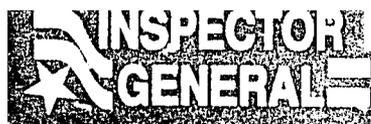


**Regional Inspector General for Audit
Singapore**

**AUDIT OF
HELEN KELLER INTERNATIONAL
INDONESIA**

**Report No. 5-497-92-08-N
January 17, 1992**



PD - ABD - 694
ISN 75464

**AUDIT OF
HELEN KELLER INTERNATIONAL
INDONESIA**

AUDIT REPORT NO. 5-497-92-08-N

JANUARY 17, 1992

The auditors reported that Helen Keller International's Fund Accountability Statements present fairly the receipts and payments under two grants with USAID/Indonesia, that internal controls were adequate, and that the organization complied with applicable laws, regulations and agreement terms. The auditors also concluded that Helen Keller International had sufficient management capability, was financially capable, and had adequate travel and personnel policies to administer a new grant received from USAID/Indonesia.

**CONTRACTOR INFORMATION CONTAINED IN
THIS REPORT MAY BE PRIVILEGED. THE
RESTRICTIONS OF 18 USC 1905 SHOULD BE
CONSIDERED BEFORE ANY INFORMATION IS
RELEASED TO THE PUBLIC.**

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL FOR AUDIT
— Singapore —

U.S. POSTAL ADDRESS:
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FPO AP 96534-0006

INTERNATIONAL ADDRESS
111 North Bridge Road
#17-03 Peninsula Plaza
Singapore 0617
Tel: 65-3342766 Fax: 65-3342541

January 17, 1992

MEMORANDUM FOR: **Lewis P. Reade**
Mission Director, USAID/Indonesia

FROM: 
Alfred M. Clavelli, Acting RIG/A/Singapore

SUBJECT: **Audit of Helen Keller International - Indonesia**
Audit Report No. 5-497-92-08-N

The audit firm of Drs. Hans Tuanakotta & Mustofa, the Deloitte Ross Tohmatsu affiliate in Indonesia, performed a financial audit of USAID/Indonesia's two grants with Helen Keller International (HKI) in Indonesia. Five copies of the audit report are enclosed for your action.

Under the Private Voluntary Organization (PVO) Co-Financing II Project, USAID/Indonesia provided two grants to HKI to implement programs relating to eye health. The first grant was under the East Java Eye Care Services project and the period covered by the audit was May 1, 1987 to November 30, 1990 while the second grant was under the Project Outreach Cataract Services for East Java Province project and covered the audit period of October 1, 1990 to June 30, 1991. Activities under the two grants included cataract surgery, screening for refraction errors in primary school children, training, and outreach services. During the periods covered by the audit, HKI expended \$162,066 under the two grants. HKI also received a new grant from USAID/Indonesia entitled "Expanding Vitamin A Supplementation and Nutrition Education for the Prevention and Control of Vitamin A Deficiency", Grant No. 497-0364-G-SS-1075-00 (the new grant). The costs incurred under the new grant were not audited but HKI's management and financial capabilities, and the adequacy of their personnel and travel policies as they relate to this new grant were evaluated.

The audit objectives were to: (1) determine whether the Fund Accountability Statements of HKI present fairly the receipts and expenditures under the two grants and whether the expenditures were allocable, allowable and reasonable; (2) report on HKI's system of internal controls; (3) report on HKI's compliance with applicable laws, regulations and agreement terms; (4) determine whether HKI has sufficient management capability and span of control to administer the new grant received from USAID/Indonesia; (5) determine whether HKI is financially capable of performing the proposed work under the new grant; and (6) determine whether HKI has adequate personnel and travel policies to ensure that resulting costs incurred under the new grant will be both reasonable and in accordance with the applicable cost principles.

The auditors reported the Fund Accountability Statements present fairly HKI's receipts and payments under the two grants with USAID/Indonesia; that the internal control structure of HKI is adequate; and that for the items tested, HKI complied with the applicable laws, regulations and agreement terms. The auditors also concluded that HKI has the management capability, financial capability and adequate personnel and travel policies to administer the new grant received from USAID/Indonesia.

We are not making any recommendations to be included in the Inspector General recommendation follow-up system as the auditors did not have any findings nor recommendations. Also, HKI officials did not consider it necessary to comment on the report because the auditors did not make any recommendations.

We appreciate the courtesies and cooperation the Mission and the HKI extended to the auditors and our staff during the course of this audit.

