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AUDIT OF USAID/EL SALVADOR PROJECT ACTIVITIES MANAGED BY THE NATIONAL COMMISSION FOR ASSISTANCE TO THE DISPLACED POPULATION JUNE 19, 1990 TO DECEMBER 31, 1990

Audit Report No. 1-519-91-47-N
August 30, 1991

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August 30, 1991

MEMORANDUM

TO: D/USAID/El Salvador, John Sanbrailo

FROM: RIG/A/T, Reginald Howard

SUBJECT: Audit of USAID/El Salvador Project Activities, Managed By the National Commission for Assistance to the Displaced Population, June 19, 1990 to December 31, 1990

This report presents the results of a financial audit of USAID/El Salvador project activities managed by the National Commission for Assistance to the Displaced Population for the period June 19, 1990 to December 31, 1990. The accounting firm of Arthur Andersen & Co. prepared the report which is dated July 29, 1991.

In 1981 the Government of El Salvador established the National Commission for Assistance to the Displaced Population (CONADES) within the Ministry of Interior for the purpose of helping displaced persons return to their original home areas and introducing them back into El Salvador's social, political, and economic processes. USAID/El Salvador provided funding to CONADES through two activities, "Health and Jobs for Displaced Families" (USAID/El Salvador Project No. 519-0281) and "Local Currency Program Balance of Payments/ESF 1989". Funding under these activities was provided to create and support CONADES and to develop and implement 197 subproject activities related to training, farming, and infrastructure. Audit coverage included $100,853 provided under Project No. 519-0281 and $370,271 provided under the Local Currency Program.

The objectives of the audit were to determine whether: (1) the fund accountability statement for CONADES' project activities presents fairly receipts and disbursements for the period audited, (2) the internal control structure of CONADES was adequate to manage its financial resources, and (3) CONADES complied with agreement terms and applicable laws and regulations. The auditors examined CONADES' activities and transactions to the extent considered necessary to issue a report for the period under audit.

Arthur Andersen & Co. found that except for the equivalent of $54,369 in Local Currency Program funds, representing questionable transportation costs, the fund

accountability statement presents fairly the receipts and disbursements for the project activities managed by CONADES during the audit period. The auditors also identified six material internal control weaknesses. These weaknesses concerned financial report preparation procedures, procurement procedures, supervision of subproject activities, control over fixed assets, and personnel hiring and payroll procedures. With respect to compliance, the auditors found that CONADES had complied in all material respects with agreement terms and applicable laws and regulations.

The audit report was discussed with management officials of CONADES who disagreed with the finding on unsupported costs and partially agreed with the findings on internal controls. Subsequent to the date of their opinion, the auditors considered additional information provided by CONADES regarding questionable costs. Based on this information the auditors no longer consider the unsupported transportation costs to be questionable.

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

Recommendation No. 1

We recommend that USAID/El Salvador require CONADES to develop an action plan with a timetable for establishing procedures for: (1) recording and reporting data related to the subprojects funded under the Local Currency Program; (2) coordinating and communicating between units in-charge of implementing subprojects funded under the Local Currency Program; (3) maintaining records for the purchase and dispatch of materials in an on time basis; (4) performing and reporting subproject site visits; (5) controlling fixed assets purchased under Project No. 519-0281; and, (6) hiring personnel and preparing the payroll.

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

ARTHUR ANDERSEN & CO.

REPORT OUTLINE

AUDIT OF THE

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

USAID/EL SALVADOR PROJECTS

FOR THE PERIOD JUNE 19 TO DECEMBER 31, 1990

NATIONAL COMMISSION FOR ASSISTANCE TO THE DISPLACED POPULATION -CONADES-

USAID/EL SALVADOR PROJECTS

FOR THE PERIOD JUNE 19 TO DECEMBER 31, 1990

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ARTHUR ANDERSEN & CO.

Guatemala,
July 29, 1991

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 result of our financial audit of the USAID/El Salvador projects activities managed by the NATIONAL COMMISSION FOR ASSISTANCE TO THE DISPLACED POPULATION ACTIVITIES (COMISION NACIONAL DE ASISTENCIA A LA POBLACION DESPLAZADA -CONADES), for the period June 19 to December 31, 1990.

I. BACKGROUND

Since 1980 many Salvadoran families have abandoned their homes in areas affected by armed conflict and sought refuge in other parts of the country. In 1981 the Government of El Salvador (GOES) established the National Commission for Assistance to the Displaced Population (Comisión Nacional de Asistencia a la Población Desplazada - CONADES) within the Ministry of Interior. CONADES has helped displaced persons to return to their original home areas and introduced them back into the country's social, political, and economic processes.

Under the general category of displaced population, CONADES includes: (1) the population that will be forced to leave their homes during the year as a result of new armed confrontations, (2) refugees, that is, persons who fled from their home areas as a result of previous armed conflicts, (3) repatriates returning to El Salvador after fleeing the country to escape the armed conflict, (4) the vulnerable displaced population (those persons physically or mentally incapacitated or with physical disabilities, the malnourished, and those too old or young to fend for themselves, and mothers with dependent children) and (5) the population in extreme poverty, that is, that population which, although it was not displaced by the armed conflict, has suffered a deterioration in its economic and social situation as a result of the influx of displaced persons from areas of conflict and resides within or in close proximity to displaced persons community.

From March 1986 to May 30, 1988 the GOES financed some of the CONADES activities with local currencies made available under the Economic Support Fund (ESF) and Public Law 480 Title I programs. These local currencies were provided

as a condition for receiving ESF and PL 480 grants and loans, and they form part of the GOES extraordinary budget; the GOES and the U.S. Agency for International Development, Mission to El Salvador (USAID/El Salvador) jointly program their use. The Ministry of Coordination and Planing of the Social and Economic Development is responsible for managing the extraordinary budget through its Technical Secretariat for External Financing (SETEFE). The Ministry requires all GOES agencies receiving extraordinary budget support to prepare action plans to show how they will use the funds. SETEFE is responsible for approving and monitoring the implementation of these action plans.

USAID/El Salvador approved through the Implementation Letters numbers twenty-one (21) and forty-two (42), dated June 13, 1991 and June 19, 1991 respectively, the financing for the projects "Health and Jobs for Displaced Families, USAID/El Salvador Project No. 519-0281" and "Local Currency Program Balance of Payments/ESF 1989 (Action Plan for Assistance to Displaced Families)." Such projects were financed in the amounts of ¢ 1,245,675 and ¢ 5,000,000, respectively. The original amount of ¢ 1,245,675 was increased to ¢ 1,332,176, as of July 24, 1990.

The main objectives of these projects are the following:

- Creation of the office for assistance to repatriates, in CONADES and the continuation of the financing for special positions to reinforce the human resources of that institution.

- Implementation and development of 197 projects, distributed in the following way: 18 training projects, 95 farming projects, and 84 infrastructure projects, within a maximum period of eight months.

The deadline for assistance to the project, originally scheduled for February 18, 1991, was extended to March 31, 1991.

II. AUDIT OBJECTIVES

This is a financial audit for the period June 19 to December 31, 1990 of the USAID/El Salvador projects' activities managed by the National Commission for Assistance to Displaced Population' activities financed with local currency made available under ESF/89 which was jointly programmed by GOES and USAID/El Salvador and with bilateral assistance funding provided under USAID/El Salvador Project No. 519-0281.

The 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 as deemed necessary to determine whether:

A. The fund accountability statement for CONADES' activities funded by local currency made available under ESF/89 and USAID/El Salvador project funds for the period June 19 to December 31, 1990 present fairly its financial activities for this period. And costs reported

as incurred and reimbursed during this period are allowable, allocable and reasonable in accordance with agreement terms, action plans, and applicable laws and regulations.

B. The internal control structure of CONADES was adequate to manage the financial resources assigned to it.

C. CONADES complied with agreement terms and applicable laws and regulations which may affect its goals and incurred costs.

Although it was not the purpose of the audit we were alert to situations or transactions that could be indicative of fraud, abuse, and illegal expenditures and acts.

III. SCOPE OF WORK

The scope of our work consisted of:

A. Pre-audit steps

We reviewed the following documents to become familiar with the project:

1. The Economic Support Fund (ESF) 1989 agreement between USAID/El Salvador and the Government of El Salvador (GOES) including the Memorandums of Understanding, Implementation letters and other official correspondence between USAID/El Salvador and CONADES.

2. Handbook 1.204 and any other applicable regulations to the projects.

3. The Action Plan submitted by CONADES to USAID/El Salvador. To assure that the auditors fully understand which aspects of the Action Plan USAID/El Salvador does and does not intend to fund, the auditors also met with USAID/El Salvador officials to discuss the Action Plan and the respective roles of other program sponsors.

4. The agreement between USAID/El Salvador and the GOES with regard to activities financed by the Health and Jobs for Displaced Families Project, USAID/El Salvador Project No. 519-0281.

5. The Project Implementation Letter between CONADES and USAID/El Salvador with regard to activities financed by the Health and Jobs for Displaced Families Project, USAID/El Salvador Project No. 519-0281.

6. Past audit reports on CONADES including those audits performed for SETEFE by the AID Regional Inspector General Office in 1989.

7. Contracts and subcontracts between CONADES and other participating institutions.

8. The budgets and written procedures approved by SETEFE and/or USAID/El Salvador to manage the program.

9. All financial and program reports; charts of accounts, organizational charts; accounting systems descriptions; procurement policies and procedures; receipt, warehousing and distributions procedures of materials as necessary to successfully complete the required work.

B. Fund accountability statement

We examined the fund accountability statement of CONADES, including the costs reported as incurred during the audited period; the costs reimbursed by USAID/El Salvador during the period; and the reimbursed costs to be questioned or suspended and references to notes explaining the criteria for the questioning of those costs. The work included evaluations of project implementation actions and accomplishments to specifically determine that costs incurred are allowable, allocable, and reasonable under the agreement terms and to identify areas where fraud, waste, abuse and mismanagement exist or could exist as a result of inadequate controls.

