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no 70000

AUDIT OF USAID/BOLIVIA'S
CHAPARE REGIONAL DEVELOPMENT PROJECT
ACTIVITIES MANAGED BY THE SUBSECRETARIAT
FOR ALTERNATIVE DEVELOPMENT AND COCA
CROP SUBSTITUTION
FOR THE YEAR ENDED DECEMBER 31, 1989

Audit Report No. 1-511-91-18-N
January 30, 1991

AGENCY FOR INTERNATIONAL DEVELOPMENT

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January 30, 1991

MEMORANDUM

TO: D/USAID/Bolivia, Carl H. Leonard

FROM: RIG/A/T, Reginald Howard *R. Howard*

SUBJECT: Audit of USAID/Bolivia's Chapare Regional Development Project, Activities Managed by the Subsecretariat for Alternative Development and Coca Crop Substitution for the Year Ended December 31, 1989

This report presents the results of a non-Federal financial audit of the Subsecretariat for Alternative Development and Coca Crop Substitution (Subsecretariat) for the year ended December 31, 1989. The audit was part of a series of six audits performed to evaluate entities receiving funding under the Chapare Regional Development Project (Project), USAID/Bolivia Project No. 511-0543. The accounting firm of Price Waterhouse prepared the report which is dated November 30, 1990.

The Project was initiated in 1983 as a part of the Government of Bolivia's program to reduce coca plantings. The Project focuses on the development of the Chapare region-Bolivia's principal illicit coca growing area. In this regard the Project is concentrated in four major areas designed to develop: (1) agricultural and forestry production, (2) rural industry and marketing, (3) a production and transport infrastructure, and (4) a Project investment fund. The life-of-project budget as of December 1989, was over \$61.0 million. USAID/Bolivia grant and loan funds totaled \$26.5 million with the balance provided by the Government of Bolivia through its PL-480 Program and through direct funding. The Government of Bolivia has also developed a separate but related program whereby it makes compensation payments of \$2,000 per hectare, from its own resources, to peasant farmers who voluntarily reduce their coca plantings.

Since July 24, 1989, the Subsecretariat has been responsible for the supervision and overall coordination of the operations of the Bolivian Government's implementing entities involved in the Project. Additionally, it has been the main Bolivian Government representative to the USAID/Bolivia Mission.

The audit coverage included Bs76,975 (equivalent to US\$28,289) provided to the Subsecretariat by the Government of Bolivia and Bs1,298,910 (US\$475,676 in local currency equivalent) from the PL-480 Program during the year ended December 31, 1989. The audit did not include direct payments made by USAID/Bolivia and the Government of Bolivia on behalf of the project. These direct payments totaled approximately US\$141,217 for the year ended December 31, 1989.

The purpose of the audit was to determine, for the period audited, whether: (1) the Subsecretariat's fund accountability statement for Project cash receipts and expenditures was presented fairly, (2) the Subsecretariat's internal control structure was adequate to manage Project funds, and (3) the Subsecretariat had complied with agreement terms and applicable laws and regulations.

Price Waterhouse found that, except for the inclusion of certain questionable costs amounting to Bs3,450 (equivalent to US\$1,158), the fund accountability statement presents fairly, in all material respects, the cash receipts and disbursements of the activities managed by the Subsecretariat. The questionable costs concerned unsupported travel expenses charged to the project.

With respect to the Subsecretariat's internal control structure the auditors noted four material weaknesses concerning: (1) inadequate inventory controls over fixed assets, (2) the lack of procedures manuals, (3) the lack of required documentation in personnel files, and (4) the lack of supporting documentation for reimbursed travel expenses.

In its report on compliance with agreement terms and applicable laws and regulations, Price Waterhouse found that the Subsecretariat complied in all material respects except for: (1) observing certain Bolivian legal requirements concerning its Social Security System, and (2) identifying project goods with the A.I.D. identifying emblem.

In its written response to the report (included in Appendix 1 to the report), dated November 8, 1990, the Subsecretariat expressed overall agreement with the findings. The Subsecretariat outlined corrective actions which have been taken or are in the process of being implemented. Due to security considerations, the Subsecretariat will request a waiver of the marking requirements for the vehicles assigned to the field.

We are including the following recommendations in the office of the Inspector General's audit recommendation follow-up system:

Recommendation No. 1

We recommend that USAID/Bolivia negotiate a recovery of Bs3,450 (equivalent to US\$1,158) in questioned costs (unsupported) included in the Price Waterhouse report dated November 30, 1990 and related to undocumented travel expenses.

Recommendation No. 2

We recommend that USAID/Bolivia, in conjunction with the Subsecretariat for Alternative Development and Coca Crop Substitution, develop a plan for improving the Subsecretariat's controls over fixed assets, for designing and implementing procedures manuals, for complying with USAID/Bolivia's personnel procedures, and for marking assets acquired with A.I.D. funds.

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

AUDIT OF THE
CHAPARE REGIONAL DEVELOPMENT PROJECT, ACTIVITIES
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION (SUBDESAL)
USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1989



AUDIT OF THE
CHAPARE REGIONAL DEVELOPMENT PROJECT, ACTIVITIES
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION (SUBDESAL)
USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1989

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Moreno Muñoz



November 30, 1990

Mr. Reginald Howard
Regional Inspector General for Audit
U.S. Agency for International Development
Tegucigalpa, Honduras, C.A.

Dear Mr. Howard:

This report presents the results of our audit of the activities managed by the Subsecretariat for Alternative Development and Coca Crop Substitution (Subsecretaría de Desarrollo Alternativo y Sustitución de Cultivos de Coca - SUBDESAL), under the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, for the year ended December 31, 1989.

BACKGROUND

On August 12, 1983, the Republic of Bolivia and the United States of America acting through the U.S. Agency for International Development Mission to Bolivia (USAID/Bolivia), signed a loan and grant agreement to implement the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, which consisted of an integrated package of financing and technical assistance for small farmer related production, agroindustry development/marketing and institutional development support activities to be carried out by Bolivian public and private institutions for development of the Chapare region and associated high valleys sub-regions.