FINANCIAL AUDIT OF
THE FOLLOWING USAID/INDONESIA GRANTS TO
HELEN KELLER INTERNATIONAL
UNDER THE PVO CO-FINANCING II PROJECT

USAID GRANT NO. 497-0336-G-SS-7092-00

AND

USAID GRANT NO. 497-0336-G-SS-0120-00

HELEN KELLER INTERNATIONAL

**USAID GRANT NO. 497-0336-G-SS-7092-00
AND NO. 497-0336-G-SS-0120-00**

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No 11.11.91 AID HKI SR1

November 11, 1991

Mr. James B. Durnil
The Regional Inspector General
for Audit/Singapore (RIG A/S)
United States Agency for International
Development (USAID)
111, North Bridge Road
No. 17-03, Peninsula Plaza
Singapore 0617

Dear Mr. Durnil,

This report presents the results of our audit of the following:

1. USAID Grant No. 497-0336-G-SS-7092-00 (7092) extended to Helen Keller International (HKI) under The Private Voluntary Organization (PVO) Co Financing II for the Project entitled "East Java Eye Care Services" for the period from May 1, 1987 to November 30, 1990.
2. USAID Grant No. 497-0336-G-SS-0120-00 (0120) extended to HKI under PVO Co Financing II for the Project entitled "Project Outreach Cataract Services for East Java Province" for the period from October 1, 1990 to June 30, 1991.

BACKGROUND

Blindness due to unoperated cataract is a major problem in Indonesia. In the Bangkalan regency of East Java alone, there are an estimated 6,200 unoperated cataract cases. At present, cataract surgery services are available through the Mobile Unit, the Undaan Eye Hospital and the regency hospital. Only a very small percentage of the cataract blind have expressed a desire for and sought operation, as either they cannot afford it or are too frightened to travel to the hospital. Often cataract patients are not aware of the reversability of their condition. More active case finding is needed to increase the amount of cataract

Correspondent of :

DRT International
Deloitte Ross Tohmatsu

surgeries that can be conducted. Greater public awareness of the need for early cataract detection and treatment is required in order to develop a cost efficient cataract care system. USAID/Indonesia (USAID/I) recognises this problem. To assist in this problem USAID/I has financed a part of the Project.

USAID's Involvement in the Projects

USAID'S assistance supports the Projects by providing fund to HKI, through grants under The PVO Co Financing II Project. Under these grants HKI is to support contracting technical experts to improve the social marketing activities of the Projects, purchase supplies and equipment, ophthalmological services, Projects' monitoring and evaluation, and administration, while USAID is responsible for monitoring the activities of HKI.

Project Goals and Purposes

The purpose of Grant No. 7092 was to provide support for HKI in its implementation of the Project entitled "East Java Eye Care Services". The government, the private sector counterparts and HKI implemented an integrated program to screen for refraction errors in primary school children in East Java, Bali, West Sumatra and West Java and developed cataract surgery expertise and referral system in the Public Health Ophthalmology Centers in four provinces. The following specific objectives were carried out in support of the overall Project goal:

1. To assist the Directorate General of Community Health/Sub-Directorate of Community Eye Health of the Ministry of Health of Indonesia to integrate primary eye care into the primary health care program.
2. To increase the effectiveness of the Public Health Ophthalmology Centers in four provinces through the in-service training of 24 health center doctors, 40 paramedical staff or nurses, and 450 health volunteer workers in primary eye and cataract care procedures.
3. To train 150 primary school teachers to screen primary school children for refraction errors and eye problems for referral to government health facilities in East Java.
4. To provide Snellen charts to all teachers in East Java Project areas.
5. To screen 15,000 school children.
6. To provide 600 pairs of glasses to low income children in East Java.

7. To provide cataract surgery equipment to three "kabupaten" based hospitals.
8. To perform 1,000 cataract surgeries using ophthalmologist trained during the Project implementation with assistance from remedial and paramedical staff.
9. To provide other eye care services and referrals to 15,000 to 60,000 patients at an average cost of \$ 1.65 per patient.
10. To increase the participation and need for primary eye care delivery services in the targeted provinces.

For Grant No. 0120, the goal of the project is to reduce the prevalence of cataract blindness by assuring the development of outreach services to selected rural areas of East Java Province. These outreach services will be conducted as massive cataract surgical campaigns aimed at the under served, rural communities to whom cataract services are not available. It is imperative that ophthalmologists increase their cataract output in order to deal with cataract blindness in East Java Province.

The specific objectives and related outputs of the Project, entitled "Project Outreach Cataract Services for East Java Province" are as follows :

1. To provide equipment and surgical instrument sets so that operations can be safely and efficiently done in the rural areas.
2. To promote social marketing for massive cataract surgical campaigns.
3. To perform 600 cataract operations on cataract blind persons.
4. To develop a system for a standard outreach services, which will provide a safe, low-cost and high quality cataract operation to the low-income, rural communities.
5. To increase awareness and commitment among the ophthalmological community to outreach services, through contact with disadvantaged people and involvement in addressing their needs.
6. To develop a model for reporting and recording of activities in a simple and clear manner, with quick feedback to the implementors.