C. Internal control structure

We reviewed and evaluated, CONADES' internal control structure as considered appropriate to comply with generally accepted auditing standards. The major internal controls that were evaluated included but were not limited to the adequacy of the accounting system, controls to assure that charges to projects were proper and supported and to assure that benefits were provided only to the intended beneficiaries, procurement procedures and practices, inventory controls, bank account controls, control of vehicles, payroll review, and verify that the personnel contracted with project funds were working for the project during respective the contract period.

D. Compliance with agreement terms and applicable laws and regulations

Our work on CONADES' compliance with agreement terms, and applicable laws and regulations was designed to:

1. Determine if payments have been made in accordance with the terms of the agreements, actions plans, negotiated memoranda of understanding, implementation letters, other official correspondence, and applicable laws and regulations.

2. Determine if funds have been expended for purposes not authorized or not in accordance with applicable agreement terms. If so, identify these costs as questionable.

3. Ensure that performance under the agreements is being adequately supervised by GOES as applicable.

4. Identify any costs not considered appropriate for payment by the program, clearly explaining why these costs are questionable and recommending that these costs be reimbursed to the program unless CONADES provides additional adequate support.

5. Check the equipment acquired with project funds, verify its condition and determine whether it is being utilized by the project as well as whether the implementing unit has requested SETEFE and the Ministry of Finance's Accounting Directorate the incorporation of such equipment into the Government's Fixed Assets.

E. Monthly reviews

During the period of June to December 1990, we reviewed the internal control structure of CONADES including the review of documentation supporting project expenditures. We reported to the management of CONADES the weaknesses we found in the internal control structure. CONADES took corrective actions on these weaknesses with the exception of those findings reported in this report.

IV. SUMMARY OF THE AUDIT RESULT

In this section we present a summary of the audit result, briefly describing the most important issues and problems found, which are fully discussed in the corresponding section of this report. We conducted our audit according to the audit standards referred to in section II, mentioned above, however, while developing our job, we found the following limitations:

Fund accountability statement

Except as discussed in the following paragraphs, the fund accountability statement presents fairly, in all material aspects, CONADES' cash receipts and costs incurred, as well as the fund balance of USAID/El Salvador Projects' activities managed by CONADES, for the period from June 19 to December 31, 1990.

- As further described in note 7 to the fund accountability statement, disbursements totaling ¢ 440,387 have been questioned.

Internal control structure

The CONADES internal control structure is based, in some cases, on manuals and procedures, issued by the Court of Accounts (the supreme audit organization) of the Republic of El Salvador and the Technical Secretariat for External Financing. Such an evaluation revealed the following material reportable conditions:

Financial reporting preparation procedures

- Lack of reconciliation between financial reports generated from the Project's execution.

- Scarce communication and coordination between the units in-charge of the Projects' execution.

Purchasing procedures

- Weaknesses in purchases of construction materials taken directly to the projects.

Project's controls and fixed assets

- Weaknesses in the execution of Projects.

- Inadequate control over fixed assets of Project 519-0281.

Payroll procedures

- Weaknesses in the process of personnel hiring and payroll preparation.

Compliance with agreement terms and applicable laws and regulations

CONADES complied in all material respects, with the agreement terms and applicable laws and regulations. In reference to the items not tested nothing came to our attention that caused us to believe that CONADES had not complied, in all material respects, with the agreement terms and applicable laws and regulations.

V. MANAGEMENT COMMENTS

CONADES' pertinent comments were considered and included in the final report. They do not agree with our opinion on the questionable cost and partially agreed with the findings on internal controls. The entire text of the written management comments is included in Annex I of this report.

VI AUDITORS' RESPONSE

Subsequent to the receipt of CONADES' management comments we performed a survey to determine the extent of the measures taken by management, if any, to correct the deficiencies found by this audit. Our response to CONADES' management comments on each audit finding is included in Annex II.

Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION (CONADES)

USAID/EL SALVADOR PROJECTS

FUND ACCOUNTABILITY STATEMENT

FOR THE PERIOD JUNE 19 TO DECEMBER 31, 1990

INDEPENDENT AUDITORS' REPORT

We have audited the fund accountability statement of the USAID/El Salvador projects activities managed by the NATIONAL COMMISSION FOR ASSISTANCE TO THE DISPLACED POPULATION -CONADES-, (COMISION NACIONAL DE ASISTENCIA A LA POBLACION DESPLAZADA -CONADES-), a governmental entity which operates within the Ministry of Interior of the Government of the Republic of El Salvador, for the period June 19 to December 31, 1990. This fund accountability statement is the responsibility of CONADES Administration. 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 fund accountability statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 4a to the fund accountability statement, CONADES keeps its accounting records of the project's execution on a cash accounting basis. Consequently, the fund accountability statement does not attempt to present the financial situation according to generally accepted accounting principles.

As described in Note 7 the fund accountability statement, during the period June 19 to December 31, 1990, we found some costs that we deemed to be questionable costs in the USAID/El Salvador Project local currency provided under ESF/89 action plan. Such costs amount to ¢ 440,387.

In our opinion, except for the questionable cost mentioned in the preceding paragraph, the fund accountability statement referred to above presents fairly, in all material respects, the cash receipts and costs incurred, as well as the fund balance of the USAID/El Salvador projects' activities managed by the NATIONAL COMMISSION FOR ASSISTANCE TO THE DISPLACED POPULATION -CONADES-, for the period June 19 to December 31, 1990, in conformity with the basis of accounting mentioned in Note 4a.

Our examination was practiced with the purpose of getting an opinion on the fund accountability statement. Exhibits number I to number III enclosed, are being presented as an additional analysis and are not required within the fund accountability statement. This information has not been subject to the auditing procedures applied in our examination of the fund accountability statement; therefore, we do not express an opinion on them.

This report is intended solely for the information and use of the United Stated Agency for International Development, the Government of the Republic of El Salvador, and the National Commission for Assistance to the Displaced Population -CONADES-. This restriction is not intended to limit the distribution of this report, which upon acceptance of the Inspector General is a matter of public record.

Arthur Andersen & Co.

February 20, 1991

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

USAID/EL SALVADOR PROJECTS

FUND ACCOUNTABILITY STATEMENT

FOR THE PERIOD JUNE 19 TO DECEMBER 31, 1990

	Budget (unaudited)	Current	Questionable (unsupported) costs (Note 7)
RECEIPTS:			
Project 519-0281		¢ 816,911	
ESF/89		2,999,193	
		3,816,104	
EXPENDITURES:			
Project 519-0281 (Note 5)	¢ 1,332,776	800,003	
ESF/89 (Note 6)	5,000,000	2,785,342	¢ 440,387
	¢ 6,332,776	3,585,345	
FUND BALANCE			
Project 519-0281		16,908	
ESF/89		213,851	
		¢ 230,759	¢ 440,387

The notes to the fund accountability statement are an integral part of this statement.

NATIONAL COMMISSION FOR ASSISTANCE TO THE

THE DISPLACED POPULATION - CONADES

USAID/EL SALVADOR PROJECTS

NOTES TO THE FUND ACCOUNTABILITY STATEMENT

FOR THE PERIOD JUNE 19 TO DECEMBER 31, 1990

(1) Brief history and description of the project

The Agency for International Development approved through Implementation Letters numbers twenty-one (21) and forty-two (42), dated June 13, 1991 and June 19, 1991 respectively, the financing for the projects "Health and Jobs for Displaced Families, USAID/El Salvador Project No. 519-0281" and "Program of Local Currency, Economic Support Fund ESF/89 (Action Plan, attention to Displaced Families)." Such projects were financed in the amounts of ¢ 1,245,675 and ¢ 5,000,000, respectively. The original amount of ¢ 1,245,675 was increased to ¢ 1,332,176, on July 24, 1990.

The main objectives of these projects are the following:

- Creation of the office for assistance to repatriates, in CONADES and the continuation of the financing for special positions to reinforce the human resources of that institution.

- Implementation and development of 197 projects, distributed in the following way: 18 training projects, 95 farming projects, and 84 infrastructure projects, within a maximum period of eight months.

The project assistance completion date was, originally scheduled for February 18, 1991, and extended to March 31, 1991.

(2) Brief history of CONADES

The National Commission for Assistance to the Displaced Population - CONADES, is a governmental entity established by Law Decree number 805 of the Government's Revolutionary Board (Junta Revolucionaria de Gobierno). The decree was published on September 8, 1981 on the official diary of El Salvador.

CONADES pursues the achievement of a prompt and efficient assistance to the displaced population and endeavour their introduction back into the country's social, political, and economic processes, as well as the attainment of an adequate coordination of the programs and projects developed for that purpose. This institution will be in-charge of the programs for assistance to the displaced population.

(3) Monetary unit

The accounting records of the USAID/El Salvador Projects are kept in Salvadoran Colones, official currency of the Republic of El Salvador.

During the revised period, exchange rate were from ¢ 7.81 to 8.10 for US$ 1.00. As of December 31, 1990, exchange rate was ¢ 8.10 to US$ 1.00.

By Law Decree 480 dated April 6, 1990, the Central Bank of Reserve (Banco Central de Reserva) authorized the creation of exchange houses in the country.

(4) Main accounting policies

(a) Accounting basis

The accounting records of the USAID/El Salvador Projects are kept on a cash accounting basis, which is different than the generally accepted accounting principles, in the following aspects:

- Cash Receipts and expenditures are recorded at the time they take place, that is, when they are received or disbursed.

- Since there are no estimates or accounting provisions, there are not any liabilities recorded.

(b) Preparation of the fund accountability statement

The activities of the National Commission for Assistance to the Displaced Population (CONADES) USAID/El Salvador Projects, were financed with funds of the Program of Local Currency, Economical Support Funds ESF/89 for ¢ 5,000,000 and the Project Health and Jobs for the Displaced Family, USAID/El Salvador Project No. 519-0281 for ¢ 1,332,176.

