxiliar para tal fin.

Los registros de contabilidad y los controles internos no son inadecuados, ya que responden al Sistema Integrado de Contabilidad para El Estado y sus Instituciones. El convenio de Préstamo en su sección 8.5 indica que el Prestatario se comprometa a llevar libros y registros que permitan identificar sin limitaciones la entrega y utilización de bienes y servicios financieros con fondos del préstamo, para lo cual ICTA llevó el control presupuestario en forma separada así como el libro di cuenta corriente del proyecto, en ningún momento AID indicó cuales eran los registros auxiliares necesarios en el control del proyecto.

ESTADO DE INVERSION

El sobrante a ser explicado o conciliado de Q 56,418.00 corresponde a transferencias que ICTA, a efectuado en

determinados momentos cuando la cuenta de AID era insuficiente y en consecuencia pendiente de trasladarse de nuevo a ICTA.

NOTAS AL ESTADO DE INVERSION

a. Resumen de las Principales Políticas Contables
Esta política tiene su origen de acuerdo a lo que establece el Sistema Integrado de Contabilidad, para llevar un cuadre entre Caja Presupuesto y Contabilidad.

d. COSTOS CUESTIONABLES

Con relación a los Q 131,800.00 de este punto.
Los gastos y servicios siempre son registrados con soporte y se detallan en las Ordenes de Compra y Cajas Chicas.
El monto anterior se refiere a gastos obligados cuyo soporte es el listado de los mismos gastos.

c. Cuando se refiere a la falta de registros auxiliares se refiere a registros auxiliares expecíficos para AID, los cuales no se indicó cuales eran.

e. Los gastos de becas por Q 350,000.00, ya fueron liquidados de acuerdo con los datos proporcionados por el Ing. Alejandro Fuentes.

CRITERIO

El sistema de contabilidad de ICTA, si tiene libro mayor autorizado por la Contraloría de Cuentas y los auxiliares convenientes para ICTA.

CONTROL DE INVENTARIOS Y BODEGA

El guardalmacén usa formas prenumeradas y autorizadas por la contraloría de cuentas o las administraciones de rentas departamentales.

Los ingresos y egresos de materiales son contabilizados cada fin de mes.

Los saldos físicos se concilian con los del Kardex por las auditorías periódicas que realiza la administración y la auditoría interna de la Institución.

Los inventarios físicos se realizan regularmente cada 6 meses y extraordinarios cuando se considere convenientes.

Todos los pagos que se efectuan con fondos del ICTA y sus proyectos, cumplen con el requisito de facturas autorizadas por la Dirección General de Rentas Internas, en original, numeradas con su NIT respectivo

La Auditoria de 4 años de: compras, bodegas, vehículos, repuestos, combustibles, lubricantes, activos fijos,

contabilidad y transferencia de tecnologia, no se puede realizar en el periodo de un mes.

Si los registros no tienen una separación de operaciones de ICTA y las operaciones del proyecto, no es razón para dictaminar que el sistema de contabilidad es inadecuado, ya que por medio de pruebas selectivas puede comprobar la razonabilidad de los registros aún tenga que efectuar un trabajo más extenso.
Además se cuenta con una Auditoría Interna que revisa las operaciones de la Institución.

RECOMENDACIONES:

1 QUE SE ESTABLEZCAN DESDE UN PRINCIPIO LOS PROCEDIMIENTOS DE CONTROL QUE AID REQUIERE PARA LOGRAR LA INFORMACION SOBRE LA EJECUCION DE UN PROYECTO.

2 QUE LOS PROCESOS DE REVISION SE EFECTUEN PERIODICAMENTE Y NO AL FINAL DEL PROYECTO, PUES ELLO IMPIDE ATENDER LS OBSERVACIONES QUE SEAN NECESARIAS, A FIN DE DAR CUENTA Y RAZON DEL USO DE LOS RECURSOS ASIGNADOS EN FORMA CONCRETA Y EFECTIVA Y EN FORMA QUE LO SOLICITAN LOS AUDITORES EXTERNOS.

3 DE LA FORMA INDICADA SE PODRAN EVITAR LOS INCONVENIENTES MANIFESTADOS POR LARA & GONZALEZ, EN EL PROCESO DE REVISION, EL CUAL REQUIRIO LA DEDICACION DE TIEMPO EXTRAORDINARIO PARA ORDENAR LA INFORMACION DE LA MANERA QUE LO REQUERIAN AUN CUANDO ELLO NO IMPLICA DESORDEN O INADECUADOS CONTROLES INTERNOS.

APPENDIX 1

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