AUDIT OBJECTIVES AND SCOPE

We conducted a financial audit of HKI's Fund Accountability Statements under the following grants:

1. Grant No. 497-0336-G-SS-7092-00 (7092) for the period from May 1, 1987 to November 30, 1990.
2. Grant No. 497-0336-G-SS-0120-00 (0120) for the period from October 1, 1990 to June 30, 1991.

The Fund Accountability Statements comprise the statements of receipt and expenditures and the notes for these statements.

The results of our work are reflected in the following accompanying Independent Auditors' Reports:

1. Fund Accountability Statements
2. Internal Control Structure
3. Compliance with the Terms of the Agreements, Applicable Laws and Regulations
4. Management Capability in Relation to USAID New Grant No. AID 497-0364-G-SS-1075-00 under the project entitled "Expanding Vitamin A Supplementation and Nutrition Education for the Prevention and Control of Vitamin A Deficiency".
5. Financial Capability in Relation to USAID New Grant No. AID 497-0364-G-SS-1075-00 under the project entitled "Expanding Vitamin A Supplementation and Nutrition Education for the Prevention and Control of Vitamin A Deficiency".
6. Adequacy of Personnel and Travel Policies

The objectives of our work were to determine whether for Indonesian operations:

- a. The Fund Accountability Statements under the Projects present fairly the receipts and expenditures for the period from May 1, 1987 to November 30, 1990 for Grant No. 7092 and for the period from October 1, 1990 to June 30, 1991 for Grant No. 0120 in accordance with the terms of the Grant Agreements (Agreements) with USAID and to identify costs which were not fully supported with adequate records or which were not allocable, reasonable or allowable under the terms of the Agreements.

- b. HKI's internal control structure is adequate to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with the Agreements and authorizations and are properly recorded to permit the preparation of vouchers or invoices in accordance with the Agreements.
- c. HKI has complied with the applicable laws, regulations and terms of the Agreements.
- d. HKI has sufficient management capability and span of control to administer the project under the new grant, entitled "Expanding Vitamin A Supplementation and Nutrition Education for the Prevention and Control of Vitamin A Deficiency" (new grant), which has been recently received.
- e. HKI is financially capable of performing the proposed work under the new grant.
- f. HKI has the personnel and travel policies which are adequate to ensure that resulting cost from the activities under the new grant will be both reasonable and in accordance with the applicable cost principles.

The audit was conducted in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States (Yellow Book) and accordingly, included such tests to determine whether funds were being properly accounted for and used as directed by the Agreements and other applicable program documents and the laws of Indonesia.

The scope of our work primarily included the following general procedures:

- a. Holding meetings with USAID/I, HKI and RIG/A/S officials.
- b. Reviewing Agreements, Office of Management and Budget (OMB) circulars, AID Handbook 13 (including Mandatory Standard Provisions for grantees), grant proposals, USAID/I grant files, specific grantees work programs and budget, grants' files and annual and quarterly reports submitted to USAID/I and to HKI's head office.
- c. Reviewing HKI Indonesia's internal control structure, accounting records and control procedures.
- d. Assessing HKI Indonesia's compliance with the terms of the Agreements, applicable laws and regulations.

- e. Evaluating HKI Indonesia's management capabilities and span of control to administer the project under the new grant received from USAID/Indonesia. We considered HKI's current and forecasted workload, its staffing level and past performance in administering similar projects.
- f. Evaluating HKI Indonesia's financial capabilities, including reviewing its assets, liabilities, revenues and expenses as set out in their audited financial statements, management accounts and budgets. We considered HKI's capacity to generate funds for the program, its working capital facilities and cash flow forecasts.
- g. Determining the adequacy of HKI Indonesia's personnel and travel policies. We reviewed their procedures for developing and approving such policies, their past experiences in implementing and enforcing these policies to USAID-funded and other activities.
- h. In performing some of the above procedures, compliance and substantive testing procedures were devised and performed. These include confirming balances with HKI's head office and USAID/I offices.
- i. Designing appropriate audit steps and procedures to provide reasonable assurance of detecting errors, irregularities, and illegal acts that could have a direct and material effect on the result of our audit. We were also aware of the possibility of illegal acts that could have an indirect and material effect on the results of our audit.

SUMMARY OF THE RESULTS OF AUDITS

Opinion on Fund Accountability Statements

In our opinion, the Fund Accountability Statements present fairly the receipts and expenditures of HKI for the period from May 1, 1987 to November 30, 1990 for Grant No. 7092 and for the period from October 1, 1990 to June 30, 1991 for Grant No. 0120.