(5) Expenditures of Project 519-0281

The expenditures of the Project No. 519-0281 for the period June 19 to December 31, 1990, were the following:

	Budget (Unaudited)	Current
Support to Repatriates Office		
I. Personnel	¢ 183,065	¢ 145,180
II. Fringe benefits	23,435	18,455
III. Administrative support	8,848	5,127
IV. Equipment	81,333	64,856
V. Contingencies	41,823	36,014
	338,504	269,632
To page 14	¢ 338,504	¢ 269,632

	Budget (Unaudited)	Current
From page 13	¢ 338,504	¢ 269,632
Technical support to CCNADES		
I. Personnel	620,993	401,731
II. Fringe benefits	88,296	59,941
III. Support to coordination activities	9,000	-
IV. Administrative support	213,846	18,194
V. Other expenses	62,137	50,505
	994,272	530,371
	¢ 1,332,776	¢ 800,003

For more details, see the budget execution of the project in Exhibit I.

(6) Expenditures of ESF/89 Program

Expenditures of ESF/89 Program for the period June 19 to December 31, 1990 were the following:

	Budget (Unaudited)	Current
Personal services	¢ 2,116,483	¢ 1,322,608
Non-personal services	1,295,911	510,824
Materials and supplies	1,236,807	771,384
Machinery and equipment	350,799	180,526
	¢ 5,000,000	¢ 2,785,342

For more detail, see the budget execution of the project in Exhibit II.

(7) Questionable costs

Within the expenditures presented on the fund accountability statement for the period from June 19 to December 31, 1990, it was found some costs that we deem to be questionable, which are detailed as follows:

	Questionable Costs
Transport service-	¢ 440,387

- Due to the inadequacy of internal control in the contracting and payment of transport services, the total amount recorded in this category was questioned as follows:

  - The rate listing used as a base to make the transportation payment was authorized on June 3, 1986 by a prior administration; consequently, the basis for its elaboration is unknown.

  - There were two increases calculated to the rate listing during the period audited, 30% in July and 17.50% in November, 1990. These were calculated taking as a basis the percentage of price increase suffered by the fuel in those months, however, these increases were not verified to transportation market rates.

  - CONADES does not have an authorized listing of the main transporters used, which according to our analysis it comes down to five (5); which is a limitation when selecting the transporter to render a service in the most favorable conditions to CONADES.

  - When the transporter delivers products to different communities, the applicable rate for payment is the one used for the farther community and not in a proportional way, according to its distribution. This procedure is not authorized in a writing by a CONADES officer.

	¢ 440,387

(8) Contingencies

As of December 31, 1990, CONADES has not paid the leasing payment to the warehouse PACASA located in San Salvador, for the period from June 19 to December 31, 1990. The total amount of the lease is of approximately ¢ 122,000 and its payment is subject to the signature of the contract of both parties and the authorization from the Court of Accounts of the Republic of El Salvador.

(9) Subsequent events

Extension of the deadline for Project 519-0281 and Action Plan ESF/89

USAID/El Salvador extended the project assistance completion date of both projects, USAID/El Salvador 519-0281 and Action Plan ESF/89, to March 31, 1991, with implementation letters Nos. twenty-six (26) and ninety (90) dated February 15 and 19, 1991 respectively.

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

USAID/EL SALVADOR PROJECTS

INTERNAL CONTROL STRUCTURE

INDEPENDENT AUDITORS' REPORT

We have audited the fund accountability statement of the USAID/El Salvador projects' activities managed by the NATIONAL COMMISSION FOR ASSISTANCE TO THE DISPLACED POPULATION (COMISION NACIONAL DE ASISTENCIA A LA POBLACION DESPLAZADA -CONADES), for the period June 19 to December 31, 1990, and we have issued our report dated February 20, 1991, in which we qualified our opinion due to certain questionable costs.

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.

In planning and performing our audit of the fund accountability statement, we considered CONADES' internal control structure in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide assurance on the CONADES' internal control structure taken as a whole.

The Management of the National Commission for Assistance to the Displaced Population -CONADES- is responsible for establishing and maintaining an internal control structure to execute the project's operations. 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 the 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 preparation of the fund accountability statement in accordance with the basis of accounting described in Note 4a to the fund accountability statement. However, because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories 1) financial reporting preparation procedures; 2) treasury; 3) purchasing procedures; 4) project's controls and fixed assets; and 5) payrolls procedures.

For all the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and we assessed control risk.

We noted certain matters involving the internal control structure and its operations 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 judgement, could adversely affect the CONADES' ability to record, process, summarize, and report the financial information consistent with the assertions of management included in the fund accountability statement. The reportable conditions noted are described in the findings from 1 to 6 in the following pages of this report.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the fund accountability 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 described in the following pages are material weaknesses.

We also noted other matter involving the internal control structure and its operations that we have reported in separate letters to the management of CONADES.

This report is intended solely for the information and use of the United States Agency for International Development, the Government of the Republic of El Salvador and the National Commission for Assistance to the Displaced Population - CONADES. This restriction is not intended to limit the distribution of this report, which upon acceptance of the Inspector General is a matter of public record.

Arthur Andersen & Co.

February 20, 1991

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

USAID/EL SALVADOR PROJECTS

INTERNAL CONTROL STRUCTURE

FINDINGS

(1) Lack of reconciliation between financial reports generated from the Project's execution

Condition

(a) The expenses' report per project, prepared by the CONADES Unit of Projects, is not monthly reconciled with the accounting records of Project ESF/89.

(b) CONADES issues three financial reports of project ESF/89 to be presented to the Technical Secretariat for External Financing-SETEFE: 1) the report of financial control, 2) the reimbursement application from SETEFE, and 3) the financial statements prepared by the Treasury and Accounting departments, based on the payment orders. For their elaboration a different criteria is used in the codification of the payment orders; however, a reconciliation is not prepared to clear up and correct the actual differences, so it is unknown what the correct report is.

Criteria

As a procedure of internal control CONADES should prepare reconciliations between the main and subsidiary accounting records, clearing up and correcting any existing difference.

Cause

Lack of an accounting manual that indicates how the data related to the Project's execution must be recorded.

Effect

Lack of reconciliation between financial reports generated from the Project's execution.

Recommendation

We suggest the preparation of an administrative procedures manual indicating the criteria to record and report the data related to the Project's execution.

(2) Scarce communication and coordination between the units in-charge of the Projects' execution

Condition

There is not a close communication and coordination among the units in-charge of the execution of the projects under the Action Plan ESF/89, "Unity of Projects," "Link Plan," and "Social Promotion."

Criteria

As a part of an efficient control system of the projects' execution, there must exist a constant communication about the problems being observed, among the units involved according to their field. Also, there must exist an adequate coordination of the activities so as to not duplicate efforts.

Cause

Lack of a manual of administrative procedures that indicates the way the different units in-charge of the projects' execution should be coordinated and operated.

Effect

Scarce communication and coordination between the units in-charge of the Project's execution.

Recommendation

We suggest the preparation of a manual of administrative procedures that indicates the way to communicate and coordinate among unities in-charge of the projects' execution, in order to timely solve the existing problems in the benefited communities and achieve good level the objectives of the Action Plan.

(3) Weaknesses in purchases of construction materials taken directly to the projects

Condition

(a) CONADES does not timely prepare the corresponding forms "entrance to warehouse" and "shipment of materials" for the purchases of construction materials to be taken directly to the projects. These documents are issued by the warehouse keeper at the time the transporter presents his invoice for payment.

(b) We identified invoices on which the transporters do not indicate what the breakdown for materials and transportation is. This brings problems at the time of coding the payment.

Criteria

According with implementation letter number forty-two (42), from AID, dated June 19, 1990, CONADES will keep an individual accounting record for every started project. In order for this to really reflect the accrued cost, every operation that affects the projects' execution must be recorded, at the moment it takes place and at its real value.

Cause

Omission of control procedures established by CONADES. For every purchase and dispatch of materials, the form that supports the movement must be prepared at the time of the transaction.

Effect

The movements in the kárdex records and the report of accrued expenses per project prepared by the Unit of Projects are not timely prepared.

Recommendation

CONADES should direct its warehousing employees to prepare the forms that document the movement of materials, at the time of the purchase and/or dispatch, in order that these be reflected in a timely way on the reports prepared by the institution.

(4) Weaknesses in the projects execution

Condition

We observed the following weaknesses in the projects' execution:

(a) We visited six projects of manufacturing and design of clothes and found damages in the equipment given, and in four of them the necessary material was not timely supplied.

(b) There were three agricultural projects that were not developed because CONADES supplied the seed and agricultural products late in the sowing season or because the soil was not good to be cultured.

(c) We visited a project of street improvement that was not completed, because the work supervisor had finished his labor relationship with CONADES according to a job contract duly signed. Therefore, there was not a supervisor to lead the beneficiaries.

(d) We visited projects of housing improvement and latrine construction, and in one of them the materials have already been received, but the promotor had not showed up to organize the beneficiaries and to make the corresponding delivery.

(e) In one of the housing improvement projects, the construction materials were not distributed as approved by AID according to the Project's profile.

(f) There were two beneficiaries who either did not culture their piece of land assigned or cultured outside their area assigned in the community.

(g) There is not a written form that specifies the loan's length and the responsibility of the community on the maintenance and protection of the equipment given to them.

(h) We verified that there was not any written evidence that the problems identified had been reported to the CONADES' Unit of Projects, by either the supervisors or the social promoters for their solution.

Criteria

In order to adequately comply with the objective of the Action Plan approved by AID and as a control mechanism, personnel of the units of Projects and Social Promotion of CONADES must closely supervise the activities related to the execution of the projects and notify of any problem for its immediate solution.

Cause

Lack of adequate written procedures and/or accurate verbal instructions for visiting projects and the communication of the problems observed.

