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AGENCY FOR INTERNATIONAL DEVELOPMENT

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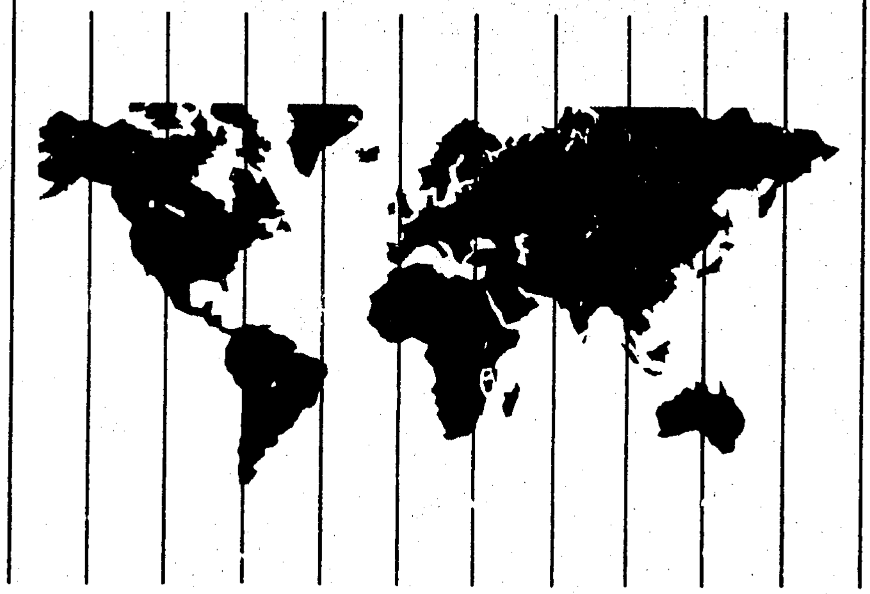

Regional Inspector General for Audit
NAIROBI

PDABC-910

Audit of USAID/Kenya's Compliance With Audit Requirements

Audit Report No. 3-615-91-08
June 28, 1991

Although USAID/Kenya properly assessed audit requirements when planning projects, project activities with $113.4 million in disbursements and the equivalent of $36.2 million in local currency generations did not receive required or needed audit coverage. USAID/Kenya needs to establish a comprehensive audit control system to ensure that required audits are budgeted for and performed, recipient-funded audits meet applicable auditing standards, and the audit recommendation resolution system includes all audits.

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
REGIONAL INSPECTOR GENERAL/AUDIT

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June 28, 1991

MEMORANDUM

TO : John R. Westley, Director, USAID/Kenya

John J Burns for

FROM : Toby L. Jarman, RIG/A/Nairobi

SUBJECT: Audit of USAID/Kenya's Compliance With Audit Requirements

Enclosed are five copies of our audit report on USAID/Kenya's Compliance With Audit Requirements, Report No. 3-615-91-08.

We reviewed your comments on the draft report and included them as an appendix to this report. Based on the actions taken by the Mission, Recommendation No. 2.4 is closed. Recommendation Nos. 2.1, 2.2, 2.3 and 3 are resolved and can be closed upon receipt of evidence showing that the actions cited have been implemented. Recommendation No. 1 will be resolved when we obtain your agreement to budget for required audits in the project budgets of cited projects.

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

EXECUTIVE SUMMARY

Officials who manage A.I.D. dollars or local currency associated with A.I.D. programs must fully account for their activities to the public. Independent audits are an important internal control technique which serve to verify that A.I.D. funds are properly accounted for and used for authorized purposes. A.I.D. assistance agreements generally specify how often audits of A.I.D. projects and programs should be performed and the auditing standards that must be met.

As of September 30, 1990, USAID/Kenya was managing 22 active projects. USAID/Kenya had spent $204.1 million under these 22 projects as of November 7, 1990; just after audit fieldwork was initiated. USAID/Kenya is responsible for monitoring these projects to make sure assistance agreements contain appropriate audit requirements and that these requirements are met.

Between November 5, 1990 and February 8, 1991, we audited USAID/Kenya's compliance with audit requirements in accordance with generally accepted government auditing standards. Appendix I on page 21 of the report contains the scope and methodology for the audit and the audit objectives are presented at page 1. The results of our audit are as follows:

- USAID/Kenya has a system to ensure it assesses audit requirements when projects are planned; however, for five of ten projects requiring an audit, USAID/Kenya did not budget funds for audit (see page 4).

- In most cases USAID/Kenya is including appropriate audit requirements in project agreements, grant agreements, and contracts (see page 7).

- USAID/Kenya does not have a system to track whether required audits are performed; therefore, disbursements totalling $109.1 million in five USAID/Kenya projects did not receive the audit coverage required by A.I.D. In addition, the use of counterpart local currency funds totalling $36.2 million was not audited (see page 8).

- Nine Kenyan nongovernmental organizations with disbursements of $4.3 million received inadequate audit coverage because their annual audits did not meet required auditing standards (see page 11).

The report contains three recommendations to budget for required audits, request some specific audits, establish a tracking system to ensure required audits are performed and corrective action taken, and to require that audits meet A.I.D. requirements and GAO auditing standards. The report also presents our assessment of internal controls (see page 14) and a report on USAID/Kenya's compliance with applicable laws and regulations (see page 17).

Office of the Inspector General

Office of the Inspector General
June 28, 1991

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INTRODUCTION

Background

Officials who manage A.I.D. dollars or local currency associated with A.I.D. programs must fully account for their activities to the public. Independent audits are an important internal control technique which serve to verify that A.I.D. funds are properly accounted for and used for authorized purposes. A.I.D. assistance agreements generally specify how often audits of A.I.D. projects and programs should be performed and the auditing standards that must be met. Audits of A.I.D.-managed resources may be performed by Federal auditors, non-Federal auditors supervised by the Office of the Inspector General, or by non-Federal auditors contracted by organizations receiving assistance.

As of September 30, 1990, USAID/Kenya was managing 22 active projects (Appendix III) which were selected as the audit universe. According to a financial report received from USAID/Kenya when initiating our audit fieldwork, these 22 projects had commitments (formal reservations of funds) of $281.1 million and disbursements of $204.1 million. USAID/Kenya also monitored counterpart local currency funds deposited under Public Law 480 and other programs. During fiscal year 1989, the local currency equivalent of $36.2 million was disbursed to implementing agencies and a balance of local currency equivalent to $20.3 million was unexpended as of September 30, 1989.

Audit Objectives

The Office of the Regional Inspector General for Audit/Nairobi audited USAID/Kenya's compliance with audit requirements to answer the following objectives:

1. Did USAID/Kenya comply with A.I.D. policy that requires assessments of the need for audits in project papers and funds for needed audits in project budgets?

2. Did USAID/Kenya comply with A.I.D. handbook provisions for including specified audit requirements in its project agreements, cooperative agreements, and contracts?

3. Did USAID/Kenya comply with A.I.D. handbook procedures and Federal regulations to ensure required audits are performed and meet General Accounting Office auditing standards and that preaward surveys are conducted when required?