Internal Control Structure

Our study and evaluation of the internal control structure disclosed that internal control structure of HKI is adequate for AID purposes.

Our study and evaluation of the internal control structure were considered in determining the nature, timing and extent of the audit tests applied by us in the examination of the related Fund Accountability Statements.

Since our study and evaluation of the system of internal control were made for limited purposes, it would not necessarily disclose all weaknesses in the system, and therefore, we do not express an opinion on the system of HKI Indonesia internal control taken as a whole.

Compliance with the Terms of the Agreements and Applicable Laws and Regulations

Our tests for compliance with the terms of the Agreements and applicable laws and regulations of HKI operations and selected transactions and records indicate that, for the items tested, HKI complied with those provisions of the Agreements and applicable laws and regulations.

With respect to transactions and records not tested by us, nothing came to our attention to indicate that HKI has not complied with the terms of the Agreements, applicable laws and regulations in connection with the Projects.

Management Capability in Relation to New Grant No. AID 497-0364-G-SS-1075-00 under the project entitled "Expanding Vitamin A Supplementation and Nutrition Education for the Prevention and Control" of Vitamin A Deficiency

Based on the results of our review, we believe that HKI has the management capability and span of control to administer the project under the new grant which was recently received.

Financial Capability in Relation to New Grant No. AID 497-0364-G-SS-1075-00 under the project entitled "Expanding Vitamin A Supplementation and Nutrition Education for the Prevention and Control of Vitamin A Deficiency"

Based on the results of our review, we believe that HKI has the financial capability for the project under the new grant which was recently received.

Adequacy of Personnel and Travel Policies

Based on the results of our review, we noted that HKI has the personnel and travel policies that are adequate to ensure that resulting cost from the activities under the new grant will be both reasonable and in accordance with the applicable cost principles.

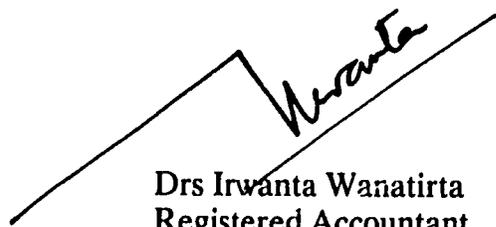
FOLLOW UP ON PRIOR AUDITS

There were no prior findings and recommendations that could have an effect in the current year audit objectives, since this is an initial audit conducted by RIG/A/S for grants to HKI funded by USAID/Indonesia.

ACKNOWLEDGEMENT

We would like to take this opportunity to express our gratitude for the assistance extended to us by the RIG/A/S office, USAID/I and HKI during the course of the audit.

HANS TUANAKOTTA & MUSTOFA

A handwritten signature in black ink, reading "Irwanta", is written over a diagonal line that extends from the bottom left towards the top right.

Drs Irwanta Wanatirta
Registered Accountant
No. D-4118

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No. 11.11.91 AID HKI SR2

Mr. James B. Durnil
Regional Inspector General
for Audit/Singapore
United States Agency for International
Development (USAID)
111, North Bridge Road
No. 17-03, Peninsula Plaza
Singapore 0617

Dear Mr. Durnil,

**FINANCIAL AUDIT OF USAID'S PVO
CO-FINANCING II PROJECT GRANTS TO**

HELEN KELLER INTERNATIONAL (HKI)

**USAID GRANT NO. 497-0336-G-SS-7092-00
OR THE PERIOD FROM MAY 1, 1987 TO NOVEMBER 30, 1990
AND**

**USAID GRANT NO. 497-0336-G-SS-0120-0
OR THE PERIOD FROM OCTOBER 1, 1990 TO JUNE 30, 1991**

**INDEPENDENT AUDITORS' REPORT
ON THE FUND ACCOUNTABILITY STATEMENTS**

We have audited the accompanying Fund Accountability Statements on pages 11 to 14 of HKI's receipt and expenditures of fund pertaining to the following Projects:

1. USAID Grant No. 497-0336-G-SS-7092-00 (Grant No. 7092), for the project entitled "East Java Eye Care Services" for the period from May 1, 1987 to November 30, 1990, and

Correspondent of :

DRT International
Deloitte Ross Tohmatsu

9w

Hans Tuanakotta & Mustofa

INDEPENDENT AUDITORS' REPORT

ON

FUND ACCOUNTABILITY STATEMENTS

2. USAID Grant No. 497-0336-G-SS-0120-00 (Grant No. 0120), for the project entitled "Outreach Cataract Services for East Java Province" for the period from October 1, 1990 to June 30, 1991.