The project is a complementary part of the Government of Bolivia (GOB)'s program to reduce the coca plantings in Bolivia, and includes different activities and sub-projects designed to focus development resources on Bolivia's principal illicit coca growing area, the Chapare region. Due to different causes, the implementation of project activities had to be delayed and the project itself was significantly modified. The amended project concentrates on four principal

development areas: 1) agriculture and forestry production; 2) rural industry and marketing;

3) productive and transport infrastructure; and 4) a project investment fund. Each area includes activities of immediate short-term impact and applied research components to support medium and long-term activities. The project current assistance completion date is August 31, 1991 and the life-of-project budget as modified in December 1989, expressed in US\$000's, includes the following:

	USAID/BOLIVIA		GOVERNMENT OF BOLIVIA		Total
	Grant	Loan	PL-480	GOB	
Technical assistance	\$ 7,671				\$ 7,671
Training	479	\$ 1,458	\$ 2,523		4,460
Constructions	100	1,149	3,246	\$ 1,600	6,095
Commodities	3,024	2,825	240		6,089
Operating costs	2,376	5,781	2,300	1,147	11,604
Evaluations	250	53			303
Other		889	22,831		23,720
Contingencies	100	345	860		1,305
	<u>\$ 14,000</u>	<u>\$ 12,500</u>	<u>\$ 32,000</u>	<u>\$ 2,747</u>	<u>\$ 61,247</u>

Additionally the Government of Bolivia has developed a program to reduce the cultivation of coca and makes compensation payments of US\$ 2,000 per hectare from its own resources to the peasant farmers who voluntarily reduce their coca plantations. The plan foresaw the eradication of 5,000 hectares of coca plants in 1989, but in accordance with DIRECO's reports only 2,429 hectares were in fact eradicated.

USAID/Bolivia performs the overall supervision of the project, which consists of various phases carried out by different GOB administrative units, as indicated in the following summary:



<u>Phase</u>	<u>Administrative Unit</u>
1 Administration of the project and overall supervision and coordination of the Government of Bolivia's programs related to coca eradication	Sub-Secretariat for Alternative Development and Coca Planting Substitution (Subsecretaría de Desarrollo Alternativo y Sustitución de Cultivos de Coca - SUBDESAL)
2 Technical assistance to farmers to allow access to financial services and development of community projects in Chapare and associated high valleys	Program of Alternative Development of Cochabamba (Programa de Desarrollo Alternativo de Cochabamba- PDAC)
3 Technical assistance in the development of alternative crops, and sale of genetic material for alternative crops	Bolivian Institute of Agriculture and Cattle Technology/Chapare (Instituto Boliviano de Tecnología Agropecuaria - IBTA/Chapare)
4 Granting of loans to farmers to plant alternative crops	PL-480 Executive Secretariat
5 Compensation to coca growers to reduce coca cultivation	National Directorate for Agricultural Reconversion (Dirección Nacional de Reversión Agrícola - DIRECO)
6 Development of productive and transport infrastructure through the maintenance of roads	National Service of Roads (Servicio Nacional de Caminos - SNC)

The Subsecretariat for Alternative Development and Coca Crop Substitution (SUBDESAL) was created under Supreme Decree No. 19969 of December 31, 1983 as an entity of the Ministry of Rural and Agricultural Affairs with the following main functions:



- i) Interinstitutional coordination of executing units involved in the Integral Development and Coca Crop Substitution Plan.
- ii) Management of international cooperation designed to carry out the Integral Development and Coca Crop Substitution Plan.
- iii) Technical management of programs and projects in the areas of crop substitution, economic revitalization, regional development, and agricultural preservation and rehabilitation.
- iv) Acting as counterpart to multilateral and bilateral cooperating organizations for carrying out the Integral Development and Coca Crop Substitution Plan.

This unit operates with funding provided by USAID/Bolivia and the PL-480 Executive Secretariat, and funding and in-kind contributions provided by the Government of Bolivia.

SUBDESAL participates in the Chapare Regional development Project in charge of the supervision and overall coordination of the operations of the Bolivian Government through the different administrative components mentioned above. Additionally, it is the main Bolivian Government representative to the Bolivian Mission of the Agency for International Development.

AUDIT OBJECTIVES AND SCOPE

We were contracted by USAID/Bolivia, to conduct a financial audit of the Chapare Regional Development Project for the year ended December 31, 1989. The audit included the operations carried out by each administrative unit under the loan and grant agreement signed between the Government of Bolivia and USAID/Bolivia, and the fund accountability statement of the project taken as a whole.

The audit did not include the examination of the documentation and operations of prior periods nor transactions made directly by USAID/Bolivia and the Government of Bolivia through direct payments. However,



for information purposes only, we include as Annex I, a fund accountability statement of project's accumulated costs as of December 31, 1989, including direct payments made by USAID/Bolivia and the Government of Bolivia. This statement is expressed in United States dollars.

Our audit was performed in accordance with generally accepted auditing standards and the United States Comptroller General's "Government Auditing Standards" (1988 Revision) and accordingly included such tests of the accounting records and documentation, evaluation of the internal control structure and other auditing procedures as we considered necessary in the circumstances to determine whether:

- 1 The fund accountability statement of the activities managed by SUBDESAL presents fairly in all material respects, the cash receipts and disbursements for the year ended December 31, 1989, identifying costs which were not fully supported with adequate records or which were not allowable, allocable, and reasonable under the agreement terms, project implementation letters, and applicable laws and regulations:
- 2 SUBDESAL's internal control structure is adequate for project purposes; and
- 3 SUBDESAL complied in all material respects, with agreement terms, project implementation letters, and applicable laws and regulations.

The scope of our work included:

- Reviewing the accounting records and bank accounts used by SUBDESAL to record the receipt of funds and obtaining direct confirmation from the banks.
- Confirming the funds received for the project with the records of the funding agencies, PL-480 Executive Secretariat and USAID/Bolivia.
- Reviewing the supporting documentation of the principal disbursements made by SUBDESAL. This test covered 85% of the amount spent during the year. the objective of this test was to determine whether the



expenditures were properly supported with documentation, the expenditures were made to achieve the objectives of the project and in accordance with agreement terms and project implementation letters, and that the recording was adequate.

- Physical inspection of the principal fixed assets and an evaluation of the controls employed by SUBDESAL to ensure their safekeeping and maintenance.
- Understanding the control environment, accounting system, and control procedures used by SUBDESAL to account for funds. For this purpose we evaluated the following significant categories: cash receipts and disbursements, budgeting controls, bank accounts and fund controls, and procurement system.
- Reviewing and evaluating SUBDESAL's compliance with agreement terms, implementation letters, and applicable laws and regulations.

RESULT OF AUDIT

Fund Accountability Statement

The Subsecretariat for Alternative Development and Coca Crop Substitution (SUBDESAL) recorded its transactions on the basis of cash receipts and disbursements. Consequently, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. This is a comprehensive basis of accounting for cash transactions other than generally accepted accounting principles. Our audit disclosed questionable costs in the amount of Bs3,450 (approximately US\$ 1,200) which we consider non-material to the fund accountability statement.

In our opinion, the fund accountability statement audited by us presents fairly, in all material respects, the cash receipts and disbursements of the activities managed by the Subsecretariat for Alternative Development and Coca Crop Substitution (SUBDESAL) under the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, for the year ended on December 31, 1989, on the basis of accounting described in the preceding paragraph.