4. Did USAID/Kenya comply with Federal requirements to resolve and implement audit recommendations?

In answering these audit objectives, we tested whether USAID/Kenya (1) followed applicable internal control procedures and (2) complied with certain provisions of regulations, policies, grants and contracts. Our tests were sufficient to provide reasonable -- but not absolute -- assurance of detecting abuse or illegal acts that could significantly affect the audit objectives. However, because of limited time and resources, we did not continue testing when we found that, for the items tested, USAID/Kenya followed A.I.D. procedures and complied with legal requirements. Therefore, we limited our conclusions concerning these positive findings to the items actually tested. But when we found problem areas, we performed additional work

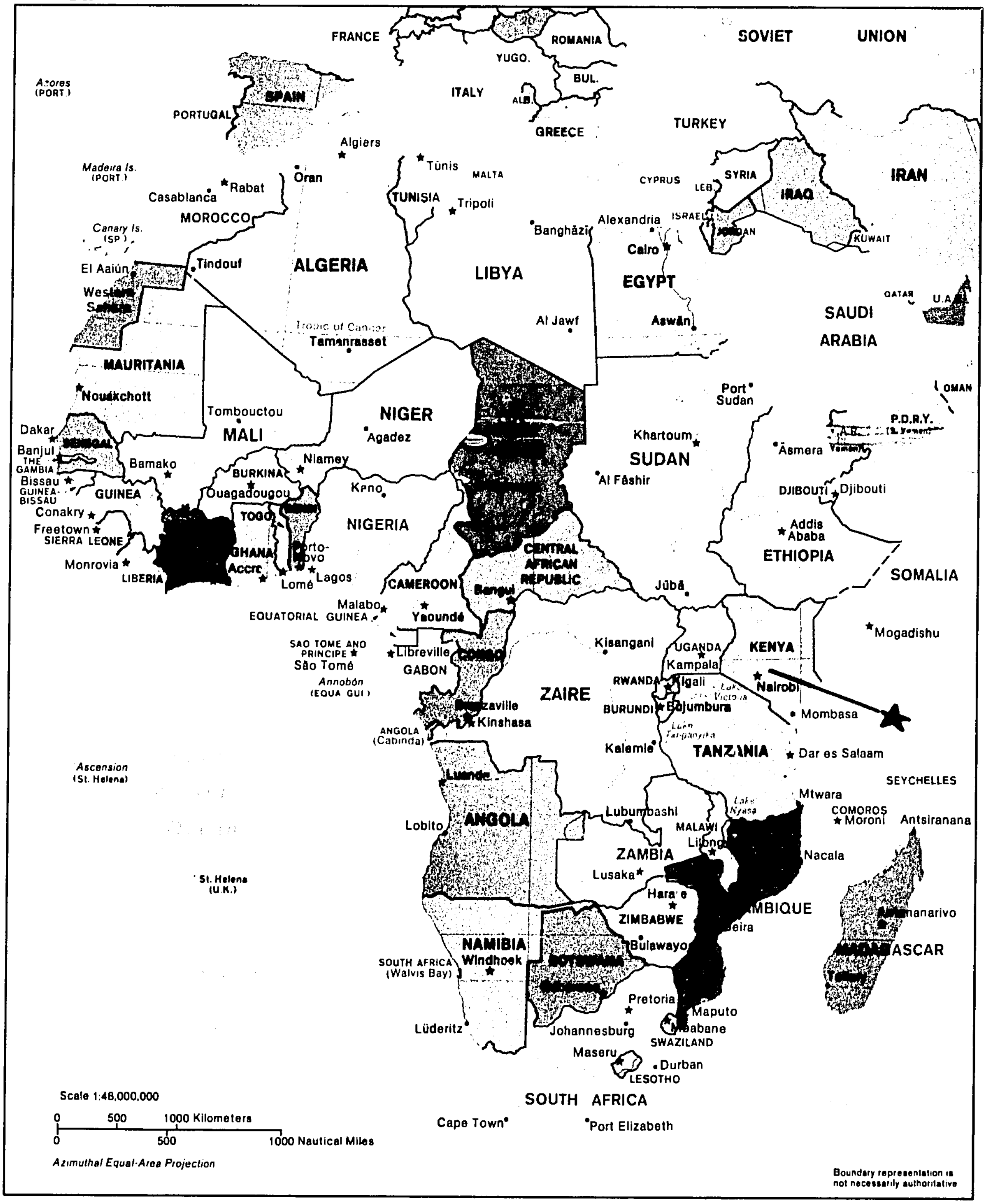
- to conclusively determine that USAID/Kenya was not following a procedure or not complying with a legal requirement,

- to identify the cause and effect of the problems, and

- to make recommendations to correct the condition and cause of the problems.

Appendix I contains a complete discussion of the scope and methodology for this audit.

Africa



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REPORT OF AUDIT FINDINGS

Did USAID/Kenya comply with A.I.D. policy that requires assessments of the need for audits in project papers and funds for needed audits in project budgets?

In our opinion, USAID/Kenya has established an adequate system to ensure that project papers include assessments of the need for audits as required by A.I.D. policy. However, some active projects requiring audit coverage do not have budgets for audit in project agreements or in agreements with implementing organizations.

USAID/Kenya is now properly assessing the need for audit. Project papers prepared by USAID/Kenya since it established a controller position in 1988 have included assessments of audit need. While four of nine project papers approved before 1988 did not adequately assess audit need, the five project papers approved since January 1988 either adequately discussed audit requirements or included a proposed budget for audit in lieu of an assessment. In addition, subsequent amendment of the project agreement for one of the pre-1988 projects also provided an assessment of audit need.

We did not consider the lack of an assessment of audit needs in the remaining three older project papers a major problem since the Controller's Office is now reviewing project papers and has adequately implemented this policy.

USAID/Kenya, however, has not been as successful at budgeting for audits in project agreements. Project funds have not been budgeted for audits, including final audits, for 5 of 10 active projects that will require audit coverage.

Funds Not Always Budgeted For Audits

It is A.I.D. policy that project funds be budgeted for project audits when audit coverage will be needed. However, some active USAID/Kenya projects requiring audit currently have no project funds budgeted for this purpose. USAID/Kenya officials did not budget for audits because they questioned whether funding for these audits, particularly closeout audits, must always come from project funds or be budgeted before the audit is needed. As a result, required audits for these USAID/Kenya projects and future projects may not be performed unless adequate funding for the audits is budgeted at the beginning of the project.

> <u>Recommendation No. 1</u>: **We recommend that the Director, USAID/Kenya amend project agreements to provide adequate funding for required audits in the project budgets of five projects that do not currently include a budget for audit (Project Nos. 615-0220, 615-0238, 615-0239, 615-0241, and 615-0252).**

A.I.D. Payment Verification Policy Statement No. 6, dated December 1983, requires that project papers include an evaluation of the need for audit coverage and describe planned audit coverage by the host government, A.I.D., or an accounting firm. This policy statement also requires that project funds be budgeted for audit unless audit by the host country is reasonably assured or audits are not warranted.