These statements and the notes thereon, set out on pages 11 to 12 for Grant No. 7092 and on pages 13 to 14 for Grant No. 0120, are the responsibility of HKI management. Our responsibility is to express an opinion on the Statements based on our audit.

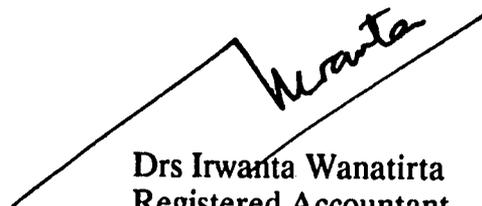
We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the statements. We believe that our audit provide reasonable basis for our opinion.

As stated in note 2 on pages 12 and 14, the Fund Accountability Statements present only the transactions of HKI-Indonesia as they pertain to the grants received from USAID/I and are not intended to present fairly the receipts and expenditures of HKI as a whole.

In our opinion, the Fund Accountability Statements present fairly the receipts and expenditures of HKI for the period from May 1, 1987 to November 30, 1990 as they pertain to the Grant No. 7092 and for the period from October 1, 1990 to June 30, 1991 as they pertain to the Grant No. 0120.

This report is intended solely for the use of USAID/I and should not be used for any other purposes. This restriction is not intended to limit the distribution of this report which, upon acceptance by AID Regional Inspector General for Audit/Singapore, is a matter of public record.

HANS TUANAKOTTA & MUSTOFA


Drs Irwanta Wanatirta
Registered Accountant
No. D-4118

November 11, 1991

HELLEN KELLER INTERNATIONAL
UNDER USAID GRANT NO. 497-0336-G-SS-7092-00
FUND ACCOUNTABILITY STATEMENT
FOR THE PERIOD FROM MAY 1, 1987 TO NOVEMBER 30, 1990
(Amounts in United States Dollars)

RECEIPTS

Fund received	US\$	131,716 -----
---------------	------	------------------

EXPENDITURES

Medical training		7,430
Hospital training		10,014
Cataract component		40,635
Evaluation/reporting		3,165
Contingency		2,237
Overhead		11,130
Technical assistance		14,584
Preparation research		4,172
Teacher training		2,724
School component		2,648
Eye glasses prescription		7,619
Salaries		9,144
Supervision		16,214 -----

Total	US\$	131,716 -----
-------	------	------------------

**EXCESS (SHORTFALL) OF RECEIPTS
OVER EXPENDITURES**

===

The accompanying notes form an integral part of
the Fund Accountability Statement.

HELEN KELLER INTERNATIONAL

UNDER USAID GRANT NO. 497-0336-G-SS-7092-00

**NOTES TO THE FUND ACCOUNTABILITY STATEMENT
FOR THE PERIOD FROM MAY 1, 1987 TO NOVEMBER 30, 1990**

1. SIGNIFICANT ACCOUNTING POLICIES

The statement of receipts and expenditures are prepared in accordance with the historical cost concept. The records are maintained in United States Dollar.

Project furniture and equipment purchases are included as part of expenditures.

2. COMPONENT UNIT OF THE ORGANIZATION

The fund accountability statement presents only the transactions and balances of the fund under the Grant Agreement No. 497-0336-G-SS-7092-00 as funded by USAID and is not intended to represent the receipts and expenditures of HKI as a whole.

HELLEN KELLER INTERNATIONAL

UNDER USAID GRANT NO. 497-0336-G-SS-0120-00)

**FUND ACCOUNTABILITY STATEMENT
FOR THE PERIOD FROM OCTOBER 1, 1990 TO JUNE 30, 1991
(Amounts in United States Dollars)**

RECEIPTS

Fund received	US\$	---

EXPENDITURES

Supplies and equipment	3,375
Ophthalmological services	17,961
Monitoring and evaluation	1,008
Administration	4,439
Overhead	3,567

Total	30,350

EXCESS (SHORTFALL) OF RECEIPTS OVER EXPENDITURES	US\$	(30,350)
		====

The accompanying notes form an integral part of
the Fund Accountability Statement.

INDEPENDENT AUDITORS' REPORT

ON

INTERNAL CONTROL STRUCTURE

HELEN KELLER INTERNATIONAL

UNDER USAID GRANT NO. 497-0336-G-SS-0120-00

**NOTES TO THE FUND ACCOUNTABILITY STATEMENT
FOR THE PERIOD FROM OCTOBER 1, 1990 TO JUNE 30, 1991**

1. SIGNIFICANT ACCOUNTING POLICIES

The statement of receipts and expenditures are prepared in accordance with the historical cost concept. The records are maintained in United States Dollar.

Project furniture and equipment purchases are included as part of expenditures.