Internal Control Structure

We have considered the internal control structure of SUBDESAL in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement of the Chapare Regional Development Project, and not to provide assurance on the internal control structure of SUBDESAL taken as a whole.

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. However, we observed the following matters involving the internal control structure that we consider to be material weaknesses under standards established by the American Institute of Certified Public Accountants.

- 1 SUBDESAL did not maintain adequate control over the project's fixed assets.
- 2 Lack of Procedures Manuals.
- 3 Lack of formal evidence of compliance with the procedures to hire personnel as established by USAID/Bolivia.
- 4 Unsupported travel expenses were reimbursed.

We also noted other matters involving the internal control structure and its operations that we have reported to the management of SUBDESAL in a separate letter.

Compliance with Agreement Terms, Project Implementation Letters, and Applicable Laws and Regulations

In our opinion, except for the noncompliances mentioned below, with respect to the items tested, SUBDESAL complied, in all material respects, with the terms and provisions of the agreement, project implementation letters, and applicable laws and regulations. With respect to items not tested, nothing came to our



attention that caused us to believe that SUBDESAL had not complied, in all material respects, with those terms and provisions.

- 1 Failure to comply with legal requirements to register personnel in the state social security system.
- 2 Lack of marking of goods.

MANAGEMENT COMMENTS

In its written response to this report, see Appendix I, the management of the Subsecretariat for Alternative Development and Coca Crop Substitution (SUBDESAL) expressed overall agreement with the findings. SUBDESAL outlined corrective actions which have been taken or are in the process of being implemented. Due to security considerations, SUBDESAL will request a waiver of the marking requirement for the vehicles assigned to the field (Finding No. 2 of the Compliance section).



Moreno Muñoz



CHAPARE REGIONAL DEVELOPMENT PROJECT, ACTIVITIES
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION (SUBDESAL)
USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1989

FUND ACCOUNTABILITY STATEMENT

INDEPENDENT AUDITOR'S REPORT

We have audited the fund accountability statement of the activities managed by the Subsecretariat for Alternative Development and Coca Crop Substitution (Subsecretaría de Desarrollo Alternativo y Sustitución de Cultivos de Coca - SUBDESAL), under the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, for the year ended December 31, 1989. The fund accountability statement is the responsibility of the SUBDESAL's management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

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

As described in Note 2, the fund accountability statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting

principles, and is not intended to be a presentation in conformity with generally accepted accounting principles.

As mentioned in Note 4, our audit disclosed certain questionable expenditures amounting to Bs3,450, which we consider non-material to the fund accountability statement.

In our opinion, the fund accountability statement audited by us presents fairly, in all material respects, the cash receipts and disbursements of the activities of the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, managed by the Subsecretariat for Alternative Development and Coca Crop Substitution (SUBDESAL) for the year ended December 31, 1989, on the basis of accounting described in paragraph 3 above.

This report is intended solely for the information of the Subsecretariat for Alternative Development and Coca Crop Substitution 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.

February 12, 1990

Michael Hitchman



CHAPARE REGIONAL DEVELOPMENT PROJECT, ACTIVITIES
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION (SUBDESAL)
USAID/BOLIVIA PROJECT No. 511-0543

FUND ACCOUNTABILITY STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1989
(Expressed in Bolivianos - Note 3)

	<u>Funds as of</u> <u>December 31,</u> <u>1988</u> <u>Bs</u>	<u>Funds</u> <u>received</u> <u>during</u> <u>1989</u> <u>Bs</u>	<u>Funds</u> <u>available</u> <u>Bs</u>	<u>1989</u> <u>Disbursements</u> <u>Bs</u>	<u>Funds as of</u> <u>balance at</u> <u>December 31,</u> <u>1989</u> <u>Bs</u>	<u>Questio-</u> <u>nable</u> <u>costs</u> <u>(Note 4)</u> <u>Bs</u>
Balances as of 12-31-88:						
Bolivia's Treasury	41,425		41,425		41,425	
PL-480 Executive Secretariat	83,666		83,666		83,666	
Receipts during 1989:						
Bolivia's Treasury		76,975	76,975		76,975	
PL-480 Executive Secretariat		1,298,910	1,298,910		1,298,910	
Disbursements during 1989:						
Bolivia's Treasury				86,336	(86,336)	
Operating costs				5,963	(5,963)	
Reimbursements of expenses						
PL-480 Executive Secretariat				1,078,664	(1,078,664)	3,450
Operating costs				22,000	(22,000)	
Loan to DIRECO				11,646	(11,646)	
Reimbursements of expenses						
	<u>125,091</u>	<u>1,375,885</u>	<u>1,500,976</u>	<u>1,204,609</u>	<u>296,367</u>	<u>3,450</u>

CHAPARE REGIONAL DEVELOPMENT PROJECT, ACTIVITIES
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION (SUBDESAL)
USAID/BOLIVIA PROJECT No. 511-0543

NOTES TO THE FUND ACCOUNTABILITY STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1989

NOTE 1 - DESCRIPTION OF THE PROJECT AND NATURE OF OPERATIONS

On August 12, 1983, the Republic of Bolivia and the United States of America acting through the U.S. Agency for International Development Mission to Bolivia (USAID/Bolivia), signed a loan and grant agreement to implement the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, which consisted of an integrated package of financing and technical assistance for small farmer related production, agroindustry development/marketing and institutional development support activities to be carried out by Bolivian public and private institutions for development of the Chapare region and associated high valleys sub-regions.

The project is a complementary part of the Government of Bolivia (GOB)'s program to reduce the coca plantings in Bolivia, and includes different activities and sub-projects designed to focus development resources on Bolivia's principal illicit coca growing area, the Chapare region. Due to different causes, the implementation of project activities had to be delayed and the project itself was significantly modified. The amended project concentrates on four principal development areas: 1. agriculture and forestry production; 2. rural industry and marketing; 3. productive and transport infrastructure; and 4. a project investment fund. Each area includes activities of immediate impact and applied research components to support medium and long-term activities. The project assistance completion date currently is August 31, 1991 and the life-of-project budget as modified in December 1989, expressed in US\$000's, includes the following:

	<u>USAID/BOLIVIA</u>		<u>GOVERNMENT</u> <u>OF BOLIVIA</u>		<u>Total</u>
	<u>Grant</u>	<u>Loan</u>	<u>PL480</u>	<u>GOB</u>	
Technical assistance	\$ 7,671				\$ 7,671
Training	479	\$ 1,458	\$ 2,523		4,460
Construction	100	1,149	3,246	\$ 1,600	6,095
Commodities	3,024	2,825	240		6,089
Carried forward	11,274	5,432	6,009	1,600	24,315

	USAID/BOLIVIA		GOVERNMENT OF BOLIVIA		Total
	Grant	Loan	PL480	GOB	
Brought forward	11,274	5,432	6,009	1,600	24,315
Operating costs	2,376	5,781	2,300	1,147	11,604
Evaluations	250	53			303
Other		889	22,831		23,720
Contingencies	100	345	860		1,305
	<u>\$ 14,000</u>	<u>\$ 12,500</u>	<u>\$ 32,000</u>	<u>\$ 2,747</u>	<u>\$ 61,247</u>

The Subsecretariat for Alternative Development and Coca Crop Substitution (SUBDESAL) is one of the units receiving funding to participate in carrying out the project.