One specific type of audit coverage that should be budgeted for is mandated by A.I.D. Contract Information Bulletin 90-12 (CIB 90-12). This bulletin requires final audits for all contracts, grants and cooperative agreements that exceed $500,000.

Projects that have a requirement for audit coverage and should have a budget for audits, other than the biennial or annual organizational audits required in individual agreements with various nongovernmental organizations (NGO's), include:

- projects being implemented in part or entirely by the Government of Kenya, which does not provide adequate audit coverage of the A.I.D. funds it receives, and

- projects being implemented in part or entirely by Kenyan NGO's, contractors or governmental agencies that are expected to receive funding in excess of $500,000, thereby requiring a final audit as described above.

Projects not requiring a budget for audit include projects being implemented entirely by: 1) American NGO's which are audited in the U.S. through OMB Circular A-133, and 2) Kenyan NGO's receiving less than $500,000 which should be audited annually by their own accounting firm. USAID/Kenya may determine that an audit of any of these projects would be desirable and budget for it accordingly if it has specific concerns that need to be addressed or if local NGO's are not being adequately audited.

Project funds have not been budgeted for 5 of 10 active projects that should have funds reserved for audit. In four of the five projects, marked "no" in the table below, there was no evidence of a budget for audit in project agreements or amendments thereto, in other agreements, or in USAID/Kenya's accounting system. For the fifth project (Institutional Development for Agricultural Training), an amendment to a project agreement added the word "audit" to the budget line item for evaluations, without increasing the funding or including a description of the audit coverage to be performed. The accounting reports for the project also continued to omit any reference to audit. The 10 projects having a need for audit follow, together with the audit's findings concerning whether funds were budgeted for audit as required:

Project Title	Budget for Audit in Agreement ?
Structural Adjustment Program	Yes
Rural Private Enterprise	No
Family Planning Services And Support	Yes
Private Enterprise Development	No
Instit. Develop. for Agric. Training	No
Structural Adjustment Assistance Program	Yes
Community Child Survival	No
Fertilizer Pricing & Marketing Reform	Yes
Health Care Financing Program	Yes
Kariobangi Project	No

USAID/Kenya officials provided several explanations why project funds had not been budgeted for audit for these projects. USAID/Kenya officials stated that some of these projects did not have bilateral project agreements and that in these cases there was no requirement to include funding for audits in the project agreements with implementing organizations. Further, they questioned the necessity of budgeting project funds for required final closeout audits, as project development and support (PD&S) funds could be used to fund these audits. In addition, they pointed out that project funds could not be used for closeout audits after the project has been completed.

The requirement to budget project funds for needed audits in A.I.D. Payment Verification Policy Statement No. 6, however, is not limited to bilateral project agreements. Project funds for audits can be identified and reserved in the agreements with implementing organizations for USAID/Kenya to use to fund project audits. Also, A.I.D. Handbook 3, Chapter 1, Paragraph 1D allows PD&S funds to be used for audit only on an exceptional basis and stresses the need to include funds for audit in project documents. Required closeout audits of individual grants, cooperative agreements, and contracts could be performed and paid for with project funds before the termination date for project disbursements.

As a result of USAID/Kenya's interpretation of requirements to budget for audits, five current USAID/Kenya projects with disbursements of approximately $12.5 million to implementing organizations requiring audit coverage, as well as some future projects, may not be audited as required unless adequate funding for the audits is identified and budgeted at the beginning of the project.

Did USAID/Kenya comply with A.I.D. handbook provisions for including specified audit requirements in its project agreements, cooperative agreements, and contracts?

In our opinion, USAID/Kenya has complied with A.I.D. handbook provisions to include audit requirements in its project agreements, cooperative agreements, and contracts. USAID/Kenya had included the correct audit requirement in 46 of 47 documents we identified in our audit universe.

USAID/Kenya officials preparing individual agreements are using sections of the A.I.D. handbooks detailing the various standard audit provisions required for each type of document. The Contracts Division of the USAID/Regional Economic Development Services Office for East and Southern Africa (REDSO) and the USAID/Kenya Controller's Office also review these agreements before their approval to ensure compliance with A.I.D. requirements.

The result was that, for the 47 grants, cooperative agreements, and contracts reviewed, only 1 agreement - a Commodity Import Program grant agreement with the Government of Kenya executed in 1984 - did not have the proper audit requirement. We are not making a specific recommendation that this agreement be amended to include the proper audit requirement as it expires soon and Recommendation No. 2 of this report recommends that USAID/Kenya request a non-Federal audit of the program.

Did USAID/Kenya comply with A.I.D. handbook procedures and Federal regulations to ensure required audits are performed and meet General Accounting Office auditing standards and that preaward surveys are conducted when required?

In our opinion, USAID/Kenya has not fully complied with A.I.D. handbook procedures and Federal regulations as it has not ensured that required audits are performed and meet applicable standards. However, preaward surveys or financial reviews of entities receiving A.I.D. funds are performed as required.

Preaward surveys were being conducted as required by Federal Acquisition Regulation Section 9.106. A preaward survey of an American company had been requested and performed in the one case where this was required during the audit period. Preaward surveys were not required for grants, cooperative agreements, contracts and host country contracts with 22 other American organizations because of the amount of funding involved or because of their prior history of receiving Federal funding. In addition, the USAID/Kenya Controller's Office performed 11 financial reviews of the administrative and accounting capacities of Kenyan nongovernmental organizations (NGO's) prior to granting them A.I.D. funding. As a result of these reviews, USAID/Kenya was able to make a determination regarding the organization's financial responsibility precluding the need for a preaward survey. In two cases, USAID/Kenya did not make the awards because the reviews concluded that the recipient was incapable of properly accounting for A.I.D. funds.

However, independent audits have not been effectively used by USAID/Kenya as an internal control technique to verify that A.I.D. funds are properly accounted for and used for authorized purposes. Audits of project activities were either not performed or did not meet the auditing standards required by A.I.D. Handbooks and the Office of Management and Budget Circular A-73.

<u>Not All Required Audits Performed</u>

A.I.D. Handbooks and other policy directives require audits of indigenous NGO's and host government entities implementing A.I.D. projects, as well as audits of counterpart local currency disbursements when there is no assurance of audit coverage of these funds. Audits of USAID/Kenya project activities, however, were not always performed as required. This occurred because USAID/Kenya had not established a monitoring system to track whether required audits were performed. As a result, project activities with disbursements totalling $109.1 million have not received the audit coverage required by A.I.D. Also, disbursements of counterpart local currency funds totalling $36.2 million were not audited although withdrawals of these funds from the special accounts were not tracked to their ultimate use by the Government of Kenya.