Effect

Weaknesses in the projects execution, such as: the necessary material was not timely supplied, seed and agricultural products supplied late, and others affect Project implementation.

Recommendation

We suggest the preparation of an administrative manual indicating all the procedures to follow at the time of visiting the projects and the form and content of the reports that must be prepared as a result of the visit.

(5) Inadequate control over fixed assets of Project 519-0281

Condition

CONADES does not keep an individual control or responsibility cards for fixed assets acquired with funds from AID's Project AID 519-0281.

Criteria

CONADES should keep an individual control of its fixed assets as a procedure of control and security of the goods acquired with Project funds project. Such individual control should indicate description of the fixed asset, location, and person in-charge of it.

Cause

Lack of an accounting manual indicating which controls should be kept over the fixed assets acquired for the Project.

Effect

Inadequate control over fixed assets of Project USAID/El Salvador 519-0281.

Recommendation

We suggest the preparation of an accounting manual indicating which controls should be kept over the fixed assets acquired for the project.

(6) Weaknesses in the process of personnel hiring and payroll preparation

Condition

The following weaknesses were determined in the process of personnel hiring and payroll preparation:

Personnel hiring:

- There does not exist a form of personnel requisition prepared by the division that requires of personnel hiring.

- There is no evidence in the personnel files of evaluations (aptitude tests) in order to have an assurance that the potential candidate is the most competent to fill the open position.

Payroll preparation:

- The chart for controlling the attendance of CONADES' administration personnel, which is used as a basis to prepare the payroll does not have an evidence of being revised nor authorized.

- The report of employees' attendance to the warehouse PACASA does not have an evidence of being revised by the department of human resources, and in some cases it is not used to prepare the payroll because it is sent in after the pay day. For instance, the report of December 1 to 15, 1990 was sent on December 17.

- The information concerning the San Miguel's warehouse is obtained by telephone and it is not verified afterwards against written reports because they are never received.

Criteria

As a part of an adequate system of internal control in the payroll area, CONADES should have a personnel manual indicating the procedures for personnel hiring and payroll elaboration.

Cause

Lack of an personnel manual indicating job description.

Effect

The information contained in payroll is not reliable.

Recommendation

We suggest the preparation of an personnel manual indicating the procedures for personnel hiring and payroll elaboration.

ARTHUR ANDERSEN & CO.

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

USAID/EL SALVADOR PROJECTS

COMPLIANCE WITH AGREEMENT TERMS AND APPLICABLE

LAWS AND REGULATIONS

INDEPENDENT AUDITORS' REPORT

We have audited the fund accountability statement of the USAID/EL SALVADOR Projects' activities managed by the NATIONAL COMMISSION FOR ASSISTANCE TO THE DISPLACED POPULATION (COMISION NACIONAL DE ASISTENCIA A LA POBLACION DESPLAZADA) -CONADES-, for the period June 19 to December 31, 1990, and have issued our report thereon dated February 20, 1991, in which we qualified our opinion due to certain questionable costs.

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 and laws and regulations applicable to the National Commission for Assistance to the Displaced Population -CONADES is the responsibility of the management of CONADES. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of the CONADES's compliance with certain provisions of agreement terms and laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

The result of our tests indicate that, with respect to the items tested, CONADES complied, in all material respects, with agreement terms and applicable laws and regulations. With respect to items not tested, nothing came to our attention that caused us to believe that CONADES had not complied, in all material respects, with agreement terms and applicable laws and regulations.

This report is intended solely for the information and use of the United States Agency for International Development, the Government of the Republic of El Salvador and the National Commission for Assistance to the Displaced Population -CONADES-. This restriction is not intended to limit the distribution of this report, which upon acceptance of the Inspector General is a matter of public record.

Arthur Andersen & Co.

February 20, 1991

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

USAID/EL SALVADOR PROJECT

LIST OF REPORT RECOMMENDATIONS

Internal Control Structure

1. We suggest the preparation of an administrative procedures manual indicating the criteria to record and report the data related to the Project's execution.

2. We suggest the preparation of a manual of administrative procedures that indicates the way to communicate and coordinate among unities in-charge of the projects' execution, in order to timely solve the existing problems in the benefited communities and achieve good level the objectives of the Action Plan.

3. CONADES should direct its warehousing employees to prepare the forms that document the movement of materials, at the time of the purchase and/or dispatch, in order that these be reflected in a timely way on the reports prepared by the institution.

4. We suggest the preparation of an administrative manual indicating all the procedures to follow at the time of visiting the projects and the form and content of the reports that must be prepared as a result of the visit.

5. We suggest the preparation of an accounting manual indicating which controls should be kept over the fixed assets acquired for the project.

6. We suggest the preparation of an personnel manual indicating the procedures for personnel hiring and payroll elaboration.

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF THE

PROJECT 519-0281, HEALTH AND JOBS FOR DISPLACED FAMILIES

Disbursements category	Budget from 19/06/90 to 18/02/91	Executed from 19-06-90 to 31-12-90	To be executed as of 31-12-90
SUPPORT TO REPATRIATES OFFICE			
I. Personnel			
1. 1 Coordinator	¢ 24,500	¢ 20,572	¢ 3,928
1. 2 Administrative assistant	14,000	9,865	4,135
1. 3 Secretary	10,500	10,150	350
1. 4 Coordinator of Juridical Aspects	21,000	19,700	1,300
1. 5 Social Researcher - Planner	19,600	17,870	1,730
1. 6 Psychologist	17,500	16,517	983
1. 7 Coordinator of communities support	18,200	17,153	1,047
1. 8 Regional Coordinator of Communities	18,200	17,153	1,047
1. 9 Regional Coordinator of Communities	18,200	16,200	2,000
1.10 Motorist	9,100	-	9,100
Reprogramming - Salary complement 1991	12,265	-	12,265
	183,065	145,180	37,885
II. Fringe benefits			
2. 1 INPEP (4.5% of salaries)	8,238	6,533	1,705
2. 2 Year-end bonus (¢ 500 per employee)	5,000	3,836	1,164
2. 3 ISSS (5.57% of salaries)	10,197	8,086	2,111
	¢ 23,435	¢ 18,455	¢ 4,980

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF THE

PROJECT 519-0281, HEALTH AND JOBS FOR DISPLACED FAMILIES

Disbursements category	Budget from 19/06/90 to 18/02/91	Executed from 19-06-90 to 31-12-90	To be executed as of 31-12-90
III. Administrative support			
3. 1 Per diem	¢ 2,080	¢ -	¢ 2,080
3. 2 Stationery and office supplies	6,073	4,790	1,283
3. 3 Logistics and administrative support	695	337	358
	8,848	5,127	3,721
IV. Equipment			
4. 1 Repairs of vehicles	50,000	45,196	4,804
4. 2 Maintenance of vehicles	8,854	2,810	6,044
4. 3 Fuel	7,479	2,279	5,200
4. 4 Office equipment	15,000	14,571	429
	81,333	64,856	16,477
V. Contingencies	41,823	36,014	5,809
Total cost of support to Repatriates Office	¢ 338,504	¢ 269,632	¢ 68,872

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF THE

PROJECT 519-0281

HEALTH AND JOBS FOR DISPLACED FAMILIES

Disbursements category	Budget from 19/06/90 to 18/02/91	Executed from 19-06-90 to 31-12-90	To be executed as of 31-12-90
TECHNICAL SUPPORT TO CONADES			
I. PERSONNEL			
I-1 General Management			
1. 1 Management's Assistant	¢ 20,300	¢ 18,560	¢ 1,740
Reprogramming salary complement (proportional)	2,322	-	2,322
	22,622	18,560	4,062
I-2 Planning			
2. 2 Technical Advisor I	20,300	18,560	1,740
2. 3 Technical Advisor II	18,900	17,280	1,620
2. 4 Planning and Programming Technician	14,210	12,992	1,218
2. 5 Evaluation and Statistics Technician	13,650	12,480	1,170
Reprogramming salary complement (proportional)	7,670	-	7,670
	¢ 74,730	¢ 61,312	¢ 13,418

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF THE

PROJECT 519-0281 HEALTH AND JOBS FOR DISPLACED FAMILIES

Disbursements category	Budget from 19/06/90 to 18/02/91	Executed from 19-06-90 to 31-12-90	To be executed as of 31-12-90
I-3 Coordination replacement/ return			
3. 6 Link Plan Coordinator	¢ 19,600	¢ 17,920	¢ 1,680
3. 7 Secretary	9,800	8,400	1,400
3. 8 East Region Coordinator	14,000	12,800	1,200
3. 9 Central Region Coordinator	14,000	12,800	1,200
3.10 Central/North Region Coordinator	14,000	12,800	1,200
Reprogramming salary complement (proportional)	8,166	-	8,166
	79,566	64,720	14,846
I-4 Food audit			
4.11 Food auditor	13,300	12,160	1,140
Reprogramming salary complement (proportional)	1,521	-	1,521
	14,821	12,160	2,661
I-5 Disbursement Office			
5.12 Payer Assistant (Accountant)	9,310	8,512	798
5.41 Accounting Secretary	3,120	-	3,120
5.42 General Mechanic	3,120	-	3,120
5.43 General Mechanic	3,120	-	3,120
5.44 Electrical Mechanic	3,120	-	3,120
5.45 Straightener	3,120	-	3,120
Reprogramming salary complement (proportional)	1,065	-	1,065
	¢ 25,975	¢ 8,512	¢ 17,463