Since July 24, 1989 SUBDESAL is part of the Chapare Regional Development Project for the supervision and overall coordination of the operations of the Bolivian Government through the different administrative components involved in carrying out the project as well as being the main Bolivian Government representative to the Agency for International Development, Mission to Bolivia.

SUBDESAL is an entity of and reports to the Ministry of Agriculture and Rural Affairs (Ministerio de Asuntos Campesinos y Agropecuarios - MACA) and operates with funding from the Executive Secretariat PL-480. The activities related to the project are financed by the Government of Bolivia and USAID/Bolivia.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

The Subsecretariat for Alternative Development and Coca Crop Substitution's policy is to prepare the fund accountability statement of the project on the basis of cash receipts and disbursements. Consequently, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. Therefore, the fund accountability statement does not pretend to present the financial information in accordance with generally accepted accounting principles.

The costs of fixed assets are charged directly to the project and are not depreciated. Using the same procedure, materials and supplies are charged directly to the project when the payment is made and not when the goods are used.

The fund accountability statement includes only the income and expenditures related to the special account, which includes only the funding provided to SUBDESAL and does not include the direct payments made by USAID/Bolivia and the Government of Bolivia in behalf of the project. Those payments consist principally in technical assistance, equipment and supplies procured directly by USAID/Bolivia and the Government of Bolivia.

NOTE 3 - EXCHANGE RATES

The fund accountability statement is presented in "Bolivianos" the local currency of Bolivia. During 1989 the Bolivian currency devalued against the United States dollar from Bs2.47 per US\$ 1 at January 1, 1989 to Bs2.98 at December 31, 1989.

NOTE 4 - QUESTIONABLE COSTS (AUDITOR'S NOTE)

The following costs incurred by SUBDESAL and charged to the project during 1989 are considered to be unsupported costs.

<u>Voucher No.</u>	<u>Description</u>	<u>Unsupported costs</u> <u>Bs</u>
	<u>Operating cost</u>	
225	Perdiem without travel report	1,150
309	Perdiem without attesting signature of traveler	<u>2,300</u>
		<u>3,450</u>

NOTE 5 - ACCUMULATED FUND ACCOUNTABILITY STATEMENT THROUGH
DECEMBER 31, 1989 EXPRESSED IN UNITED STATES DOLLARS
(NOT AUDITED)

The project activities managed by SUBDESAL have been funded by the Government of Bolivia through the PL-480 Executive Secretariat and the National Treasury. Additionally, it has received support from USAID/Bolivia through furniture and equipment directly acquired by USAID/Bolivia. As of December 31, 1989 the total accumulated funds spent through SUBDESAL in US dollars were as follows:

	<u>Source of Funding</u>	
	<u>USAID/Bolivia</u>	<u>Government</u>
	<u>US\$</u>	<u>of Bolivia</u>
		<u>US\$</u>
Special account	-	725,932
Direct account	<u>131,837</u>	<u>29,539</u>
	<u>131,837</u>	<u>755,471</u>

The accumulated fund accountability statement for the period from the commencement of the management of funds by SUBDESAL through December 31, 1989 (expressed in United States dollars), is included for the information of the reader, in the following pages. This statement has been prepared on the basis of cash receipts and disbursements. Operations carried out in bolivianos have been translated into U.S. dollars in the following basis:

- a) Those conducted with funding from the Government of Bolivia through the PL-480 Executive Secretariat and the National Treasury have been translated into U.S. dollars at the exchange rate current on the day the payment was made.
- b) Those conducted by USAID/Bolivia through the direct account were translated into U.S. dollars at the exchange rate current on the day the payment was made.

NOTE 6 - FUNDS BALANCE

The funds balance at December 31, 1989 consist of:

	<u>Amount</u>	
	<u>Bs</u>	<u>US\$</u>
<u>PL-480 Funds</u>		
Banco Central de Bolivia	<u>270,266</u>	<u>93,113</u>
<u>National Treasury Funds</u>		
Petty cash - Central office	1,000	348
Banco Central de Bolivia	<u>25,101</u>	<u>8,746</u>
	<u>26,101</u>	<u>9,094</u>
	<u>296,367</u>	<u>102,207</u>

CHAPARE REGIONAL DEVELOPMENT PROJECT, ACTIVITIES
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION (SUBDESAL)
USAID/BOLIVIA PROJECT No. 511-0543

ACCUMULATED FUND ACCOUNTABILITY STATEMENT AS OF DECEMBER 31, 1989 (UNAUDITED)

	<u>Budget for</u> <u>1989</u> <u>US\$</u>	<u>Accumulated</u> <u>as of</u> <u>12-31-88</u> <u>US\$</u>	<u>Actual 1989</u> <u>US\$</u>	<u>Accumulated</u> <u>as of</u> <u>12-31-89</u> <u>US\$</u>	<u>Excess (deficit)</u> <u>over 1989 budget</u> <u>US\$</u>
RECEIPTS					
<u>Special account</u>					
Bolivia's National Treasury		42,236	28,289	70,525	
PL-480 Executive Secretariat		281,938	475,676	757,614	
Loan from DIRECO		50,461		50,461	
<u>Direct payments</u>					
USAID/Bolivia		20,159	111,678	131,837	
Bolivia's National Treasury			29,539	29,539	
Total receipts		<u>394,794</u>	<u>645,182</u>	<u>1,039,976</u>	
EXPENDITURES					
<u>Special account</u>					
Bolivia's National Treasury					
Operating cost	58,670	25,224	33,763	58,987	(24,907)
Reimbursement of expenses			2,444	2,444	2,444
Subtotal	<u>58,670</u>	<u>25,224</u>	<u>36,207</u>	<u>61,431</u>	<u>(22,463)</u>
PL-480 Executive Secretariat					
Operating costs	749,348	247,649	404,791	652,440	(344,557)
Loan repayment to DIRECO			7,458	7,458	7,458
Reimbursement of expenses			4,603	4,603	4,603
Subtotal	<u>749,348</u>	<u>247,649</u>	<u>416,852</u>	<u>664,501</u>	<u>(332,496)</u>
Carried forward	<u>808,018</u>	<u>272,873</u>	<u>453,059</u>	<u>725,932</u>	<u>(354,959)</u>