2. COMPONENT UNIT OF THE ORGANIZATION

The fund accountability statement presents only the transactions and balances of the fund under the Grant Agreement No. 497-0336-G-SS-0120-00 as funded by USAID and is not intended to represent the receipts and expenditures of HKI as a whole.

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No. 11.11.91 AID HKI SR3

Mr. James B. Durnil
Regional Inspector General
for Audit/Singapore
United States Agency for International
Development (USAID)
111, North Bridge Road
No. 17-03, Peninsula Plaza
Singapore 0617

Dear Mr. Durnil,

**FINANCIAL AUDIT OF USAID'S PVO
CO-FINANCING II PROJECT GRANTS TO
HELEN KELLER INTERNATIONAL (HKI)
USAID GRANT NO. 497-0336-G-SS-7092-00
FOR THE PERIOD FROM MAY 1, 1987 TO NOVEMBER 30, 1990
AND
USAID GRANT NO. 497-0336-G-SS-0120-00
FOR THE PERIOD FROM OCTOBER 1, 1990 TO JUNE 30, 1991
INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROLS**

We have audited the Fund Accountability Statements of HKI in relation to USAID's PVO Co-Financing II Project Grants funded by USAID/I, as follows:

1. USAID Grant No. 497-0336-G-SS-7092-00 (7092) for the project entitled "East Java Eye Care Services" for the period from May 1, 1987 to November 30, 1990, and

2. USAID Grant No. 497-0336-G-SS-0120-00 (0120) for the project entitled "Outreach Cataract Services for East Java Province" for the period from October 1, 1990 to June 30, 1991.

We have issued our report for the audit of the Fund Accountability Statements for the above Projects dated November 11, 1991.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statements are free of material misstatement.

In planning and performing our audit, we considered HKI's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Fund Accountability Statements and not to provide assurance on HKI's internal control structure.

The management of HKI is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the unexpected benefits and related cost 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 Fund Accountability Statements in accordance with generally accepted accounting principles. 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:

Accounting system and recordkeeping

Payroll

Cash disbursements

Cash receipts

Cost allocation and allowability

Reimbursement request

Financial reporting

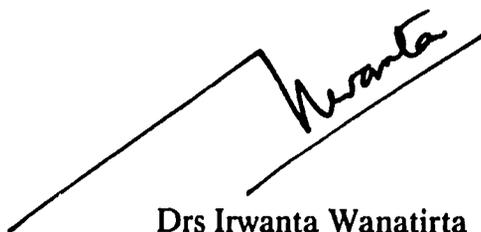
Monitoring

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level, the risk that errors or irregularities in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the use of HKI and USAID/I. This restriction is not intended to limit the distribution of this report which, upon acceptance by AID Regional Inspector General for Audit/Singapore, is a matter of public record.

HANS TUANAKOTTA & MUSTOFA

A handwritten signature in black ink, appearing to read 'Irwanta', is written over a diagonal line that extends from the bottom left towards the top right.

Drs Irwanta Wanatirta
Registered Accountant
No. D-4118

November 11, 1991

INDEPENDENT AUDITORS' REPORT

ON

**COMPLIANCE WITH THE TERMS OF THE AGREEMENTS
APPLICABLE LAWS AND REGULATIONS**

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No. 11.11.91 AID HKI SR4

Mr. James B. Durnil
Regional Inspector General
for Audit/Singapore
United States Agency for International
Development (USAID)
111, North Bridge Road
No. 17-03, Peninsula Plaza
Singapore 0617

Dear Mr. Durnil,

**FINANCIAL AUDIT OF USAID'S PVO
CO-FINANCING II PROJECT GRANTS TO**

HELEN KELLER INTERNATIONAL (HKI)

**USAID GRANT NO. 497-0336-G-SS-7092-00
FOR THE PERIOD FROM MAY 1, 1987 TO NOVEMBER 30, 1990
AND**

**USAID GRANT NO. 497-0336-G-SS-0120-00
FOR THE PERIOD FROM OCTOBER 1, 1990 TO JUNE 30, 1991**

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH THE TERMS OF THE AGREEMENTS,
APPLICABLE LAWS AND REGULATIONS**

We have audited the Fund Accountability Statements of HKI in relation to USAID's PVO Co-Financing II Project Grants funded by USAID/I, as follows:

1. USAID Grant No. 497-0336-G-SS-7092-00 (7092), for the project entitled "East Java Eye Care Services" for the period from May 1, 1987 to November 30, 1990, and

Correspondent of :

DRT International
Deloitte Ross Tohmatsu

2. USAID Grant No. 497-0336-G-SS-0120-00 (0120), for the project entitled "Project Outreach Cataract Services for East Java Province" for the period from October 1, 1990 to June 30, 1991.