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF THE

PROJECT 519-0281 HEALTH AND JOBS FOR DISPLACED FAMILIES

Disbursements category	Budget from 19/06/90 to 18/02/91	Executed from 19-06-90 to 31-12-90	To be executed as of 31-12-90
I-6 Social Promotion and Programs			
6.13 Agricultural Supervisor	¢ 9,800	¢ 8,960	¢ 840
6.14 Social Promotion Supervisor	9,800	8,960	840
6.15 Social Promotion Supervisor	9,800	8,960	840
6.16 Social Promotion Supervisor	9,800	8,960	840
6.17 Secretary	10,360	9,472	888
6.18 Home Economics Teacher	8,400	7,680	720
6.19 Home Economics Teacher	8,400	7,680	720
6.20 Home Economics Teacher	8,400	6,480	1,920
6.21 Social Promotor	8,400	7,680	720
6.22 Social Promotor	8,400	7,680	720
6.23 Social Promotor	8,400	7,680	720
6.24 Social Promotor	8,400	7,680	720
6.25 Social Promotor	8,400	7,680	720
6.26 Social Promotor	8,400	7,680	720
6.27 Social Promotor	8,400	7,680	720
6.28 Social Promotor	8,400	6,983	1,417
6.29 Social Promotor	8.400	7,680	720
6.30 Social Promotor	8,400	7,680	720
6.31 Social Promotor	8,400	7,680	720
6.32 Social Promotor	8,400	7,680	720
6.46 Social Promotion Management's Assistant	3,900	-	3,900
Reprogramming salary complement (proportional)	20,080	-	20,080
	¢ 199,540	¢ 158,615	¢ 40,925

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF THE

PROJECT 519-0281 HEALTH AND JOBS FOR DISPLACED FAMILIES

Disbursements category	Budget from 19/06/90 to 18/02/91	Executed from 19-06-90 to 31-12-90	To be executed as of 31-12-90
I-7 Training - Profitable Projects			
7.33 Training Coordinator	¢ 16,100	¢ 14,720	¢ 1,380
7.34 Profitable Projects Coordinator	16,800	15,360	1,440
7.47 Technical Collaborator - Projects Administration	4,680	-	4,680
7.48 Farming Projects Technician	5,200	-	5,200
7.49 Projects Administration Secretary	3,120	-	3,120
Reprogramming salary complement (proportional)	3,763	-	3,763
	49,663	30,080	19,583
I-8 Operations and warehousing			
8.35 Pre-packing coordinator	8,400	7,680	720
8.36 Pre-packing coordinator	8,400	7,680	720
8.37 Pre-packing coordinator	8,400	6,000	2,400
8.38 Operation and maintenance Assistant	8,400	6,000	2,400
8.50 Supplier Assistant	3,120	-	3,120
8.51 Supplier Secretary	3,120	-	3,120
8.52 Cellar Assistant	2,600	-	2,600
8.53/82 30 pre-packing workers - PACASA warehouse	49,500	-	49,500
8.83/97 15 pre-packing workers CONADES Oriental Region	24,750	-	24,750
Reprogramming salary complement (proportional)	3,843	-	3,843
	¢ 120,533	¢ 27,360	¢ 93,173

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF THE

PROJECT 519-0281 HEALTH AND JOBS FOR DISPLACED FAMILIES

Disbursements category	Budget from 19/06/90 to 18/02/91	Executed from 19-06-90 to 31-12-90	To be executed as of 31-12-90
I-9 Infrastructure unit			
9.39 Coordinator of infrastructure projects	¢ 16,100	¢ 12,412	¢ 3,688
9.40 Supervisor of infrastructure projects	14,000	8,000	6,000
Reprogramming salary complement (proportional)	3,443	-	3,443
	33,543	20,412	13,131
II. Fringe benefits			
II.1 INPEP (4.5% of salaries)	27,945	18,078	¢ 9,867
II.2 Year-end bonus (¢500 per employee)	25,762	19,487	6,275
II.3 ISSS (5.57% of salaries)	34,589	22,376	12,213
	88,296	59,941	28,355
III. Support to coordination activities			
Training courses	9,000	-	9,000
IV. Administrative support			
3.2 Stationery and office supplies	6,064	4,784	1,280
3.3 Per diem	16,450	13,410	3,040
3.6 Vehicles repairs and maintenance	143,332	-	143,332
3.7 Stationery and other	20,000	-	20,000
3.8 Pre-packing material	20,000	-	20,000
3.9 Basic services	8,000	-	8,000
	213,846	18,194	195,652
Sub-total technical support CONADES	932,135	479,866	452,269
V. Unexpected expenses	62,137	50,505	11,632
Total cost technical support CONADES	994,272	530,371	463,901
Total project 519-0281	¢ 1,332,776	¢ 800,003	¢ 532,773

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF THE

LOCAL CURRENCY PROGRAM

BALANCE OF PAYMENTS/ESF/89

	Disbursements category	Budget from 19/06/90 to 18/02/91	Executed from 19-06-90 to 31-12-90	To be executed as of 31-12-90
0B	**PERSONAL SERVICES**			
033	Per diem	¢ 95,400	¢ 36,940	¢ 58,460
035	Year-end bonus - workers by the day	24,000	26,183	(2,183)
036	Year-end bonus - personnel by contract	40,500	46,737	(6,237)
040	Contribution to ISSS personnel by contract	49,965	41,816	8,149
047	Contribution INPEP, personnel by contract	40,367	33,783	6,584
049	Other professional fees technicians and consultants	897,040	750,647	146,393
060	Contribution to ISSS workers by the day	22,321	18,410	3,911
064	Salaries to workers by the day	928,856	353,218	575,638
067	Contributions to INPEP workers by the day	18,034	14,874	3,160
		2,116,483	1,322,608	793,875
01	**NON-PERSONAL SERVICES**			
124	Transportation services	1,025,174	440,387	584,787
149	Warehouse leasing	141,000	18,900	122,100
151	Maintenance and repair of office equipment and appliances of service equipment	18,000	8,238	9,762
157	Maintenance and repair of transportation equipment	60,737	43,299	17,438
163	Maintenance and repair of pavement and roads	36,000	-	36,000
199	Insurance	15,000	-	15,000
		¢ 1,295,911	¢ 510,824	¢ 785,087

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF THE

LOCAL CURRENCY PROGRAM

BALANCE OF PAYMENTS/ESF/89

	Disbursements category	Budget from 19/06/90 to 18/02/91	Executed from 19-06-90 to 31-12-90	To be executed as of 31-12-90
0.2	**MATERIALS AND SUPPLIES**			
201	Food for humans	13,793	6,713	7,080
205	Other farming and forest products	66,767	39,331	27,436
212	Non-metal minerals	2,961	98,446	(95,485)
221	Thread and fabrics	56,146	23,015	33,131
229	Other fabrics and clothes	985	8,759	(7,774)
231	Office paper	26,850	4,903	21,947
234	Products of graphic arts	17,751	-	17,751
239	Other carbon and paper products	1,117	18,783	(17,666)
251	Chemical substances	62	-	62
252	Fuel	181,380	160,548	20,832
253	Fertilizers	153,562	53,886	99,676
254	Insecticides and others	207,355	140,122	67,233
257	Tints, paintings, and coloring material	8,985	-	8,985
258	Other chemical materials and related	552	-	552
-	Other chemical products and related	-	5,198	(5,198)
265	Cement, asbestos, and plaster products	300,500	-	300,500
269	Other products of non-metal minerals	53,131	-	53,131
	To page 3 of 3	¢ 1,091,897	¢ 559,704	¢ 532,193

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF THE

LOCAL CURRENCY PROGRAM

BALANCE OF PAYMENTS/ESF/89

	Disbursements category	Budget from 19/06/90 to 18/02/91	Executed from 19-06-90 to 31-12-90	To be executed as of 31-12-90
	From page 2 of 3	¢ 1,091,897	¢ 559,704	¢ 532,193
271	Steel and iron products (ferric)	63,342	-	63,342
272	Metallic products - non-ferric	6,475	116,520	(110,045)
273	Metallic structures finished	2,686	-	2,686
275	Tools	34,228	15,787	18,441
-	Spare parts and accessories for machinery and equipment	-	200	(200)
291	Office products	20,058	11,547	8,511
292	Cleaning products	18,121	6,457	11,664
-	Other products and farming products	-	8,971	(8,971)
-	Wood	-	52,019	(52,019)
-	Other mineral and metallic products	-	179	(179)
		1,236,807	771,384	465,423
0.3	**MACHINERY AND EQUIPMENT**			
311	Furniture	35,940	7,672	28,268
342	Industrial machinery and equipment	215,519	139,798	75,721
349	Other production machinery and equipment	61,060	33,056	28,004
357	Machinery and aqueduct equipment	38,280	-	38,280
		350,799	180,526	170,273
		¢ 5,000,000	¢ 2,785,342	¢ 2,214,658

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF PROJECTS APPROVED

BY AID AND EXECUTED BY CONADES AS OF 31-12-90

LOCAL CURRENCY PROGRAM

BALANCE OF PAYMENTS/ESF/89

Type of Project	Community	Budget	Executed	Available
TRAINING				
1. Cut and confection of clothes	Canton Changallo, Ilopango	¢ 24,736	¢ 18,680	¢ 6,056
2. Cut and confection of clothes	Dolores Apulo, Ilopango	25,635	17,952	7,683
3. Cut and confection of clothes	Comunidad divina providencia, Ilopango	24,736	18,680	6,056
4. Cut and confection of clothes	Colonia Los Mangos, Aguilares	25,635	18,387	7,248
5. Cut and confection of clothes	Los Olivos Oriente, San Martín	24,736	18,680	6,056
6. Cut and confection of clothes	Cantón la Florida, Aguilares	25,635	18,387	7,248
7. Cut and confection of clothes	Ingenio La Cabaña, El Paisanal	25,635	10,843	14,792
8. Carpentry	Los Olivos Oriente, San Martín	21,626	15,714	5,912
9. Tinware	Cantón Pinalito, Aguilares	10,600	3,861	6,739
	Total training	208,974	141,184	67,790
FARMING DEVELOPMENT				
10. Corn sowing	Hacienda Los Naranjos Lempa, Tecoluca	12,297	11,748	549
11. Bean sowing	Rancho Grande	7,422	11,008	(3,586)
12. Bean sowing	Hacienda Papayan, Cantón Los Gramales, Suchitot	7,422	11,008	(3,586)
13. Bean sowing	Hacienda La Segovia, Ishuatán	14,844	23,233	(8,389)
14. Bean sowing	Hacienda El Cortijo, San Francisco Menéndez	8,164	12,254	(4,090)
	To page 2 of 5 Farming development	¢ 50,149	¢ 69,251	¢ (19,102)

