

Regional Inspector General for Audit ISN 78883
Nairobi, Kenya

Audit of the Swaziland Regional Training
Council Under the Southern African Development
Coordination Conference Technical Support
Grant No. 690-0215-G-SS-4023-00, Project No. 690-0215.45

Report No. 3-645-92-16-N
August 25, 1992



FINANCIAL 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.

**INSPECTOR
GENERAL**

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

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AGENCY FOR INTERNATIONAL DEVELOPMENT
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August 25, 1992

memorandum

TO: Roger D. Carlson, Director, USAID/Swaziland

FROM: Everette B. Orr, RIG/A/Nairobi *Everette B. Orr*

SUBJECT: Audit of the Swaziland Regional Training Council Under The Southern African Development Coordination Conference Technical Support Grant No. 690-0215-G-SS-4023-00, Project No. 690-0215.45, Audit Report No. 3-645-92-16-N

Attached are five copies of a mission-contracted financial audit report of the Swaziland Regional Training Council (RTC) under the Southern African Development Coordination Conference (SADCC) Technical Support Grant No. 690-0215-G-SS-4023-00, Project No. 690-0215.45. The accounting firm of Coopers & Lybrand, Swaziland performed the audit.

The SADCC Technical Support Grant No. 690-0215-G-SS-4023-00, Project No. 690-0215.45 was authorized in June 1984 and incrementally funded to \$2.9 million as of August 1991. The project assistance completion date was extended twice and expired in December 1991. The purpose of the project was to strengthen the Swaziland RTC's development planning and programming capability for undertaking regional activities. The activities funded included short and long-term technical assistance, operations costs, costs of meetings and conferences, a series of studies, the completion of a training inventory, and manpower development. The audit covered both RTC's dollar and Swaziland Emalangeni expenditures totalling \$1,025,060 for the period from June 1984 through August 1991.

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The objectives of this engagement were to:

- audit RTC's Fund Accountability Statement and express an opinion as to whether the Fund Accountability Statement presents fairly, in all material respects and in conformity with the basis of accounting described in the report, the use of funds in accordance with the grant agreement;
- consider RTC's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Fund Accountability Statement and to report on significant internal control deficiencies and material weaknesses; and
- test RTC's compliance with the terms of the grant agreement, as part of obtaining reasonable assurance as to whether the Fund Accountability Statement is free of material misstatement, and report on any identified material instances of noncompliance.

The auditors issued an adverse opinion on the Fund Accountability Statement which questioned costs of \$36,151, considered as unsupported costs of \$204,504 and categorized costs of \$14,705 as budget category misallocations and errors in budget classifications. Further, the audit identified material internal control structure weaknesses which included inadequate accounting and reporting systems, weak disbursement and document retention procedures and lack of adherence to written operating procedures. In addition, the audit identified a material non-compliance issue relating to inadequate documentation and support for accounting records.

The draft audit report was submitted to USAID/Swaziland and the auditee for comment and only USAID/Swaziland comments (Appendix I) were incorporated in the final report by Coopers & Lybrand. The auditee did not provide written comments. We are including the following recommendations in the Office of the Inspector General audit recommendation follow-up system.

Recommendation No. 1: We recommend that USAID/Swaziland determine the allowability and recover, as appropriate, from the Swaziland Regional Training Council:

- 1.1 questioned costs of \$36,151; and
- 1.2 unsupported costs of \$204,504.

Recommendation No. 2: We recommend that USAID/Swaziland obtain a plan of corrective action from the Swaziland Regional Training Council relating to costs of \$14,705 in budget category misallocations and errors in budget classifications.

Recommendation No. 3: We recommend that USAID/Swaziland obtain a plan of corrective action from the Swaziland Regional Training Council to improve its internal control structure regarding:

- 3.1** accounting and reporting systems;
- 3.2** disbursement and document retention procedures;
- 3.3** adherence to written operating procedures; and
- 3.4** compliance with requirements for documentation and support for accounting records.

We consider Recommendations No. 1, 2 and 3 unresolved pending receipt of a plan for corrective action. Please respond to this report within 30 days indicating actions planned or already taken to implement the recommendations.