We have issued our report for the audit of the Fund Accountability Statements for the above Projects dated November 11, 1991.

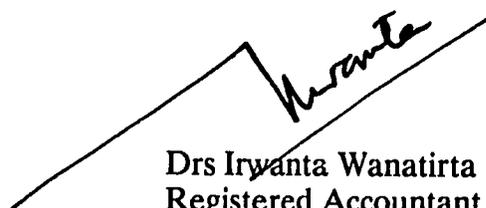
We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statements are free of material misstatement.

Compliance with laws, regulations, grants, and binding policies and procedures applicable to HKI-Indonesia is the responsibility of HKI's management. As part of our audit, we performed tests of HKI-Indonesia compliance with applicable laws, regulations, grants, and binding policies and procedures. However, it should be noted that we performed those tests of compliance as part of obtaining reasonable assurance about whether the Fund Accountability Statements are free of material misstatement; our objective was not to provide an opinion on compliance with such provisions.

The result of our tests indicate that with respect to the items tested HKI-Indonesia complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that HKI-Indonesia had not complied, in all material respects, with those provisions.

This report is intended solely for the use of HKI-Indonesia and USAID/I. This restriction is not intended to limit the distribution of this report which, upon acceptance by AID Regional Inspector General for Audit/Singapore, is a matter of public record.

HANS TUANAKOTTA & MUSTOFA



Drs Iryanta Wanatirta
Registered Accountant
No. D-4118

November 11, 1991

INDEPENDENT AUDITORS' REPORT

ON

MANAGEMENT CAPABILITY IN RELATION TO

NEW GRANT NO. AID 497-0364-G-SS-1075-00

**FOR THE PROJECT ENTITLED "EXPANDING VITAMIN A
SUPPLEMENTATION AND NUTRITION EDUCATION FOR THE
PREVENTION AND CONTROL OF VITAMIN A DEFICIENCY"**

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No. 11.11.91 AID HKI SR5

Mr. James B. Durnil
Regional Inspector General
for Audit/Singapore
United States Agency for International
Development (USAID)
111, North Bridge Road
No. 17-03, Peninsula Plaza
Singapore 0617

Dear Mr. Durnil,

HELEN KELLER INTERNATIONAL (HKI)

INDEPENDENT AUDITORS' REPORT
ON MANAGEMENT CAPABILITY IN RELATION TO
NEW GRANT NO. AID 497-0364-G-SS-1075-00

We have performed a study and evaluation of HKI-Indonesia's management capability for work under the new PVO Co-Financing III Project Grant No. AID 497-0364-G-SS-1075-00 received from USAID/Indonesia for the project entitled "Expanding Vitamin A Supplementation and Nutrition Education for the Prevention and Control of Vitamin A Deficiency". Our study and evaluation was conducted in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the Comptroller General of the United States and included areas we considered relevant to the criteria established by Regional Inspector General for Audit/Singapore, to the extent we considered necessary.

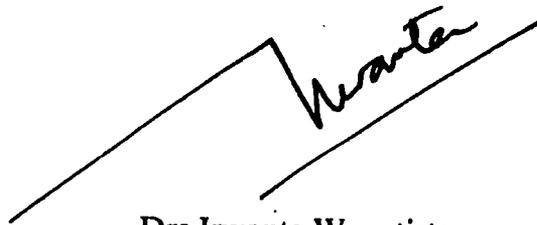
Correspondent of :

DRT International
Deloitte Ross Tohmatsu

We reviewed (i) the sufficiency of HKI's span of control; (ii) its current staffing level; (iii) its current and forecasted workload; and (iv) its past performance in administering such similar projects, as they relate to the new grant.

Based on our study and understanding of the criteria referred to in the preceding paragraph, we believe that HKI-Indonesia has the management capability to provide sufficient administration and span of control in relation to the new USAID grant agreement referred to above.

HANS TUANAKOTTA & MUSTOFA

A handwritten signature in black ink, appearing to read 'Irwanta', is written over a diagonal line that extends from the bottom left towards the top right.