<u>Recommendation No. 2</u>: We recommend that the Director, USAID/Kenya:

2.1 establish a comprehensive tracking system to help ensure that audits of Kenyan NGO's and Kenyan government project participation, including required closeout audits, are performed and monitored as required;

2.2 request non-Federal audits for the projects cited that need audit coverage (Nos. 615-0213, 615-0220, 615-0232, and 615-0240) and also for the disbursements of local currency counterpart funds if USAID/Kenya cannot successfully track the withdrawal of funds from the special accounts to their use by the host government;

2.3 require the two Kenyan NGO's not submitting audit reports to submit audit reports for the last fiscal year of operation or the last year when A.I.D. funds were received; and

2.4 report the internal control weaknesses associated with USAID/Kenya's tracking of counterpart local currency disbursements to the Assistant Administrator in the next annual Federal Manager's Financial Integrity Act reporting cycle.

A.I.D. Handbooks and other policy directives contain requirements for audit coverage of host government and non-U.S. NGO participation in A.I.D. projects, as follows:

- A.I.D. Handbook 3, Appendix 6A-2, Section B.5 requires foreign government participation in A.I.D. projects to be audited "regularly" in accordance with generally accepted auditing standards.

- A.I.D. Handbook 13, Appendix 4D requires that funds provided to non-U.S., nongovernmental grantees be included in the grantee's annual independent audit.

- A.I.D.'s Supplemental Guidance on Programming Local Currency supplementing A.I.D. Policy Determination No. 5, Programming P.L. 480 Local Currency Generations requires missions to have "reasonable assurance" that audits of activities funded with A.I.D.-generated local currency accounts will be undertaken.

USAID/Kenya could not provide evidence that audits of activities in five projects had been performed as required. Two of these projects were structural adjustment projects including the generation of counterpart funds under a commodity import program (CIP) agreement and two projects concerned other host government activities. There were also two Kenyan NGO's performing project activities under two projects (including one of the projects already cited above) that either did not submit copies of their annual audits to A.I.D., or were never audited. The following shows the projects that did not receive required audit coverage:

Project Number	Type	Disbursements (As of 11/7/90)
615-0213	Structural Adjustment/CIP	$63,476,770
615-0220	Grant/Loan/NGO	9,410,417
615-0232	Grant	4,412,120
615-0238	Trust (NGO)	2,829,819
615-0240	Structural Adjustment/CIP	28,994,500
Total Disbursements		$109,123,626

In addition, audits of disbursements of counterpart funds were also not performed, although USAID/Kenya had no assurance withdrawals from these accounts were only for jointly programmed activities.

Two projects (Nos. 615-0213 and 615-0240) not audited involved payments to the Government of Kenya totalling about $92.4 million, mostly under a structural adjustment program and a commodity import program. Rather than arranging for independent financial audits of these funds, USAID/Kenya hired CPA firms to monitor parts of the CIP programs. USAID/Kenya officials believed that an audit was not necessary because a CPA firm was involved with monitoring the CIP program. The monitoring function, however, is not an adequate substitution for an independent audit as the firms did not need to apply auditing standards in its monitoring function nor issue a formal opinion on the subject matter. USAID/Kenya officials are now planning a closeout audit of both projects in the near future.

Activities under Project Nos. 615-0220 and 615-0232 were not audited because USAID/Kenya officials believed that non-financial project audits performed by RIG/A/N provided the required audit coverage of these activities. The RIG/A/N audits in question, however, concerned performance rather than financial audit objectives and therefore do not substitute for a financial audit. USAID/Kenya is in the process of contracting for two non-Federal audits of one of these projects and is planning to request a closeout audit of the other.

Audits of two Kenyan NGO's under Project Nos. 615-0220 and 615-0238 requiring audit coverage were either not performed or not submitted to USAID/Kenya. These two Kenyan NGO's represent 41 percent of the total funds disbursed to Kenyan NGO's for the projects examined. These required audits were not performed because USAID/Kenya does not have a central tracking system to monitor compliance with A.I.D. audit requirements.

In addition, audits of the use of counterpart funds generated under prior and current CIP and Public Law 480 programs should have been arranged by USAID/Kenya since the use of these funds was not adequately audited by the Government of Kenya (GOK) and USAID/Kenya did not successfully track withdrawals of these funds from the special accounts to the GOK's ultimate use of the funds. The USAID/Kenya Controller's Office attempt to track these funds was limited to a reconciliation of the amounts jointly programmed by USAID/Kenya and the GOK for the latter's use, rather than the actual withdrawals from the accounts, into the GOK's annual budget reports. Further, the reconciliation report concluded that it was impossible to determine whether the counterpart funds included in the various sections of the Kenyan budget were actually spent in each case. The audit coverage of Kenyan government offices by its own auditors, as described to us by these auditors, is by itself not an adequate review of the uses of these funds since it also does not include a reconciliation of withdrawals from the special accounts to the GOK's use of the funds. USAID/Kenya reported no weaknesses in this area in the most recent Federal Manager's Financial Integrity Act reporting cycle and, in fact, stated its efforts to track these funds were successful. The significant amount of counterpart fund disbursements, $36.2 million during Fiscal Year 1989, and the unsuccessful tracking of these funds clearly shows the need for an independent verification that the funds were used as intended.

As described above, required audits of USAID/Kenya projects were not performed because of the absence of a central tracking system to ensure compliance with A.I.D. requirements. As a result, there has been no independent verification that A.I.D. funds totalling $109.1 million were properly accounted for and used for authorized purposes and counterpart local currency disbursements totalling $36.2 million were similarly not adequately tracked and verified to determine whether they were used only for jointly programmed purposes.

Another problem concerning audit coverage was that audits that were being done did not fully meet applicable auditing standards.

Auditing Standards Not Fully Met

A.I.D. policy requires annual audits of non-U.S., nongovernmental grantees to include verification of the source and application of A.I.D. funds. In addition, Office of Management and Budget policy requires audits to meet General Accounting Office (GAO) auditing standards before they can be relied on by Federal agencies. Annual audits of Kenyan NGO's, however, have not specifically addressed A.I.D. funds nor complied with GAO auditing standards. USAID/Kenya has neither reviewed audits of NGO's for compliance with auditing standards nor given instructions or guidelines to grantee organizations concerning standards that must be followed. As a result, annual audits of nine Kenyan NGO's with disbursements totalling $4.3 million did not satisfy audit coverage required by A.I.D. and OMB.

> Recommendation No. 3: **We recommend that the Director, USAID/Kenya establish procedures to help ensure the new Inspector General policy requirements concerning quality control of recipient-funded audits are followed. This policy will require USAID/Kenya to provide the audit reports to RIG/A/N for desk review and selected quality control reviews and also includes instructional letters to Kenyan NGO's forwarding Inspector General guidelines for conducting the audits.**

A.I.D. Handbook 13, Appendix 4D specifies that audit coverage in annual independent audits of non-U.S., nongovernmental grantees should include verification of the source and application of A.I.D.

funds. Further, Office of Management and Budget Circular No. A-73 states that primary responsibility for audits of federally assisted programs rests with recipient organizations and that Federal agencies will rely on recipient audits provided they are made in accordance with General Accounting Office auditing standards.