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF PROJECTS APPROVED

BY AID AND EXECUTED BY CONADES AS OF 31-12-90

LOCAL CURRENCY PROGRAM

BALANCE OF PAYMENTS/ESF/89

Type of Project	Community	Budget	Executed	Available
	From page 1 of 5 Farming development	¢ 50,149	¢ 69,251	¢ (19,102)
15. Sorghum sowing	Rancho Grande	6,114	6,844	(730)
16. Sorghum sowing	El Sitio, Comasagua, San Juan Opico	13,102	14,228	(1,126)
17. Sorghum sowing	Hacienda Lourdes, Sirama	17,469	22,330	(4,861)
18. Sorghum sowing	Hacienda Papayán, Cantón Los Gramales, Suchitot	6,988	7,748	(760)
19. Sorghum sowing	Hacienda El Cortijo, San Francisco Menéndez	19,216	20,854	(1,638)
20. Watermelon sowing	Hacienda Papayán, Cantón Los Gramales, Suchitot	6,908	7,558	(650)
21. Melon sowing	Hacienda Lourdes, Sirama	12,176	10,402	1,774
22. Orchards of sweet pepper	Hacienda Papayán, Cantón Los Gramales, Suchitot	750	851	(101)
23. Orchards of sweet pepper	Cantón Las Isletas, San Pedro Masahuat	1,500	1,910	(410)
24. Orchards of sweet pepper	Hacienda El Cortijo San Francisco Menéndez	750	1,006	(256)
25. Orchards of sweet pepper	El Chaparrón, Santa Ana	750	215	535
26. Orchards of sweet pepper	Rancho Grande	750	1,006	(256)
27. Tomato sowing	Cantón Las Isletas, San Pedro Masahuat	3,618	3,271	347
	To page 3 of 5 Farming development	¢ 140,240	¢ 167,474	¢ (27,234)

NATIONAL COMMISSION FOR ASSISTANCE TO THE

DISPLACED POPULATION -CONADES-

PROJECT USAID/EL SALVADOR

STATEMENT OF BUDGETARY EXECUTION OF PROJECTS APPROVED

BY AID AND EXECUTED BY CONADES AS OF 31-12-90

LOCAL CURRENCY PROGRAM

BALANCE OF PAYMENTS/ESF/89

Type of Project	Community	Budget	Executed	Available Budget
	From page 2 of 5 Farming development	¢ 140,240	¢ 167,474	¢ (27,234)
28. Tomato sowing	Rancho Grande	1,809	2,239	(430)
29. Tomato sowing	Hacienda Papayán, Cantón Los Gramales, Suchitot	1,809	2,239	(430)
30. Tomato sowing	Hacienda El Cortijo, San Francisco Menéndez	1,809	2,239	(430)
31. Tomato sowing	El Chaparrón, Santa Ana	1,809	200	1,609
	Total farming development	147,476	174,391	(26,915)
INFRASTRUCTURE				
32. Housing improvement	Línea Ferrea La Presita	22,500	17,243	5,257
33. Housing improvement	Hacienda Papayán, Cantón Los Gramales, Suchitot	45,000	31,456	13,544
34. Housing improvement	Caserio Media Luna, Cantón El Presidio, Sonsonate	45,000	31,413	13,587
35. Housing improvement	Cantón Changallo, Ilopango	45,000	32,217	12,783
36. Housing improvement	La Playa	45,000	28,759	16,241
37. Housing improvement	Hacienda El Platanar, Moncagua	22,500	16,239	6,261
38. Housing improvement	Cantón Las Isletas, San Pedro Masahuat	30,667	8,021	22,646
	To page 4 of 5 Farming development	¢ 255,667	¢ 165,348	¢ 90,319

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LOCAL CURRENCY PROGRAM

BALANCE OF PAYMENTS/ESF/89

Type of Project	Community	Budget	Executed	Budget
	From page 3 of 5 Farming development	¢ 255,667	¢ 165,348	¢ 90,319
39. Housing improvement	Colonia Rodríguez	10,549	10,005	544
40. Housing improvement	Colonia Molino	35,535	33,594	1,941
41. Streets improvement	Milagro A	5,750	5,558	192
42. Streets improvement	Cantón Labranza, Sociedad	5,750	5,137	613
43. Streets improvement	Colonia El Buen Pastor, Cantón Pedernal, Chilang	5,750	4,690	1,060
44. Streets improvement	Colonia Carmenza, Sector Morazán	5,750	3,825	1,925
45. Streets improvement	La Agencia, Intipuca	6,325	1,062	5,263
46. Streets improvement	Hacienda El Cortijo, San Francisco Menéndez	5,873	1,184	4,689
47. Streets improvement	Hacienda Nahualapa	6,325	1,000	5,325
48. Streets improvement	Cantón Las Maderas	5,750	5,610	140
49. Streets improvement	Cantón El Pedregal, El Rosario	5,750	1,000	4,750
50. Streets improvement	Hacienda el Güisquil, Cantón El Pilón, Conch	6,325	1,053	5,272
	Total infrastructure	361,099	239,066	122,033
	Total investment in projects	¢ 717,549	¢ 554,641	¢ 162,908

NATIONAL COMMISSION FOR ASSISTANCE

TO THE DISPLACED POPULATION - CONADES

USAID/EL SALVADOR PROJECT

STATEMENT OF FINANCIAL EXECUTION OF PROJECTS APPROVED

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PROGRAM OF LOCAL CURRENCY ECONOMIC SUPPORT FUND ESF/89

Additional comments:

1. The origin of the unfavorable differences between budget and executed is basically due to the fact that the prices of the farming supplies were lower at the time of preparing the budget than they were at the time of buying them.

2. AID approved (letter dated January 10, 1991) the budget increase for 16 agricultural projects executed by CONADES, which represents an overdraft of its budgetary execution. The original budget increase for ¢ 31,320 is not included in this Exhibit.

3. CONADES does not prepare a sheet of additional comments to exhibit, whereby reveals the situations posed before and other such as moving of projects to another communities, failed projects, and others.

CONADES

COMISION NACIONAL DE ASISTENCIA A LA POBLACION DESPLAZADA
Plantel de I.V.U. Col. Montserrat, Tels.: 22-9812 — 22-9704

San Salvador, 18 de julio de 1991.

Licenciado
José Alfredo Aguirre
Auditoría Concurrente
"Arthur Andersen y Cía."
Presente.

Estimado Licencidado Aguirre:

Tenemos a bien remitirle a través de la presente los comentario a las observaciones hechas en el reporte de Auditoría Concurrente discutido el día, martes 9 de julio de 1991.

Sin más que agregar a la presente, no suscribimos de usted.

DIOS, UNION Y LIBERTAD,

SUBGERENCIA DE ADMINISTRACION Y FINANZAS - CONADES

Lcda. Ana Gloria Munguía
Subgerente de Administración
y Finanzas.

Lcdo. César Quiñonez
Director de Proyectos.

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COSTOS CUESTIONABLES

- SERVICIO DE TRANSPORTE.

De acuerdo al resumen del reporte de Auditoría Concurrente "Arthur Andersen y Cía.", se cuestiona a CONADES en lo referente al estado de rendición de cuentas, la suma de ₡ 440,387.00 en concepto de pago por servicio de transporte.

Al respecto deseamos resaltar nuestro total desacuerdo con lo reflejado por la firma Auditora como costo cuestionable, en el sentido que el cuestionamiento señalado no es posible tipificarlo como tal, por cuanto que no ha existido ninguna desviación de fondos para otros propósitos como no sean los planteados en el Plan de Acción ESF/89, por lo que consideramos que la cuestionabilidad del pago efectuado no tiene razón de ser, específicamente si se plantea como "Costos Cuestionable", por cuanto que los fondos mencionados fueron utilizados, según consta en los reportes mensuales de la Auditoría Concurrente, en actividades propias de la ejecución de proyectos contemplados en el Plan de Acción ESF/89. No obstante reconocemos que por la dinámica de implementación de proyectos se adoptaron modalidades de compra que si bien es cierto fueron aprobadas por SETEFE, no permitían tener completa la documentación de soporte del gasto efectuado en servicios de transporte, al momento de revisión por parte de la firma Auditora, específicamente en las contrataciones de transporte particular efectuadas en la Región Oriental, por cuanto que para el Proyecto ESF/89 no se contaba con una persona responsable de la preparación de la documentación de soporte como son solicitud de transporte, orden de compra, factura del servicio etc., por lo cual esta documentación se elaboraba en oficina central una vez que

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el transportista presentaba la factura del servicio prestado en San Miguel.- Tal situación derivaba en observaciones formuladas por la compañía auditora en cuanto a justificacion de la necesidad del transporte y autorización para requerirlo. En relación a este punto es conveniente resaltar que a partir de observaciones hechas por la firma en torno a controles internos en el área de servicios generales, a partir del mes de noviembre del año recién pasado se elaboran ordenes de compra para las solicitudes de transporte, las cuales básicamente provienen de programaciones mensuales de reparto de alimentos y de necesidades de transporte cuya solicitud es presentada semanalmente con los lugares, Comunidades y rutas a cubrir, por el departamento de Promoción Social. Lo que ha sucedido es que estas solicitudes de transporte semanales y programaciones de reparto de alimentos que periodocamente envía Promoción Social al departamento de Servicios Generales, no es anexada a la documentación de soporte del pago efectuado en concepto de servicio particular de transporte, esto obedece a que Servicios Generales guarde en su archivo la solicitud original previamente firmada, sellada y autorizada por la Sub-Gerencia de Administración y Finanzas, por que al momento de revisar contra ordenes de pago se encuentra que no es anexada la solicitud de transporte inicial. Sin embargo, consideramos que esto podría ser considerado como una deficiencia en el archivo de la documentación de soporte del gasto, pero nunca como costo cuestionable por cuanto que el servicio efectuado corresponde a las necesidades del proyecto y los pagos realizados estan dentro de los márgenes aprobados en el Plan de Acción ESF/89.