Drs Irwanta Wanatirta
Registered Accountant
No. D-4118

November 11, 1991

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INDEPENDENT AUDITORS' REPORT

ON

FINANCIAL CAPABILITY IN RELATION TO

NEW GRANT NO. AID 497-0364-G-SS-1075-00

**FOR THE PROJECT ENTITLED 'EXPANDING VITAMIN A
SUPPLEMENTATION AND NUTRITION EDUCATION FOR THE
PREVENTION AND CONTROL OF VITAMIN A DEFICIENCY'**

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No. 11.11.91 AID HKI SR6

Mr. James B. Durnil
Regional Inspector General
for Audit/Singapore
United States Agency for International
Development (USAID)
111, North Bridge Road
No. 17-03, Peninsula Plaza
Singapore 0617

Dear Mr. Durnil,

HELEN KELLER INTERNATIONAL (HKI)

INDEPENDENT AUDITORS' REPORT
ON FINANCIAL CAPABILITY IN RELATION TO
NEW GRANT NO. AID 497-0364-G-SS-1075-00

We have performed a study and evaluation of HKI-Indonesia's financial capability for work under the new PVO Co-Financing III Project Grant No. AID 497-0364-G-SS-1075-00 received from USAID/Indonesia for the project entitled "Expanding Vitamin A Supplementation and Nutrition Education for the Prevention and Control of Vitamin A Deficiency". Our study and evaluation was performed in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States and included areas we considered relevant to the criteria established by Regional Inspector General for Audit/Singapore, to the extent we considered necessary.

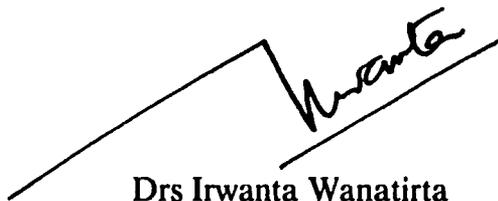
Correspondent of :

DRT International
Deloitte Ross Tohmatsu

We reviewed HKI's assets, liabilities, revenues and expenses as set out in the audited financial statements, management account and budgets. Our review also included assessing HKI's capacity to generate funds for the project, its working capital facilities and cash flow forecasts, as they relate to the new grant.

Based on our study and understanding of the criteria referred to in the preceding paragraph, we believe that HKI-Indonesia has the financial capability for the work in relation to the new USAID grant agreement referred to above.

HANS TUANAKOTTA & MUSTOFA

A handwritten signature in black ink, appearing to read 'Irwanta', is written over a diagonal line that extends from the bottom left towards the top right.

Drs Irwanta Wanatirta
Registered Accountant
No. D-4118

November 11, 1991

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INDEPENDENT AUDITORS' REPORT

ON

**ADEQUACY OF PERSONNEL AND TRAVEL POLICIES
IN RELATION TO**

NEW GRANT NO. AID 497-0364-G-SS-1075-00

**FOR THE PROJECT ENTITLED 'EXPANDING VITAMIN A
SUPPLEMENTATION AND NUTRITION EDUCATION FOR THE
PREVENTION AND CONTROL OF VITAMIN A DEFICIENCY'**

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No. 11.11.91 AID HKI SR7

Mr. James B. Durnil
Regional Inspector General
for Audit/Singapore
United States Agency for International
Development (USAID)
111, North Bridge Road
No. 17-03, Peninsula Plaza
Singapore 0617

Dear Mr. Durnil,

HELEN KELLER INTERNATIONAL (HKI)

INDEPENDENT AUDITORS' REPORT
ON ADEQUACY OF PERSONNEL AND TRAVEL POLICIES
IN RELATION TO
NEW GRANT NO. AID 497-0364-G-SS-1075-00

We have performed a study and evaluation of the adequacy of HKI-Indonesia's personnel and travel policies in relation to the new PVO Co-Financing III Project Grant No. AID 497-0364-G-SS-1075-00 received from USAID/Indonesia for the project entitled "Expanding Vitamin A Supplementation and Nutrition Education for the Prevention and Control of Vitamin A Deficiency". Our study and evaluation was performed in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, and included areas we considered relevant to the criteria established by Regional Inspector General for Audit/Singapore/AID, to the extent we considered necessary.

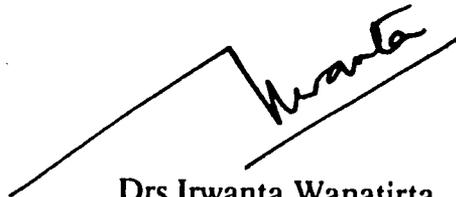
Correspondent of :

DRT International
Deloitte Ross Tohmatsu

We reviewed HKI's personnel and travel policies as they relate to the grants received from USAID/Indonesia, their procedures for management's approval of such policies and the uniform enforcement of such policies to federally funded and other activities of the organization.

Based on our study and understanding of the criteria referred to in the preceding paragraph, we believe that HKI-Indonesia has adequate personnel and travel policies to ensure that resulting cost from the activities under the new grant will be both reasonable and in accordance with the applicable cost principles.

HANS TUANAKOTTA & MUSTOFA

A handwritten signature in black ink, appearing to read 'Irwanta', is written over a diagonal line that extends from the bottom left towards the top right.

Drs Irwanta Wanatirta
Registered Accountant
No. D-4118

November 11, 1991

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