However, none of the 22 annual audit reports submitted by 9 Kenyan NGO's participating in USAID/Kenyan projects specifically address the source and use of A.I.D. funds or comply with GAO auditing standards. The reports are generally limited to a presentation of audited financial statements, as opposed to an audit covering compliance with grant terms and the use of A.I.D. funds. To meet the requirements presented in the A.I.D. Handbooks, the reports at a minimum should have included a statement or some evidence that the audit included the required verification of the source and application of A.I.D. grant funds. None did.

Attributes found in audit reports that are in compliance with GAO auditing standards were generally missing in all of the reports, suggesting the scope of their audit coverage may have been limited. For example, of the 22 reports:

- only three identified the auditing standards used by the auditor (as required by GAO auditing standards),
- only one included a report on internal controls identifying items tested and the weaknesses detected (as required by GAO auditing standards),
- only one included a statement on the organization's compliance with grant terms (as required by GAO auditing standards), and
- none of the reports included any recommendations, findings or questioned costs.

USAID/Kenya had no tracking system to monitor the quality of audits performed of organizations implementing its projects or to inform grantees of the type of audit required. However, USAID/Kenya officials explained that they do not have the expertise to effectively evaluate the quality of these audits or determine whether they comply with GAO auditing standards.

This problem should be corrected in the future with a newly-established A.I.D. Inspector General policy that states all recipient-contracted audit reports should be provided to the applicable RIG/A, through the Mission, for desk reviews and selected quality control reviews. Moreover, each mission is to provide to recipients copies of guidelines (furnished by the IG) for the use of independent auditors in conducting the audits. USAID/Kenya should ensure that future recipient-funded audits are conducted in accordance with the above policy.

Independent audits that were intended to provide audit coverage of the use of A.I.D. funds are of questionable value as currently presented. As a result, total A.I.D. disbursements of $4.3 million to Kenyan NGO's implementing USAID/Kenya projects may not have received adequate audit coverage.

Did USAID/Kenya comply with Federal requirements to resolve and implement audit recommendations?

In our opinion, USAID/Kenya has adequately complied with requirements to resolve and implement recommendations in General Accounting Office (GAO) and A.I.D. Inspector General audit reports. The USAID/Kenya Controller's Office has a system for monitoring recommendations in GAO and A.I.D. Inspector General audit reports to ensure each is resolved and corrective action, as appropriate, is implemented. This system has generally been effective. However, USAID/Kenya's system for monitoring audit recommendations does not include the required annual audits of Kenyan nongovernmental organizations (NGO's). Although past audits of Kenyan NGO's have not contained recommendations requiring corrective action, future compliance with audit standards required by OMB policy should result in audit reports with recommendations that need to be included in the USAID/Kenya Controller's audit tracking system recommended earlier in this report as Recommendation No. 2.1.

REPORT ON INTERNAL CONTROLS

This section provides a summary of our assessment of internal controls for the audit objectives in our audit of USAID/Kenya's compliance with audit requirements.

Scope of Our Internal Control Assessment

We conducted our audit in accordance with generally accepted government auditing standards, which require that we (1) assess the applicable internal controls when necessary to satisfy the audit objectives and (2) report on the controls assessed, the scope of our work, and any significant weaknesses found during the audit.

We limited our assessment of internal controls to those controls applicable to the audit's objectives and not to provide assurance on the auditee's overall internal control structure.

We have classified significant internal control policies and procedures applicable to the audit objectives by categories. For each category, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation -- and we assessed control risk. We have reported these categories as well as any significant weaknesses under the applicable section heading for each audit objective.

General Background on Internal Controls

Recognizing the need to re-emphasize the importance of internal controls in the Federal Government, Congress enacted the Federal Manager's Financial Integrity Act (the Integrity Act) in September 1982. Under this Act and the Office of Management and Budget's implementing policies, the management of A.I.D., including USAID/Kenya, is responsible for establishing and maintaining adequate internal controls. Also, the General Accounting Office (GAO) has issued "Standards for Internal Controls in the Federal Government" to be used by agencies in establishing and maintaining such controls.

The objectives of internal controls and procedures for Federal foreign assistance are to provide management with reasonable -- but not absolute -- assurance that resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data is obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Moreover, predicting whether a system will work in the future is risky because (1) changes in conditions may require additional procedures or (2) the effectiveness of the design and operation of policies and procedures may deteriorate.

Conclusions for Audit Objective No. 1

The audit objective relates to USAID/Kenya's compliance with A.I.D. policies requiring assessments of audit need and budgeting project funds for audits. In planning and performing our audit of USAID/Kenya's compliance with A.I.D. audit planning and budgeting requirements, we considered the applicable internal control policies and procedures cited in A.I.D. Payment Verification Policy Statement No. 6 and A.I.D. Handbook 3. For the purposes of this report we have classified policies and procedures into the following category: the project planning and budgeting process.

We reviewed USAID/Kenya's internal controls relating to the project planning and budgeting processes and our tests show no significant weaknesses in USAID/Kenya's controls. Therefore, we limited our tests to determining whether the required assessments and budgets were included in the project papers and project budgets.

Conclusions for Audit Objective No. 2

The audit objective relates to USAID/Kenya's compliance with A.I.D. handbook provisions to include specified audit requirements in project agreements and contracts. In planning and performing our audit of these agreements and contracts, we considered the applicable internal control policies and procedures cited in A.I.D. Handbooks 3 and 13. For the purposes of this report, we have classified policies and procedures into the following category: the contract and agreement preparation process.

We reviewed USAID/Kenya's internal controls relating to the contract and agreement preparation process and our tests show that USAID/Kenya's controls are being logically and consistently applied.

Conclusions for Audit Objective No. 3

The audit objective relates to USAID/Kenya's compliance with regulations to ensure required audits are performed and meet General Accounting Office auditing standards and that preaward surveys are conducted when required. In planning and performing our audit of USAID/Kenya's compliance with audit requirements, we considered the applicable internal control policies and procedures cited in A.I.D. Handbooks 3 and 13, A.I.D.'s Supplemental Guidance on Programming Local Currency, A.I.D.'s Contract Information

Bulletin 90-12, Office of Management and Budget Circular No. A-73 and the Federal Acquisition Regulations. For the purposes of this report, we have classified policies and procedures into the following categories: the project audit process and the preaward survey process.

We reviewed USAID/Kenya's internal controls relating to preaward surveys and our tests showed that USAID/Kenya's controls were logically designed and consistently applied. However, USAID/Kenya does not have a system of controls to ensure audit requirements were met. We reviewed audit-related records in several USAID/Kenya offices and interviewed several USAID/Kenya personnel to determine the extent audit requirements had been met.

As part of our audit coverage under this objective we also reviewed USAID/Kenya's internal controls relating to the use of counterpart local currency funds and found that these controls were not properly designed. USAID/Kenya's tracking of these funds did not include a reconciliation with actual withdrawals from these accounts creating the need for an independent audit. This weakness is considered significant and we have included a recommendation that this weakness be included in USAID/Kenya's reporting under the Financial Integrity Act.

Conclusions for Audit Objective No. 4

The audit objective relates to USAID/Kenya's compliance with requirements to resolve and implement audit recommendations. For this objective, the categories of applicable internal controls and the reportable problems are covered under audit objective three.