CHAPARE REGIONAL DEVELOPMENT PROJECT, ACTIVITIES
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION (SUBDESAL)
USAID/BOLIVIA PROJECT No. 511-0543

ACCUMULATED FUND ACCOUNTABILITY STATEMENT AS OF DECEMBER 31, 1989 (UNAUDITED)

	<u>Budget for</u> 1989 <u>US\$</u>	<u>Accumulated</u> as of 12-31-88 <u>US\$</u>	<u>Actual 1989</u> <u>US\$</u>	<u>Accumulated</u> as of 12-31-89 <u>US\$</u>	<u>Excess (deficit)</u> over 1989 budget <u>US\$</u>
Brought forward	808,018	272,873	453,059	725,932	(354,959)
LOAN FROM DIRECO					
Advance to Project Agroyungas		50,000		50,000	
Other advances		461		461	
Subtotal		50,461		50,461	
Total expenditures from the special account	808,018	323,334	453,059	776,393	(354,959)
<u>Direct payments</u>					
USAID/Bolivia					
Technical assistance		20,159		20,159	
Goods			111,678	111,678	111,678
Subtotal		20,159	111,678	131,837	111,678
Government of Bolivia					
Operating costs			29,539	29,539	29,539
Total expenditures from the direct account		20,159	141,217	161,376	141,217
Total expenditures	808,018	343,493	594,276	937,769	(213,742)
		<u>Summary</u>			
Total receipts		394,794	645,182	1,039,976	
Less: Total expenditures		343,493	594,276	937,769	
Cash on hand		51,301	50,906	102,207	

Moreno Muñoz



CHAPARE REGIONAL DEVELOPMENT PROJECT, ACTIVITIES
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION (SUBDESAL)
USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1989

INTERNAL CONTROL STRUCTURE

INDEPENDENT AUDITOR'S REPORT

We have audited the fund accountability statement of the activities of the Chapare Regional Development Project USAID/Bolivia Project No. 511-0543, managed by the Subsecretariat for Alternative Development and Coca Crop Substitution (Subsecretaría de Desarrollo Alternativo y Sustitución de Cultivos de Coca - SUBDESAL) for the year ended December 31, 1989 and have issued our report thereon dated February 12, 1990.

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

In planning and performing our audit of the fund accountability statement of the activities of the Chapare Regional Development Project managed by the Subsecretariat for Alternative Development and Coca Crop Substitution (SUBDESAL) for the year ended December 31, 1989, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide assurance on the internal control structure.

The management of the Subsecretariat for Alternative Development and Coca Crop Substitution (SUBDESAL) is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to

assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the proper preparation of the fund accountability statement. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified and evaluated the following significant internal control categories:

- cash receipts and disbursements,
- budgeting controls,
- bank accounts and fund controls, and
- procurement system.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the fund accountability statement. The reportable conditions noted are included in the following pages as finding Nos. 1 through 4.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure element does not reduce to a relatively low level the risk that errors or irregularities in amounts



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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However we believe that all the reportable conditions included in our attached report are material weaknesses.

This report is intended for the information of the management of the Subsecretariat for Alternative Development and Coca Crop Substitution (SUBDESAL) and the United States 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.

February 12, 1990

Eric H. [Signature]



Moreno Muñoz



CHAPARE REGIONAL DEVELOPMENT PROJECT, COMPONENT
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION (SUBDESAL)
USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1989

REPORT ON INTERNAL CONTROL STRUCTURE

FINDINGS

1. SUBDESAL Did Not Maintain Adequate Control Over the Project's Fixed Assets.

Condition:

Several pieces of furniture were acquired by SUBDESAL with funds provided by USAID/Bolivia but some of the furniture was not being used by SUBDESAL but was in the custody and use of one its employees. Our physical inspection of the furniture also disclosed the following:

- a) Twelve pieces of furniture were stored under inadequate conditions which did not ensure preservation of the furniture (Acquisition cost Bs7,160).
- b) Twenty-two pieces of furniture were used for unauthorized personal purposes (Acquisition cost Bs8,435).
- c) The furniture was stored in such an unorderly manner we could not find 10 pieces of the furniture (Acquisition cost Bs2,515).

Criteria:

The implementing agency is responsible for controlling and safeguarding all project assets entrusted to it.

Cause:

SUBDESAL purchased a quantity of furniture with the original expectations of obtaining two offices for its operations. This expectation of two offices did not materialize. Moreover the implementing agency did not have control procedures regarding the maintaining, storing and safeguarding of the acquired furniture.

Effect:

Project resources (of a value of Bs18,100) were not used in an efficient manner to reach project goals.

Recommendation:

- a) SUBDESAL should design and establish control procedures to ensure proper maintenance, storage and safeguarding of furniture acquired for project purposes.
- b) SUBDESAL should analyze its furniture needs and based on this analysis properly dispose of the excess furniture.

2. Lack of Procedures Manuals

Condition:

SUBDESAL did not have manuals to regulate its operations. The manuals which SUBDESAL lacked were:

- Administrative Procedures manuals describing the operations and administration procedures of SUBDESAL's activities.
- Internal Regulations Manual describing the proper office procedures.
- Functions Manual describing the responsibilities and duties of each personnel position.



Criteria:

Manuals describing proper procedures which cover all aspects of the operations are required to appropriately control all the entity's operations.

Cause:

SUBDESAL's management had intended to design and implement these manuals but did not do so because USAID/Bolivia was planning to engage an outside contractor to design manuals for all the implementing agencies under the project.

Effect:

The operations of the implementing agency may be conducted in an inconsistent manner thereby weakening internal controls and increasing the likelihood of administrative and operating problems.

Recommendation:

SUBDESAL should design and implement Administrative Procedures, Internal Regulations, and Functions Manuals.

3. Lack of Formal Evidence of Compliance with the Procedures to Hire Personnel as Established by USAID/Bolivia

Condition:

Some personnel files do not contain documentary evidence of compliance with USAID/Bolivia established procedures to select contracted personnel. Examples:

<u>Name</u>	<u>Position</u>
Nancy Romero	Legal Director
Walter Mendoza	Assistant of the Developing Area
Fernando Mendoza	Technical Advisor
Erick Foronda	Social Communicator



Criteria:

Selection of personnel to be contracted by SUBDESAL and paid with funds from the PL-480 Executive Secretariat must be conducted in accordance with rules established by the financing entity through Implementation Letter No. 98.

Cause:

SUBDESAL's management did not follow prescribed hiring procedures as defined under PIL No. 98 due to undetermined reasons.

Effect:

This practice could permit the hiring of unqualified individuals.

Recommendation:

SUBDESAL should design and implement proper procedures and forms to document the manner in which each of the personnel hiring requirements outlined in USAID/Bolivia's hiring procedures (as required by PIL No. 98) is complied with and documented for each individual hired.