En lo referente al listado de tarifas de pago por servicios de transporte nuestro comentario se basa en el hecho que, por la misma naturaleza del sector transporte el cual es un sector informal de nuestra económia nacional, no existe una tarifa o costo por flete de transportedebidamente autorizado por una entidad superior, en este caso el Ministerio de Económia,

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por lo que después de verificar en otras instituciones como I.R.A. y CONARA, que requieran de transporte de carga para realizar sus actividades, si cuentan con alguna tarifa para el pago del mismo, se constató que no existe precios estandalizados o regulados por alguna institución fiscalizadora de fondos para el pago de este servicio, por lo que se optó por cotizar los precios ofrecidos por distintos transportistas comparándolos con una lista de tarifas del año de 1986 recopilado por una administración anterior. En este sentido aunque si bien es cierto se desconocen las bases para su elaboración, también es importamte destacar que CONADES pagó servicios de transporte debidamente autorizados en el Plan de Acción ESF/89. a precios del año de 1986 y si consideramos el incremento galopante en la tasa de inflación, tenemos que CONADES no ha pagado de más por el servicio, sino por el contrario ha pagado de menos a precios de 1986. En esta base creemos que no es posible clasificar estos pagos como costos cuestionables puesto que no han hecho usos indebidos de estos fondos; consideramos que podría constituir un hallazgo de auditoría el hecho que no se realizó un estudio de mercado para determinar un listado de tarifas aplicables al pago por estos servicios.- Sin embargo las distancias en kilómetros son correctas y el cálculo del costo por flete flactúa entre la que demandan los transportistas como remuneración a sus servicios, toda vez que CONADES aplicó los respectivos incrementos que se mencionan: el 30% como resultado del ritmo de crecimiento inflacionario en comparación con los precios vigente en 1986 y los precios de 1990; y el segundo incremento del 17.5% como resultado del alza decretada por el GOES en fecha 10 de octubre de 1990, para los precios del combustible y lubricantes.

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En cuanto al señalamiento de no contar con un listado autorizado de transportista, deseamos comentar que sí existe un listado de transportistas el cual no está autorizado a contratar indistintamente los nombres o empresas que aparecen en la lista, por no ser del conocimiento y seguridad de la institución como para encomendarles el traslado de 100 qq. en raciones alimentarias, por citar ejemplo, puesto que la Administración de CONADES no tiene ninguna garantía de la honradez y seriedad de un transportista desconocido. En esta parte habría que retomar algunos planteamientos anteriores, en el sentido - que por la misma naturaleza informal del sector transporte, estas empresas o personas que prestan el referido servicio no ofrecen ninguna garantía legalmente establecida que le permita a CONADES salvaguardar el transporte de carga encomendado, por lo que es riesgo de CONADES asumir la responsabilidad en caso de robo, asalto o cualesquier otro hecho fortuido. En este caso la Gerencia de CONADES se reserva el derecho de autorizar contratación de servicios de transporte únicamente a personas o empresas conocidas o de reconocido prestigio y confiabilidad, por cuanto que de acuerdo con el instructivo 1204 dado por SETEFE para el manejo de fondos de moneda local, no existe ninguna disposición que condicione a las unidades ejecutoras a trabajar con un nomero significativo de empresas de transporte, por lo que CONADES se manifiesta satisfecha del servicio proporcionado por las empresas con las que normalmente se ha venido trabajando sín que hasta la fecha se halla presentado algún caso que lamentar.

En lo que respecta al transporte cancelado en exceso podemos argumentar que en el caso de entregar en distintas Comunidades, efectivamente se cancela - en base a la Comunidad más lejana, pero entendiendo como tal que todas las Comunidades objeto de entregas estan dentro de la misma ruta, tal es el caso de la Comunidades Los Olivos poniente, Los Olivos Oriente, Shangallo,

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Joya Grande y Dolores Apulo todas úbicadas en Ilopango y en las cuales se realizarón obras de mejoras de viviendas y letrinas de pozo, para lo cual se requirió de la contratación de transporte privado, cancelando la tarifa aplicada a la Comunidad Dolores Apulo por ser la más lejana. Esta práctica consideramos que resulto más conveniente para los interéses de CONADES, por cuanto que racionaliza el uso del servicio de transporte en el sentido que por el precio de la tarifa aplicada hacia Dolores Apulo se efectúan entregas a cuatro Comunidades más, sin recargar el costo de las mismas.

Refiriendonos finalmente al pago por regresar exedente de alimentos enviados a las Comunidades, consideramos que en los casos presentados se obedece a contingencias que escapan de nuestro control y no a inadecuadas programaciones de distribución de alimentos. Tal es el caso que se ha dado cuando por motivos de enfrentamientos armados no todos los beneficiarios del Proyecto alimentos por trabajo han podido acudir al lugar de reparto, quedando raciones alimentarias que requieren ser reingresadas a bodegas de CONADES, por cuanto que normalmente siempre asiste un delegado de la Corte de Cuentas a prescenciar el reparto y al darse estos casos de sobrante el delegado fiscal levanta un acta en donde hace constar que debe dársele nuevamente ingreso en Bodega, por lo que se hace necesario trasladar el sobrante a Bodegas de CONADES, lo cual incurre en un costo adicional. También consideramos oportuno señalar la frecuencia con que se dan estos casos,puesto que si sólo se trata de situaciones aisladas habría que preguntarse si amerita ser reportado como un costo cuestionable.

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HALLAZGOS DE CONTROL INTERNO.

1 - Falta de conciliación de los Reportes Financieros Generados en la ejecución del Proyecto.

Comentario:

a) Al respecto deseamos aclarar, que el reporte mensual de control por Proyecto en ejecución generado por la Dirección de proyectos, no es posible conciliarlo con los registros contables debidamente autorizados por SETEFE para el Plan de Acción ESF/89 por las siguientes razones:

el reporte mensual preparado por Dirección de Proyectos fué diseñado por la compañía asesora RONCO Consulting Corporatión como un instrumento de control interno totalmente extracontable, cuya codificación es independiente y sin ningún enlace con la de los registros contables del Proyecto ESF/89, dados por el manual de clasificación de egresos para la codificación del cuadro de control financiero y del cuadro de ejecución presupuestaria (informe de gastos), y la guía contable para la codificación de los estados de situación financiera, por lo que resulta imposible conciliar los saldos aún a nivel de clase general por no ser reflejada ésta codificación en el reporte de control por Proyecto, que tiene utilidad para efectos de avance y seguimiento de Proyectos en ejecución y no para fines de registros contables debidamente autorizados.

En cuanto a las diferencias que presentan los tres reportes financieros del Proyecto ESF/89 que mensualmente se envían a SETEFE podemos argumentar lo siguiente:

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Como se mencionó anteriormente, se utilizan diferentes criterios de codificación del gasto, siendo utilizados para la presentación del cuadro de control financiero y el cuadro de ejecución presupuestaria la codificación que aparece en el manual de clasificación de egresos, el cuál se encuentra un tanto desactualizado y ambíguo si consideramos la gran variedad de servicios, materiales, suministros, maquinaría y equipo que son objeto de clasificación del gasto, lo cuál conlleva a diferentes critérios de ampliación según sea la óptica que se utilice. Por otro lado tenemos que los estados financieros son -- preparados de acuerdo a la codificación que proporciona la guía contable emitida por SETEFE, la cuál es muy reducida y agrupa en una misma clase específica lo que el manual de clasificación de egresos codifica en diferentes clases específicas, aunque si bien es cierto que reconocemos que a nivel de clase general debería existir conciliación de saldos en los tres reportes, ésto es difícil lograrlo por cuanto que además de observarse diferentes criterios de aplicación del gasto, también inciden otros aspectos como son el hecho que en el cuadro de control financiero por ser un registro extra-contable, no se incluyen correcciones por cheques anulados y otros conceptos que sí son depurados en los estados financieros. Sin embargo deseamos comentar que para el ejercicio del nuevo Proyecto financiado con fondos PL-480/90, - próximo por aprobarse, se han adoptado una serie de medidas como son establecer una base de datos son su respectiva codificación de acuerdo al manual de clasificación de egresos, que permita determinar un criterio único para la clasificación del objeto específico de gasto, de tal manera que se garantice la conciliación de saldos entre el cuadro de control financiero y el cuadro de ejecución presupuestaria; - también se han normado reuniones previas a la presentación de desem-- bolsos a SETEFE, entre el encargado de desembolsos y el jefe del de-- partamento de Contabilidad, a fin de subsanar diferencias entre los - registros contables y situación presupuestaria, con objeto de conci-- liar los estados de situación financiera con los registros de ejecución

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presupuestaria (cuadro de control financiero y cuadro de informe de gastos).

2 - Escasa comunicación y coordinación entre las unidades a cargo de la ejecución de los proyectos; tal situación surge con el inicio de los primeros proyectos, en el cual la poca coordinación entre las unidades era originada por la falta de apego al rol de algunos miembros, y no era por la falta de manuales que dictaran la interacción de las unidades ante un proyecto.
Para superar tal situación, los encargados de los departamentos involucrados se reunieron con el objeto de procurar que el personal a su cargo tratara en lo posible de buscar la coordinación en el campo mediante el apego a su quehacer definido en el Manual de Funciones que posee la institución.

Dentro del contexto de la reestructuración, se espera que las fallas que aún persistan queden superadas en base al nuevo ordenamiento y redifinición del accionar de cada una de las unidades.