REPORT ON COMPLIANCE

This section provides a summary of our conclusions on USAID/Kenya's compliance with applicable laws and regulations dealing with audit requirements.

Scope of Our Compliance Assessment

We conducted our audit in accordance with generally accepted government auditing standards, which require that we (1) assess compliance with applicable requirements of laws and regulations when necessary to satisfy the audit objectives (which includes designing the audit to provide reasonable assurance of detecting abuse or illegal acts that could significantly affect the audit objectives) and (2) report all significant instances of noncompliance and abuse and all indications or instances of illegal acts that could result in criminal prosecution that were found during or in connection with the audit.

We tested USAID/Kenya's compliance with Office of Management and Budget Circular A-73 as it relates to our audit objectives. However, our objective was not to provide an opinion on USAID/Kenya's overall compliance with OMB Circular A-73.

General Background on Compliance

Noncompliance is a failure to follow requirements, or a violation of prohibitions, contained in statutes, regulations, contracts, grant and binding policies and procedures governing an organization's conduct. Noncompliance constitutes an illegal act when there is a failure to follow requirements of laws or implementing regulations, including intentional and unintentional noncompliance and criminal acts. Not following internal control policies and procedures in the A.I.D. Handbooks generally does not fit into this definition and is included in our report on internal controls. Abuse is distinguished from noncompliance in that abusive conditions may not directly violate laws or regulations. Abusive activities may be within the letter of the laws and regulations but violate either their spirit or the more general standards of impartial and ethical behavior. Compliance with OMB Circular A-73 is the overall responsibility of USAID/Kenya's management.

Conclusions on Compliance

The results of our tests of compliance disclosed that financial audits contracted by Kenyan NGO's did not meet General Accounting Office auditing standards as required by Office of Management and Budget (OMB) Circular A-73 (see page 11). A newly-established A.I.D. Inspector General policy requires these reports to be provided to the applicable RIG/A, through the individual missions, for desk reviews and selected quality control reviews. Implementation of this policy, contained in Recommendation 3, should enable USAID/Kenya to comply with these OMB requirements.

MANAGEMENT COMMENTS AND OUR EVALUATION

USAID/Kenya partially agreed with the report's recommendations as follows:

- In response to Recommendation No. 1 (page 5), management agreed with the general intent to reserve funds for audit, but disagreed that funds should be obligated before needed. Management also stated that the decision to use Program, Development and Support (PD&S) funds for audits should be left to management.

- Concerning Recommendation No. 2 (page 8), management stated that it has now established a system to track audits of Kenyan NGO's and Kenyan governmental projects (Recommendation 2.1). Management also stated it has requested the missing audit reports from NGO's (Recommendation 2.3) and reported the internal control weaknesses associated with local currency counterpart funds in the 1990 general assessment of its internal control structure (Recommendation 2.4). However, management disagreed with the recommendation to conduct audits of local currency accounts (Recommendation 2.2). Management believes these audits are unnecessary because, according to management, the Government of Kenya's Auditor General audits the use of counterpart funds satisfying the requirement to have "reasonable assurance" these funds are audited.

- Concerning Recommendation No. 3 to establish procedures concerning RIG/A/N involvement in quality control of recipient-funded audits (see page 11), management generally agreed to establish these procedures in the near future.

- Management also stated that it believed the non-Federal audit process was very expensive and not sufficiently timely.

We appreciate USAID/Kenya's comments. On the basis of these comments, we consider Recommendation Nos. 2.1, 2.3, and 3 as resolved. These recommendations can be closed upon receipt of evidence showing that the actions cited by management have been implemented. Recommendation 2.4 is closed based on the discussion of internal control weaknesses associated with counterpart local currency funds in the General Assessment prepared in March 1991. Our evaluation of management's response to the remaining two recommendations follows:

- Concerning Recommendation No. 1, we believe the intent and wording of Payment Verification Policy Statement No. 6 is to provide funding for required audits in the project budget established at the beginning of each project. We have reworded the recommendation but continue to believe that management should indicate amounts planned for audit in the project budget presented in either the project grant agreement, the Mission Accounting System, or both as appropriate. We agree with management, however, that USAID/Kenya does not need to reserve funds until specific plans are made for the audit.

- Concerning Recommendation No. 2.2, we have reworded the recommendation. It is our opinion that the use of local currency counterpart funds is in need of an independent audit if USAID/Kenya's review of these disbursements continues to be limited to tracking jointly programmed funds into the GOK's budget. Although USAID/Kenya maintains the GOK's Auditor General audits the use of these funds, we were told in our discussions with these officials that this was not the case. Like USAID/Kenya, the Auditor General has performed no tests to determine whether withdrawals from the local currency special accounts were limited to items jointly programmed by USAID/Kenya and the GOK.

  However, USAID/Kenya's 1990 General Assessment reports that the Kenyan Government is now providing the mission with supporting documentation for withdrawals from the special accounts and USAID/Kenya Controller's Office personnel state that they are now tracking counterpart local currency funds starting with disbursement from these accounts. Based on this information, we consider Recommendation 2.2 to be resolved. The recommendation can be closed when evidence is provided to show that this reconciliation is being performed and also when the NFA's of projects cited in the recommendation are requested.

- Concerning the cost and timeliness of the non-Federal audit process, we are doing what we can to reduce the cost and improve the timeliness of the audits. We are arranging for local indefinite quantity contracts for auditing services with firms in Nairobi, which should reduce the cost significantly. We are also managing the non-Federal audit program to respond as quickly as possible. However, several offices -- including USAID/Kenya, the GOK, and the contracting office -- are involved from the time a request for audit is received and until the audit starts and often delay the process considerably. Nevertheless, we will do all we can to improve the process.

SCOPE AND METHODOLOGY

Scope

We audited USAID/Kenya's compliance with audit requirements in accordance with generally accepted government auditing standards. We conducted the audit from November 5, 1990 to February 8, 1991, and covered the systems and procedures relating to compliance with audit requirements as of September 30, 1990. As noted below, we conducted our field work in the offices of USAID/Kenya and at the USAID/Regional Economic Development Services Office for East and Southern Africa (REDSO).

Our audit included coverage of all 22 USAID/Kenya projects (excluding project development and support funds) that were active as of September 30, 1990. These projects had commitments of $281.1 million and disbursements of $204.1 million as of November 7, 1990, according to the A.I.D.'s Mission Accounting and Control System (MACS) financial report we were provided by USAID/Kenya.

We attempted to validate the financial information in the MACS report to determine whether the data on disbursements could be relied on in our audit. This data was used primarily to determine the impact of noncompliance with audit requirements in various USAID/Kenya projects. We reviewed supporting documentation for disbursements for three projects selected at random from the 22 projects covered by our audit. In the limited amount of time we had to perform this task, we were able to verify the validity of the disbursements for two of the projects and all but 6 of 59 vouchers supporting disbursements in the third project. We could not find these six vouchers before completing our audit fieldwork. Although we were not able to successfully verify all of the disbursements listed in the MACS report, it appeared sufficiently accurate for the way in which it was used in this audit; that is, to create a means for measuring the effect of inadequate audit coverage.