Thank you for the cooperation extended to Coopers & Lybrand and Regional Inspector General for Audit representatives during the audit.

Attachments: a/s.

**AUDIT OF
THE SWAZILAND REGIONAL TRAINING COUNCIL UNDER SADCC
TECHNICAL SUPPORT GRANT NO. 690-0215-G-SS-4023-00
PROJECT NO. 690-0215.45**

ATTACHMENTS

d.

**MISSION-CONTRACTED AUDIT OF THE REGIONAL TRAINING COUNCIL
FOR THE PERIOD 1 JUNE 1984 TO 31 AUGUST 1991
THE SOUTHERN AFRICAN DEVELOPMENT COORDINATION
CONFERENCE (SADCC) TECHNICAL SUPPORT
GRANT NUMBER 690-0215.45**

Coopers
& Lybrand

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**MISSION-CONTRACTED AUDIT OF THE SWAZILAND REGIONAL TRAINING
COUNCIL UNDER THE SOUTHERN AFRICAN DEVELOPMENT
COORDINATION CONFERENCE TECHNICAL SUPPORT GRANT PROJECT
NUMBER 690-0215-45**

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**MISSION-CONTRACTED AUDIT OF THE SWAZILAND TRAINING COUNCIL
UNDER THE SOUTHERN AFRICAN DEVELOPMENT CO-ORDINATION
CONFERENCE TECHNICAL SUPPORT GRANT
PROJECT NUMBER 690-0215-45**

Introduction

1.1 Background

- 1.1.1 The Southern African Development Coordination Conference (SADCC) Technical Support Grant Project No. 690-0215.45 was authorized in June 1984, originally in the amount of \$1.4 million. However, grant agreement amendment No. 2 increased the life of project funding to \$2.9 million. The original project assistance completion date of May 1988 was extended twice - the last extension scheduled to expire in December 1991.
- 1.1.2 The purpose of the project was to strengthen the Swaziland Regional Training Council's development planning and programming capability for undertaking regional activities. The activities funded included short and long-term technical assistance, operations costs, costs of meetings and conferences, a series of studies, the completion of a training inventory, and manpower development.
- 1.1.3 The funding was in both U S Dollar (\$) amounts and Swaziland Emalangeni (SE).
- 1.1.4 The grant agreement requires contributions by the Government of Swaziland (GOS) of \$657,000 which includes costs borne on an "in kind" basis.
- 1.1.5 The most important terms of the grant agreement include:-
- the financial plan as described above
 - USAID disbursements were provided on an advance basis but this has been altered from June 1991 to a reimbursement basis
 - the accounting records must be maintained according to generally accepted accounting principles, adequate to show the receipt and use of goods and services under the grant; records and supporting documentation must be retained for three years after the project assistance completion date (PACD) and shall be audited regularly.
 - goods and services procured through the USAID funds must be free of taxation
 - the Regional Training Council (RTC) will be required to submit monthly reports which will summarise the financial expenses as well as the cumulative status of the grant

- the RTC will retain the primary contracting responsibility in the areas of long and short term technical assistance, supplies, equipment, some project logistical support for the operation of the RTC and short term participant training
- procurements are to follow USAID Handbook II guidance on host country contracting
- project management will be the responsibility of the USAID/Swaziland Human Resources Officer
- day to day project implementation and management will be carried out by an Assistant Project Manager employed by USAID/Swaziland
- the regional financial management officer USAID/Swaziland will be responsible for financial management, for disbursing funds and for providing guidance and control over use of project funds.

1.2 Audit Objectives and Scope

1.2.1 Coopers & Lybrand were contracted to perform a Mission-Contracted audit of the Regional Training Council (RTC) Project in accordance with generally accepted auditing standards and the U S Comptroller General's "Government Auditing Standards" (1988 Revision). The principal object was to determine whether costs claimed by the auditee are adequately supported in accordance with the agreement and are allowable, allocable and reasonable. The scope of our audit was limited to U S Dollar and local currency amounts (totalling US \$1 025 060 together). 100% of these costs were checked by us during the course of our audit.

1.2.2 Coopers & Lybrand were requested to provide written opinions on:-

- the auditee's Fund Accountability Statement
- the auditee's internal control structure
- the auditee's compliance with the grant agreement and applicable U S laws and regulations.