3 - Deficiencias en el procedimiento de compras de materiales de construcción llevadas directamente a los proyectos; en lo que respecta a dicha deficiencia se tiene que no es seguro elaborar oportunamente el ingreso a bodega ya que aún no se tiene la certeza de que el material está depositado en la comunidad. Por lo cual se piensa que es más saludable el darle ingreso a algo que ya fue recibido, es decir que se hace cuando el transportista presenta documentación firmada y sellada por la comunidad. Ante tal situación no se considera deficiencia en el procedimiento.

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4 - Deficiencias en la ejecución de los proyectos:

a) En cuanto al desperfecto en el equipo de Corte y Confección, se tiene que este en ningún momento afecto el desarrollo de las actividades, ya que fue en la primera fase del curso que se dieron los desperfectos en el equipo, el cuál se debio básicamente al mal trato recibido durante el traslado de Oficina Central a las comunidades. Tales desperfectos fueron reportados a la casa vendedora, la que destacó a técnicos para su respectiva reparación. Es de destacar que los desperfectos no se consideran mayores, si no que más bien eran minúsculos y de fácil reparación, cosa que en algunos casos los instructores realizaron varias reparaciones.

En anexo se presenta el detalle del equipo averiado.

En lo que respecta a que no se proporcionó todo el material necesario oportunamente, se tiene que esto se debio a que los instructores en la mayoria de los casos solicitaban diferente material, lo que implicó efectuar compras diversas, conllevando un proceso administrativo más prolongado.

b) En lo que respecta a los tres cultivos que no se desarrollaron, es de indicar que uno de los factores que incidieron está relacionado con la prolongación dada en la aprobación del Plan de Acción (desde la presentación hasta su aprobación), ya que tal desface implicaba prácticamente reprogramar las metas de los cultivos en casos en los que por la época ya no era conveniente mantener el cultivo. Sin embargo en ciertas comunidades las familias mantenian el deseo (según lo manifestado) de realizar el cultivo programado.

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En vista de lo expuesto se procedio a entregar la semilla e insumos, teniendose que a las semanas de entregado las familias - no habian realizado el cultivo al cuál se comprometieron realizar.

Existen entonces algunas variables que resultan dificiles de controlar; como lo es la actitud que pueda tener una familia de un día a otro, lo que viene a botar toda una programación de meses.

c) En cuanto al proyecto de mejoramiento de calle en el cuál el contrato del maestro de obra había finalizado, se tiene que en ningún momento algún proyecto ha sido paralizado por un período prudencial o bien abandonado por no poseer maestro de obra, ya que en tal caso el técnico de Infraestructura de la zona se encargo de dirigir la ejecución hasta su finalización, por lo que en ningún momento la caducación de un contrato afecta la terminación - de la obra.

d) Cuando por algún motivo el promotor no está presente a la hora de efectuar el reparto de materiales de un proyecto, lo realiza el - técnico de proyectos encargado de supervisar la obra, o bien se - delega en algún otro personal de CONADES que efectue la distribución.

e) En algunos de los proyectos de mejora de viviendas, se tiene que la distribución de los materiales no era concordante con la planteada en el perfil. En vista de que no todas las viviendas son -

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iguales, no se puede dar la misma cantidad de material dado que las mejoras eran diferentes; por lo cuál algunas viviendas absorvían más que otras.
Sin implicar esto el excederse del material total presupuestado y aprobado.

f) En el caso de los dos beneficiarios que no cultivaron su área o lo hicieron fuera, se tiene que algunas de las familias arrendan parcelas para cultivar, por lo que a la hora de entregarles los insumos algunas personas habian arrendado otras parcelas que no eran las que inicialmente se habian identificado.

g) A la hora de efectuar la entrega del equipo a las comunidades, se les hace incapie en que dicho equipo permanecerá durante se desarrollen las actividades. Lo que sucede es que no existe un documento que contemple el tiempo de permanencia del equipo.

h) En lo que respecta a la falta de evidencia escrita de los problemas detectados por supervisores o promotores sociales, se tiene que tal situación era consecuencia de la falta de conocimiento del rol de cada una de las unidades, por lo que se procedio a llevar a cabo reuniones de trabajo con el personal involucrado con el fin de hacerles ver los alcances y limitaciones de cada integrante de las unidades. Todo lo cuál se vino a reafirmar con el proceso de reestructuración que lleva a cabo CONADES, con lo cuál se espera evitar duplicidad de accionares y por ende una buena coordinación en la ejecución de los proyectos.

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5 - Control inadecuado de los activos fijos del Proyecto 519-0281.

En lo que respecta a ésta observación consideramos que efectivamente no se ha llevado un adecuado sistema de control de inventario y activos fijos adquiridos con fondos del Proyecto No. 519-0281, debido a que por estar fuera del control que ejerce Corte de Cuentas y SETEFE, no son incluidos en los registros de la Contabilidad Patrimonial y contabilidad específica que se lleva para los fondos de Moneda Local, por tal razón el control de activos fijos adquiridos -- con fondos del Proyecto 519-0281, escapa de los sistemas de control de activos fijos que se llevan para las adquisiciones que se hacen con fondos GOES y Moneda Local. No obstante, consideramos oportuno señalar que la A.I.D. conciente de tal debilidad interna en la es-- tructura de control de CONADES, esta implementando, a través de un estudio elaborado por el Banco Salvadoreño, un sistema de control de inventarios y activos fijos que permita facilmente identificar y ubicar tanto las donaciones como las compras de activos fijos adquiri-- das con cargo al Proyecto 519-0281 desde su fecha de inicio hasta la fecha en que éste caducó.

Asimismo, no omitimos comentar que el sistema en mención ya fué presentado a consideración de CONADES, encontrando que el mismo satisface las necesidades de control interno como los requerimientos de - la A.I.D., por lo que esperamos tenerlo en funcionamiento en fecha - próxima y así superar ésta observación.

CONADES

COMISION NACIONAL DE ASISTENCIA A LA POBLACION DESPLAZADA
Plantel de I.V.U. Col. Montserrat; Tels.: 22-9812 — 22-9704.

6 - Diferencia en el proceso de contratación de personal y elaboración de nómina.

Es evidente que en el departamento de Recursos Humanos existen deficiencias en cuanto al proceso de contratación de personal, sistema de evaluación de méritos y control de asistencia del - personal que labora en oficina central, bodega PACASA y Región Oriental. Sin embargo, en respuesta a la problemática observada en el departamento de Recursos Humanos deseamos comentar que dentro del proceso de reestructuración interna y regionalización de CONADES, el departamento de Recursos Humanos adquiere una -- perspectiva más dinámica y acorde con los requerimientos de personal idóneo para ejecutar el Plan de Acción próximo por aprobarse. Al respecto podemos mencionar alguna de las acciones realizadas específicamente en torno a la reorganización del departamento, las cuales son: elaboración de propuesta de reestructuración del área de personal que contempla la superación de las deficiencias señaladas anteriormente; sistematización en CONADES Central, bodega PACASA y Región Oriental, de cuadro control de - asistencia a fin de subsanar las debilidades de control mencionadas anteriormente, A grandes rasgos podemos afirmar que algunas acciones se han tomado para fortalecer la estructura de control del personal, por lo que para efectos de su conocimiento anexamos copia de los documentos antes mencionados, que incluyen, entre otras, procedimientos para la contratación de personal y elaboración de planillas .

ANEXO

MEMORANDUM

PARA : Lic. César Quiñónez
Director de Proyectos.

DE : Arq. Vilma Lissett Meléndez
Asistente Técnico.

ASUNTO : Informe sobre la revisión de equipo perteneciente a Programas de Corte y Confección.

FECHA : Enero 21 de 1991.

Por medio del presente le informo sobre la revisión de equipo para los programas de corte y confección para las siguientes comunidades:

Chanralle:

Se informa que de las 10 máquinas de coser, a cuatro hay que reemplazarles piezas por estar en mal estado :

1- El muelle de la plancha corredizo está quebrado.
2- El resorte tira-hilos está vencido para 3 máquinas.
3- Un dado se encuentra quebrado.

El resto fue afinamiento de máquina.

OLIVOS ORIENTE:

El equipo solo presento una pieza de máquina quebrada(muelle), el resto fue afinamiento y ajuste de máquina.

DIVINA PROVIDENCIA:

Afinamiento y ajuste de máquina, presentando:
2 máquinas que les falta la plancha donde se encuentra la bobina.
2 resortes tira-hilo.

A lo que solicito intercede por la compra de los repuestos antes mencionados, que en general son por las tres comunidades:

2 muelles de plancha corredizo
1 dado de máquina de coser
2 planchas corredizas
8 resortes tira-hilos

Atentamente.

c.c.: Departamento de Proveeduría
Sr. Mario Dañín López.

VLM/atq

ANNEX II

AUDIT OF THE NATIONAL COMMISSION FOR ASSISTANCE TO

THE DISPLACED POPULATION -CONADES-

USAID/EL SALVADOR PROJECTS

FOR THE PERIOD JUNE 19 TO DECEMBER 31, 1990

AUDITORS' RESPONSE TO CONADES MANAGEMENT COMMENTS

I. QUESTIONABLE COSTS

	Questionable Costs
Transport Service	C 440,387

We agree with CONADES on the fact that the resources were used for the payment of transport service, complying with the approved budget. Nevertheless, we could not verify the reasonability of the rates contracted, because they were not sufficiently documented. Notwithstanding, we considered, that this cost is no longer questionable.

II. INTERNAL CONTROL STRUCTURE FINDINGS

CONADES generally agreed on the internal control structure findings, except for some issues related with the Projects' execution. Since this finding was verified based upon the visits paid, in several occasions, to the projects being executed, on different locations, we do not agree with CONADES. Therefore, CONADES should elaborate an action plan to implement all the suggestions included in our audit report.

APPENDIX

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