This audit also covered USAID/Kenya's management of the programming and disbursement of counterpart local currency funds deposited under Public Law 480 and other programs. We used the <u>Status of Foreign Currency Funds</u> report produced by the Office of Financial Management to obtain information that local currency equivalent to $36.2 million was disbursed in Kenya in Fiscal Year 1989 with a balance equivalent to $20.3 million unexpended as of September 30, 1989. We did not attempt to verify the accuracy of this information.

Our audit included tests to determine whether USAID/Kenya (1) followed applicable internal control procedures and (2) complied with audit requirements in Federal regulations. We limited our conclusions concerning positive findings to items actually tested. But, when we found problem areas, we performed additional work to conclusively determine that USAID/Kenya was not following a procedure or not complying with a regulatory requirement, to identify the cause and effect of the problems, and to make recommendations to correct the condition and cause of the problems.

Methodology

The methodology for each audit objective follows.

Audit Objective One

The first objective was to determine whether USAID/Kenya had established formal monitoring systems to ensure that project papers include assessments of the need for audits and budget project funds for them when necessary.

To accomplish the above, we examined all 14 project papers, prepared after December 1983, for the USAID/Kenya projects that were active as of September 30, 1990 to determine whether assessments of the need for audits were included in the project papers. The policy statement requiring this was issued in December 1983.

We reviewed project files and financial reports for each project and determined which organizations or governmental entities were receiving project funds. With this information we determined which organizations had a need or requirement for audit that should have been budgeted for in the project agreement. Government agencies receiving A.I.D funds were considered to have a need for audit because the Government of Kenya does not provide adequate audit coverage of these funds. Government agencies and Kenyan nongovernmental organizations programmed to receive more than $500,000 were also considered to have a need for audit because of the final audit requirements in Contract Information Bulletin 90-12.

We reviewed project agreements, individual agreements and contracts with recipient organizations, and financial reports for each of the 22 active USAID/Kenya projects and determined whether projects needing audit coverage had project funds budgeted for these audits.

We interviewed personnel working in the USAID/Kenya Controller's and Project Offices who are responsible for ensuring that project papers include assessments of audit need and that project budgets provide for audits accordingly.

Audit Objective Two

To answer the second objective, we determined whether USAID/Kenya established formal monitoring systems to ensure that audit requirements contained in Federal regulations are identified and included in project agreements, cooperative agreements, and contracts. To accomplish this, we interviewed personnel in the USAID/Kenya's Project and Controller Offices and the REDSO Contracts Division who are responsible for preparing these agreements or reviewing them for compliance with A.I.D. requirements before they are executed. We also reviewed all of the 47 agreements and contracts we identified that were associated with the 22 USAID/Kenya projects active as of September 30, 1990 and determined whether they included standard agreement provisions regarding audit requirements that were in effect at the time the document was executed.

Audit Objective Three

To answer the third objective, we determined whether USAID/Kenya had established formal monitoring systems to ensure that audits are performed as required and in accordance with applicable General Accounting Office or host government standards and preaward surveys are conducted when required.

To accomplish this, we interviewed personnel in the USAID/Kenya's Controller, Project and Human Resource Development Offices to determine whether an audit tracking system was in place to monitor compliance with audit requirements and to determine which projects had received audit coverage.

We reviewed copies of all 22 reports of audits that were performed to determine the extent of audit coverage. Specifically, we determined whether audit reports included statements to indicate the audit covered compliance with grant terms and the use of A.I.D. funds. We also determined whether these reports of recipient-funded audits included attributes normally found in non-Federal audits such as: (1) identifying auditing standards used, (2) a report on internal controls, (3) a statement on the organization's compliance with grant terms, and (4) recommendations, findings, or questioned costs.

In order to determine which projects still needed audit coverage, we determined which USAID/Kenya projects should have already been provided audit coverage to compare with the audits that had actually been performed. Kenyan NGO's implementing A.I.D. projects are specifically required to have had an annual audit performed.

Projects with Government of Kenya participation are required to have "regular" audits. In these cases, we considered it reasonable to expect that an audit should have been performed of projects with ongoing host government participation for over three years and receipts of over $100,000 in project funds.

We interviewed Government of Kenya audit officials to determine what type of audit coverage they provided A.I.D. programs and reviewed the USAID/Kenya Controller's Office's efforts to track and monitor disbursements from counterpart local currency accounts to determine whether these funds needed audit coverage.

We interviewed personnel in the REDSO Contracts Division and USAID/Kenya's Controller and Project Offices to determine whether preaward surveys and closeout audits were being performed when required. We reviewed financial reviews performed by the USAID/Kenya Controller's Office that precluded the need for preaward surveys of several Kenyan NGO's. We also reviewed a draft version of closeout procedures prepared by the Project Office and the closeout procedures and contract/grant tracking system used by the Contracts Division to monitor active agreements that will eventually need to be closed out and may require final audits.

Audit Objective Four

To answer the fourth objective, we determined whether USAID/Kenya had established formal monitoring systems to ensure that audit recommendations are resolved and implemented. To accomplish this, we interviewed personnel in the USAID/Kenya Controller's Office and compared its audit resolution records with RIG/A/N listings of outstanding audit recommendations to determine whether there were any differences. We also interviewed personnel in the USAID/Kenya Project Office concerning the resolution of Kenyan NGO audits.

UNITED STATES GOVERNMENT
memorandum

RECEIVED
08 JUN 1991
RIG/A/N

DATE: June 6, 1991

REPLY TO ATTN OF: John R. Westley, Director, USAID/Kenya

SUBJECT: Mission Response to Draft Audit Report on Compliance with Audit Requirements

TO: Toby Jarman, RIG/A/N

In general, we found this process to be very useful in helping us to improve compliance with audit requirements. However, the draft report appears to us to be unbalanced, and is based in some cases upon what seems to us to be an inaccurate reading of AID policy regarding audit. We are also concerned that the discussions between our staffs from the time of the RAF and the draft do not appear to have been fully taken into account in preparing the draft report. In any case, with the exception of the first and fourth recommendations, we have taken or will shortly take actions to comply with the intent of the recommendations included in the draft.

A general problem which the draft audit report illustrates is that IG audit strategies and IG/GAO audit standards are evolving quite rapidly, often without much apparent effort on the part of the IG to publicize them or spell out the implications for USAIDs. This Mission is working very hard to keep up with these changes, and finds this particular draft audit report useful as a compilation of the new requirements. Given this situation, however, and the fact that the audit reports have necessarily become a vehicle for promulgating the new standards, we feel that it would be more constructive to recognize this in the report more explicitly, and to adopt a tone which is less critical. Also, the report should be careful about using unpublished or draft guidance as a basis for recommendations or appearing to apply requirements retroactively. This undermines the spirit of cooperation which we are trying to foster.