4 Unsupported Travel Expenses were Reimbursed

Condition:

Some travel expenses that were reimbursed did not have sufficient supporting documentation as shown below:

<u>Voucher</u>	<u>Description</u>	<u>Amount</u> <u>Bs</u>	<u>Deficiency</u>
225	Travel expenses	1,150	a
309	Travel expenses	<u>2,300</u>	b
		<u>3,450</u>	

a: No travel report

b: no attesting signature of traveler



These cases that came to our attention are detailed in Note 4 labeled "Questionable Costs".

Criteria:

Travel expenses reports must be properly documented as evidence of the operation.

Cause:

SUBDESAL's personnel did not review the supporting documentation prior to reimbursing these travel expenses.

Effect:

The project could have been improperly charged for ineligible expenses.

Recommendation:

SUBDESAL should implement a procedure in all cases requiring that supporting travel expense documentation be reviewed and approved by the responsible person prior to disbursement of the expense reimbursement.



Moreno Muñoz



CHAPARE REGIONAL DEVELOPMENT PROJECT, ACTIVITIES
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION (SUBDESAL)
USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1989

COMPLIANCE WITH AGREEMENT TERMS,
PROJECT IMPLEMENTATION LETTERS, AND APPLICABLE LAWS
AND REGULATIONS

INDEPENDENT AUDITOR'S REPORT

We have audited the fund accountability statement of the activities managed by the Subsecretariat for Alternative Development and Coca Crop Substitution (Subsecretaría de Desarrollo Alternativo y Sustitución de Cultivos de Coca - SUBDESAL) under the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, for the year ended December 31, 1989 and have issued our report thereon dated February 12, 1990.

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

Compliance with agreement terms, project implementation letters, and laws and regulations applicable to this portion of the Chapare Regional Development Project is the responsibility of the Subsecretariat for Alternative Development and Coca Crop Substitution's management. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of compliance with agreement terms, project implementation letters, and applicable laws and regulations. However, our objective was not to provide an opinion on overall compliance with such terms and provisions.

As described in the following pages the Subsecretariat for Alternative Development and Coca Crop Substitution did not comply with 1) the legal requirement to register employees in the state social security system, and 2) the marking of goods, as required by the standard provisions of the agreement.

In our opinion, except for the noncompliances mentioned in the preceding paragraph, with respect to the items tested, the Subsecretariat for Alternative Development and Coca Crop Substitution complied in all material respects with the terms and provisions referred to in the third paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Subsecretariat for Alternative Development and Coca Crop Substitution had not complied, in all material respects, with those terms and provisions.

This report is intended for the information of the management of the Subsecretariat for Alternative Development and Coca Crop Substitution 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.

February 12, 1990

Priscilla Winters



Moreno Muñoz



CHAPARE REGIONAL DEVELOPMENT PROJECT, ACTIVITIES
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION (SUBDESAL)
USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1989

COMPLIANCE WITH AGREEMENT TERMS,
PROJECT IMPLEMENTATION LETTERS, AND
APPLICABLE LAWS AND REGULATIONS

FINDINGS

1 Failure to Comply with Legal Requirements to
Register Personnel in the State Social Security
System

Condition:

SUBDESAL had not registered all its employees in the State Social Security System. It had not deducted the employee contributions for social security from the employee's salaries and had paid neither the employees contribution nor the employer's contribution into the system.

Criteria:

SUBDESAL is legally required to register all its employees in the State Social Security System which covers the medical care and pension systems. Additionally SUBDESAL is required by Bolivian laws to withhold the employee's contribution for these benefits and pay those withholdings along with the employer's contribution to the State Social Security System.

Cause:

SUBDESAL's Administrator and Chief accountant did not have guidelines for complying with the Bolivian Social Security requirements.

Effect:

The failure of SUBDESAL to comply with the legal requirements of the Bolivian laws in respect to the State Social Security System may result in a liability to SUBDESAL, therefore it may be required by the Government of Bolivia to pay both the employer's and employee's contribution plus fines and interest.

Recommendation:

SUBDESAL should study the requirements of the Bolivian Social Security System and design and implement procedures to ensure that its operations are in compliance with the Bolivian laws in this area.

2 Lack of Marking of Goods

Condition:

Goods acquired with A.I.D. funds were not physically identified and marked with the A.I.D. identifying emblem.

Criteria:

SUBDESAL is required by the provisions of the agreement (Annex 2, section B.8) to mark all goods acquired with A.I.D. funds with the A.I.D. emblem in a manner described in the project implementation letters.

Cause:

SUBDESAL did not have an internal procedure to ensure compliance with the A.I.D. marking requirement.

Effect:

Goods acquired with A.I.D. funds were not marked with the A.I.D. emblem and beneficiaries of the project may not have been aware that the project and the goods in particular were supplied by the United States of America. Additionally the lack of the A.I.D. marking weakened the control over goods which were acquired for project purposes.



Recommendation:

SUBDESAL should:

- a) Implement a procedure to ensure that all goods acquired with A.I.D. funds are marked with the A.I.D. emblem in accordance with the provisions of the agreement.
- b) Mark with the A.I.D. emblem all assets acquired with A.I.D. funds and currently held by SUBDESAL.



Moreno Muñoz



CHAPARE REGIONAL DEVELOPMENT PROJECT, COMPONENT
MANAGED BY THE SUBSECRETARIAT FOR ALTERNATIVE
DEVELOPMENT AND COCA CROP SUBSTITUTION
USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1989

LIST OF REPORT RECOMMENDATIONS

Internal Control Structure:

Recommendation 1:

- a) SUBDESAL should design and establish control procedures to ensure proper maintenance, storage and safeguarding of furniture acquired for project purposes.
- b) SUBDESAL should analyze its furniture needs and based on this analysis properly dispose of the excess furniture.

Recommendation 2:

SUBDESAL should design and implement Administrative Procedures, Internal Regulations, and Functions Manuals.

Recommendation 3:

SUBDESAL should design and implement proper procedures and forms to document the manner in which each of the personnel hiring requirements outlined in USAID/Bolivia's hiring procedures (as required by PIL No. 98) is complied with and documented for each individual hired.

Recommendation 4:

SUBDESAL should implement a procedure in all cases requiring that supporting travel expense documentation be reviewed and approved by the responsible person prior to disbursement of the expense reimbursement.

Compliance with Agreement Terms, Project Implementation Letters, and Applicable Laws and Regulations

Recommendation 1:

SUBDESAL should study the requirements of the Bolivian Social Security System and design and implement procedures to ensure that its operations are in compliance with the Bolivian laws in this area.