Before turning to our specific comments, I would also note that the Audit IQC is a very expensive vehicle for Non-Federal Audits (NFAs), and should be used where it is likely to be cost effective. I am not sure that this has been fully taken into account by RIG/A. Furthermore, if the NFA program is to be effective as an important internal control technique, then the speed and accuracy with which it is carried out in cooperation

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with your office should be improved. For example, we requested that RIG do a Non-Federal Audit of Price Waterhouse overhead rates in April 1988. We received your report No. 3-615-89-20 on September 26, 1989, 18 months after the request. That NFA contained recommendations that were based upon inaccurate or incomplete field work (e.g., the auditor confused the contractor's subsidiary with the parent company in calculating the overhead rate). Additionally, in compliance with a recommendation in your report No. 3-615-90-19, we requested NFAs for the National Council for Population and Development (NCPD) and for the Ministry of Health (MOH). The Mission set aside about $75,000 of project funds for these. A request to undertake NFAs was sent to your office on December 4, 1990, and, to date, only an audit survey has been done on one of the entities; the Work Order for the other has not even been issued yet.

Specific comments follow:

Recommendation 1

Your basis for Recommendation 1, that we must include funds for audit in project agreements or other obligating documents, is Payment Verification Policy (PVP) Statement No. 6. While you state that we have been including assessment of audit needs in project design documents since the beginning of 1988, you are recommending that we do more than what PVP requires. It does not require that we include funds for audit in every obligating agreement from the beginning. This is not the meaning of "budget". In any case, RIG would no doubt be critical of us if we included funds for audit purposes in the initial obligations, since this would tie up funds in an agreement for an activity that we know would not start until after the next tranche of funds would have been provided (as in the case of incrementally funded projects). The draft audit also notes that PD&S funds should be used for audits only on an exceptions basis. Nevertheless, if the Mission chooses to use that source of funds for NFAs that is a programming decision best left up to USAID. Furthermore, the criterion you used (p. 40), i.e., "GOK participation for over three years and receipts of over $100,000 in project funds," does not to our knowledge appear anywhere in Agency guidance. While we agree with the intent of Recommendation No. 1, we suggest that the wording be changed to read that the Mission should see to it that NFAs are carried out at the appropriate time in these projects.

On p.6 we find it interesting to learn that you can know if our 'intent' to have an audit undertaken was serious or not. The fact that we did something positive in this regard, i.e., amending the budget, should be adequate to demonstrate our seriousness. Additionally, that $7 million project is carried out under Host Country Contracting arrangement. The prime contractor is the University of Illinois which is regularly audited by the cognizant USG audit agency. This will be done without charge to the Mission or project.

The inclusion of Project 615-0252 is questionable. It is a fully-funded project with NACHU. This project has a special provision in the Cooperative Agreement stating that NACHU shall have an annual audit by a CPA firm. We do not see the necessity to tie up project funds for an audit at this time.

In regard to auditing local currency use, the GOK Auditor General does, in fact, audit the use of counterpart funds. We have explained this in discussions with your office. The Mission has, in accordance with the Agency Supplemental Guidance on Local Currency, 'reasonable assurance' that these local currency funds have been used as intended.

<u>Recommendation 2</u>

Recommendation No. 2.1 (that we establish a comprehensive tracking system to ensure that audits of NGOs and GOK projects are performed as required) should be rewritten to state that the tracking system 'help' ensure. Having a tracking system by itself will not necessarily ensure that audits are performed. Nonetheless, the system has been established. Therefore, the intent of this recommendation has been met and it should be closed upon issuance of the report.

Recommendation No. 2.2 should be rewritten to take out " ..and the use of local currency counterpart funds". There is currently no Agency requirement that NFAs be done on local currency. Furthermore, as stated above, the GOK audits these. Also, the wording in this recommendation allows for no flexibility in timing of the NFAs. If the Mission wishes to achieve some economies by waiting a few months for one of the projects to end, then the recommendation would remain open until that time.

Recommendation No. 2.3 should be closed because we have requested the missing audit reports from the NGOs.

Recommendation No. 2.4 should also be closed upon issuance because we have already reported the internal control weakness associated with counterpart funds in our 1990 General Assessment.

Recommendation 3

The Mission is not sure what would be required to close Recommendation 3. As written it could never be closed. It should state something like 'establish procedures to ensure RIG becomes involved in quality control in audits'. We would be able to comply with this in the near future. Also, the fact that this is a newly established RIG policy -- so new that it was not included in the RAF -- deserves mention in the report (not just the covering letter).

Recommendation 4

The whole section supporting Recommendation No. 4 we find puzzling. You yourself state that 'we found no instances of closeout audits that were not done as required'. But, on the other hand, you are critical because finalizing these procedures is not the highest priority in the Mission. You make the recommendation because it would give greater assurance that closeout audits will be performed. By definition there are many things that would 'give greater assurance'. We suggest that this whole section, including the recommendation, be eliminated from the final report.

Recommendation 5

Likewise, the section leading up to Recommendation No. 5 is puzzling, since the intent of the recommendation is already contained in Recommendation 2.1. You mention "oversight on the part of USAID/Kenya...". The Mission Order written in 1988 did not identify the Mission Controller as the responsible office to resolve non-RIG/GAO audit recommendations; but you also note that this is required by OMB Circular A-133 dated 18 months later than the Mission Order. By the way, RIG/A/N cleared that Mission Order (so if it was oversight on USAID's part, it was also oversight by RIG/A). We will of course update the Mission Order appropriately, but this is just another example of the retroactive application of rapidly-evolving audit standards. The whole tone and emphasis of the report should take this more fully into account. Otherwise it comes across as unfair.

As always, USAID/K remains available for further discussion on the contents of the report or our response. Specifically, we would like to agree on the exact wording of the recommendations so that we may take action to close them as quickly as possible.

Appendix III

USAID/Kenya Projects
(That Were Active As of September 30, 1990)

Project	Commitments*	Disbursements*
On-Farm Grain Storage	$ 7,799,994	$ 7,530,297
Structural Adjustment	74,663,766	71,408,519
Rural Private Enterprise	35,584,381	18,778,608
Agricultural Management	3,429,555	2,781,715
Private Sector Family Plng	8,400,000	6,532,646
Private Sector Housing	850,466	814,622
Nat'l Agriculture Research	12,103,330	7,305,842
Family Planning Services	31,488,026	19,173,945
Training for Development	6,204,983	2,714,786
Kenya PVO Co-Financing	3,893,005	1,636,100
Private Enterprise Dev	17,264,861	7,085,410
Instit Dev for Agric Trng	5,379,536	3,312,698
Structural Adjustment	48,528,790	34,420,745
Community Child Survival	1,585,000	1,478,040
Kenya Market Development	-	-
Fertilizer Pricing	15,160,187	14,395,543
Kenya Health Care Financing	4,927,049	4,704,313
Small Project Assistance	18,772	1,858
Kenya Market Development	-	-
Contraceptive Marketing	2,683,000	-
Kariobangi Project	1,126,206	-
Park Rehabilitation & Mgnt	-	-
Totals	$281,090,907	$204,075,687

* - Commitment and disbursement amounts are as of November 7, 1990

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Appendix IV

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