Recommendation 2:

SUBDESAL should:

- a) Implement a procedure to ensure that all goods acquired with A.I.D. funds are marked with the A.I.D. emblem in accordance with the provisions of the agreement.
- b) Mark with the A.I.D. emblem all assets acquired with A.I.D. funds and currently held by SUBDESAL.





MINISTERIO DE ASUNTOS CAMPESINOS
Y AGROPECUARIOS
SUBSECRETARÍA DE DESARROLLO ALTERNATIVO
Y SUSTITUCIÓN DE CULTIVOS DE COCA
LA PAZ — BOLIVIA

La Paz, 8 de noviembre de 1990
SUBDESAL N° 1464/90

Señor
John R. Davison
CONTRALOR DE USAID/BOLIVIA
Presente

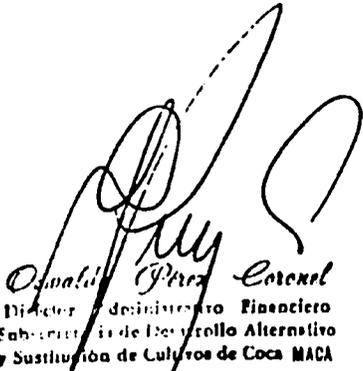
Ref: Comentarios sobre el informe en borrador
de Auditoría Externa al 31/Diciembre/89.

Señor Contralor:

De acuerdo a la conversación sostenida con Ud. el pasado día 5 del presente mes, relativo a la discusión y análisis del informe en borrador de Auditoría Externa al 31 de Diciembre/89, elaborado por Moreno Muñoz y Cia., y cuyo borrador nos fue entregado mediante su atenta carta MC-90/752 del pasado 19 de octubre /90. Por la presente, tengo el agrado de adjuntar los comentarios por escrito, a las observaciones efectuadas por los Auditores Externos.

Como podrá apreciar, estos comentarios se refieren exclusivamente a la oficina central de SUBDESAL, debiendo las otras unidades operativas, enviarle en forma directa, sus comentarios por escrito al informe de Moreno Muñoz y Cia. en la parte que les corresponda, de acuerdo a los resultados de las reuniones de análisis efectuadas en la ciudad de Cochabamba los días 29, 30 y 31 de octubre de 1990.

Al agradecerle su gentil atención, saludo a usted muy atentamente.


Osvaldo Pérez Corcuat
Director Administrativo Financiero
Subsecretaría de Desarrollo Alternativo
y Sustitución de Cultivos de Coca MACA

RLS/mcmq



**MINISTERIO DE ASUNTOS CAMPESINOS
Y AGROPECUARIOS
SUBSECRETARIA DE DESARROLLO ALTERNATIVO
Y SUSTITUCION DE CULTIVOS DE COCA
LA PAZ - BOLIVIA**

**COMENTARIOS SOBRE EL INFORME EN BORRADOR DE
AUDITORIA EXTERNA AL 31/DCB/89 SOBRE LA
ESTRUCTURA DE CONTROL INTERNO EN SUBDESAL**

1. ACTIVOS FIJOS DEL PROYECTO

Condición:

USAID/BOLIVIA, procedió a la adquisición de muebles de oficina para SUBDESAL en base a los requerimientos que se formuló y que originalmente debía comenzar a funcionar con una planta de 43 funcionarios aproximadamente, para lo cual la compra de muebles y enseres se hizo para igual número de funcionarios. Lamentablemente el Programa no inició labores con el número de funcionarios previsto, motivo por el que se presentó un excedente de muebles de oficina cuyo almacenamiento y custodia se encargó en forma provisional a uno de nuestros funcionarios que disponía del espacio adecuado en su domicilio particular, sin cargo alguno para SUBDESAL.

Criterio:

Se acepta el criterio de responsabilidad respecto al control y conservación de los activos del proyecto, a cargo de SUBDESAL.

Causa:

La compra de muebles realizada por la unidad de adquisiciones de USAID/BOLIVIA para SUBDESAL, se basó en los reportajes originales de instalar dos oficinas o ambientes para albergar aproximadamente 43 funcionarios.

Debido a razones presupuestarias y previo conocimiento de USAID/B. se instaló únicamente una sola oficina con 20 funcionarios aproximadamente, debidamente equipados con los muebles de oficina.

El excedente de muebles que fueron adquiridos con anterioridad no pudo almacenarse debido a limitaciones presupuestarias para la contratación de depósitos adecuados para su custodia y conservación ya que tampoco se pudo contratar a un número mayor de funcionarios para SUBDESAL, aspecto que es de amplio conocimiento de USAID/BOLIVIA.



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LA PAZ - BOLIMA**

Efecto:

La anterior situación motivo la no utilización de todos los recursos del Proyecto en el rubro de activos fijos.

Recomendación:

Se ha tomado debida nota de la recomendación de los Auditores Externos, habiendose procedido al diseño y procedimiento de control para asegurar un adecuado mantenimiento, almacenaje y custodia de los muebles, encontrandose en las siguientes etapas de implementación: a) Se cuenta con un ambiente para depósito de los muebles, según contrato de alquiler suscrito. b) El diseño del sistema de almacenes ya se tiene implementado a través de formularios especiales.

2. AUSENCIA DE MANUALES DE PROCEDIMIENTO

Condición:

La Subsecretaría de Desarrollo Alternativo como Unidad Ejecutora dependiente del Ministerio de Asuntos Campesinos y Agropecuarios se encuentra regida por la Ley del Sistema Administrativo Financiero y Control Gubernamental (SAFCO) a cargo de la Contraloría General de la República.

Sin embargo de lo anterior, se encuentran en etapa de implementación, manuales de procedimiento administrativo interno tales como: a) Control de Personal, b) Manual de Funciones, c) Reglamento Interno.

Criterio:

Se considera necesario la vigencia y puesta en ejecución de los manuales anteriormente señalados y que sean complementarios a la Ley SAFCO, con el propósito de controlar apropiadamente las operaciones de la entidad.

Causa:

Independientemente de los manuales arriba mencionados, SUBDESAL esta a la espera de que USAID/Bolivia proceda a la contratación de los servicios de Consultores Externos, para el diseño de manuales adecuadas a las actividades de SUBDESAL.



**MINISTERIO DE ASUNTOS CAMPESINOS
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LA PAZ - BOLIVIA**

Efecto:

Con la aplicación de los manuales de control administrativo interno, se vienen superando y reforzando los controles operativos en SURDESAL.

Recomendación:

Se esta procediendo a la implantación de los manuales de procedimientos administrativos recomendados por los Auditores Externos.

3. AUSENCIA DE EVIDENCIA FORMAL DE CUMPLIMIENTO CON LOS PROCEDIMIENTOS DE CONTRATACION DE PERSONAL ESTABLECIDA POR USAID/BOLIVIA

Condición:

Los hallazgos establecidos por los Auditores Externos, son evidentes, sin embargo por encontrarse SUBDESAL en la etapa de organización, la autoridad superior (Subsecretario); tuvo que recurrir a la contratación del personal que gozara de la confianza de dicha autoridad, sin descuidar su condición de ser personal calificado para dichas funciones.

Criterio:

Estamos de acuerdo que la selección del personal a ser Contratado, debe efectuarse de acuerdo a las normas establecidas por USAID/BOLIVIA, mediante la Carta de Implementación No. 98 que se tiene suscrita.

Causa:

Tal como se expresó anteriormente, la contratación del personal citado por los Auditores Externos se debió a la determinación del Sr. Subsecretario de ese entonces, y por encontrarse SUBDESAL en etapa de organización.

Efecto:

Con excepción de la Dra. Nancy Romero B., Asesora Legal de la SUBDESAL, los señores Walter Mendoza, Fernando Mendoza y Erick Foronda han renunciado a sus funciones en SUBDESAL, dejando en consecuencia de pertenecer a la institución.



MINISTERIO DE ASUNTOS CAMPESINOS
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LA PAZ - BOLMA

Recomendación:

Se está aplicando los procedimientos apropiados para documentar los requisitos de contratación establecidos por USAID/BOLIVIA (Carta de Implementación No. 98).

4. INSUFICIENTE DOCUMENTACION EN REEMBOLSOS DE GASTOS DE VIAJE**Condición:**

Se ha procedido a la revisión de la documentación sustentatoria de los gastos de viaje observados por los auditores externos de acuerdo al siguiente detalle:

<u>Comprobante</u>	<u>Descripción</u>	<u>Importe</u>	<u>Deficiencia</u>
No. 225	Gastos de viaje	2.300.-	a,b
No. 274	Gastos de viaje	2.875.-	a,b
No. 309	Gastos de viaje	2.300.-	a,b,c

		7.475.-	

a = Sin informe de viaje
b = Sin copia de pasajes
c = Sin firma de conformidad del empleado

Por la explicación personal brindada a los Auditores Externos, con motivo de la discusión del presente informe en borrador, se ha podido establecer algunas modificaciones a las observaciones anteriormente señaladas, quedando en consecuencia la siguiente relación:

<u>Comprobante</u>	<u>Descripción</u>	<u>Importe</u>	<u>Deficiencia</u>
No. 225	Gastos de viaje	1.150.-	a
No. 309	Gastos de viaje	2.300.-	c

		3.450.-	

a = Sin informe de viaje
c = Sin firma de conformidad del empleado



MINISTERIO DE ASUNTOS CAMPESINOS
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Criterio:

En todos los casos se exige la presentación de los informes de gastos de viaje debidamente documentados, como evidencia de la operación.

Causa:

No pudo ser subscrita en su totalidad, las observaciones de los Auditores Externos, debido a que las personas involucradas en la operación Srs. Walter Mendoza y Fernando Mendoza son ex-funcionarios de la SUBDESOL.

Efecto:

Para regularizar dichas operaciones se está solicitando la presencia de los ex-funcionarios a las oficinas de la SUBDESOL.

Recomendación:

Se ha tomado debida nota de las recomendaciones de los auditores Externos.



MINISTERIO DE ASUNTOS CAMPESINOS
Y AGROPECUARIOS
SUBSECRETARIA DE DESARROLLO ALTERNATIVO
Y SUSTITUCION DE CULTIVOS DE COCA
LA PAZ - BOLIVIA

COMENTARIOS AL INFORME EN BORRADOR DE AUDITORIA EXTERNA
AL 31/DCB/89 SOBRE EL CUMPLIMIENTO CON LOS TERMINOS
DEL CONVENIO, CARTAS DE IMPLEMENTACION,
LEYES Y REGLAMENTOS APLICABLES

1. INCUMPLIMIENTO A REQUERIMIENTOS LEGALES DE REGISTRAR AL
PERSONAL EN EL SISTEMA DE SEGURIDAD SOCIAL

Causa:

Debido a que SUBDESAL, con todas sus unidades operativas dependen Funcional y Administrativamente del Ministerio de Asuntos Campesinos y Agropecuarios, el tratamiento salarial para el personal de SUBDESAL, se encuentra dentro del presupuesto Servicios Personales del MACA, donde se halla considerado el aporte patronal respectivo para el Sistema de Seguridad Social. Sin embargo como resultado de la aplicación de las cartas de implementación suscritas con USAID/BOLIVIA, se ha establecido un refuerzo presupuestario para el pago de servicios personales a los funcionarios de SUBDESAL, donde no se considero ninguna provisión de fondos para el pago de aporte patronal sobre dicho refuerzo presupuestario, motivo por el que tampoco se retuvo el descuento del aporte laboral sobre los haberes efectivamente pagados.

Efecto:

La falta de provisión de fondos para cubrir el aporte patronal sobre las planillas de sueldos efectivamente pagadas ha originado que no se retenga el aporte laboral sobre el pago de haberes. Sin embargo, luego de negociaciones con USAID/Bolivia, se esta regularizando esta situación a objeto de salvar algunas contingencias para SUBDESAL sobre el no pago de los aportes patronal y laboral, sobre la planilla de haberes, debiendo programarse su ejecución financiera con la aprobación del Plan Operativo gestión 1990.

Recomendación

SUBDESAL, esta estudiando la incorporación al Sistema Boliviano de Seguridad Social en base a las aportaciones tanto patronal y laboral sobre el total de las planillas de haberes pagados a su personal, situación que se regularizará a partir de la gestión de 1991, no obstante de que el personal que presta sus servicios en SUBDESAL, esta sujeto a un contrato temporal de un año, suceptible de ser renovado por igual periodo de tiempo, de acuerdo al soporte presupuestario que brinde USAID/Bolivia.



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2. FALTA DE MARCACION DE BIENES

Causa:

Todos los activos fijos proporcionados por USAID/Bolivia, son debidamente registrados, codificados e incorporados al inventario de SUBDESAL, exhibiendo cada bien incorporado la correspondiente viñeta de identificación. Sin embargo por razones estrictamente de seguridad los vehículos de trabajo al campo no llevan ninguna identificación del proyecto, no obstante de usar placas de vehículos de "uso oficial" para evitar atentados a dichos vehículos.

Efecto:

Para salvar las observaciones de Auditoría Externa se ha convenido con los personeros de USAID/BOLIVIA que se proveerá a SUBDESAL de los respectivos "Stickers" que contengan el emblema de AID, los mismos que serán colocados en todos los bienes proporcionados por AID. Respecto a los vehículos, SUBDESAL iniciara los trámites de excepción necesarios para evitar riesgos que ocasiona la identificación de los vehículos del Programa en tareas de campo.

Recomendación:

Se toma en cuenta la recomendación de los Auditores Externos.