1.2.3 Coopers & Lybrand were also asked to review the job descriptions and qualifications of financial management personnel to determine the appropriateness of the descriptions and the ability of hired personnel to perform the required financial management functions. Details of findings are included under Section 3.2.4.1.

1.2.4 Coopers & Lybrand did not comply with the requirements of Section 3.2.6 of the Government Auditing Standards (1988 Revision) requirements on Continuing Education as, although the specified requirement for hours training was met, the training was internally based and did not specifically cover mission-contracted audits and Government Auditing Standards.

1.3 Methodology

1.3.1 Coopers & Lybrand prepared its audit work plan for approval by RIG/A/N and performed the field work during September, October and November 1991.

1.3.2 The principal audit steps performed included:

- a review of the terms and conditions of the USAID/RTC grant agreement, amendments, project implementation letters, applicable standard provisions and regulations, project evaluations and other project documents as deemed necessary.
- a review of the internal control structure in order to classify the recipient's significant internal control policies and procedures.
- performance of detailed tests of compliance with internal controls, tests to detect significant errors, irregularities and illegal acts (SAS 53 and 54), audit procedures to evaluate the auditee's compliance with grant and applicable provisions, and a review of the adequacy of accounting system and internal controls.
- testing of cost transactions from the RTC Project fund accountability statement to determine the extent of non-compliance, unallowable or unallocable expenses and the effectiveness of internal controls.
- reconciliation of financial reports submitted by RTC to USAID's mission accounting system (MACS) in order to determine if the project expenditures are properly reflected in MACS.
- reconciliation of financial reports submitted by the RTC to USAID to the RTC's cash book in order to determine if the financial submissions are accurate and supported by accounting records.
- review of bank account and reconciliation procedures to determine if non-USAID transactions are present.
- a review of the financial management capability of the RTC project staff.

1.4 Limitations

The principal limitations we encountered were:

1.4.1 The fund accountability statement was not prepared by the RTC as per the instructions from USAID due to the lack of accounting records prepared by the previous firm of accountants charged with preparing the RTC accounts. Reports missing were February 1988 to June 1988 and October 1988 to January 1989.

- 1.4.2 Expenditure reports submitted to USAID by the RTC were not all available. The period of reports not available was February 1988 to June 1988.
- 1.4.3 The allocation of expenditure per the cash book and the detailed expenditure reports showed differences in terms of the expense line descriptions. However because the cash book showed a consistent audit trail this was used to check the validity of expenses.
- 1.4.4 There were no vouchers/records at the RTC for the period July 1989 to December 1989.
- 1.4.5 Due to the misallocations of expense line items, the descriptions and allocations per the MACS reports do not always agree to the expenditure reports.
- 1.4.6 There is no effective allocation of expenses per budget thus making it impractical to monitor expenses against budgets.
- 1.4.7 The cash book for the period from inception to July 1989 was missing, thus the cash book used was reconstructed by the current accountants.

SUMMARY OF AUDIT RESULTS

1.5 Findings

1.5.1 The results of our audit show that a significant proportion of costs are unsupported and questioned.

	<u>Costs Claimed</u>	<u>Accepted Costs</u>	<u>Questioned Costs</u>	<u>Unsupported Costs</u>	<u>Misallocated Expenditure</u>	<u>Sundry Errors</u>
U S \$	349 003	265 208	3 420	79 869	506	-
S E	1 690 144	1 261 225	81 826	311 593	21 395	14 105
\$ Equiva- lent of SE*	676 057	504 492	32 731	124 635	8 557	5 642
	<u>1 025 060</u>	<u>769 700</u>	<u>36 151</u>	<u>204 504</u>	<u>9 063</u>	<u>5 642</u>

* Local currency expenses converted at average rate \$ 1 = 2.5 SE

1.5.2 Questioned amounts relate to items for which USAID is not liable or for which conditions of disbursements were not met in terms of the grant. Unsupported amounts relate to amounts for which there was inadequate or no supporting documentation. In addition misallocations of E21 395 and \$ 506 were noted as well as sundry errors of E14 105.

1.6 Internal Control Structure

1.6.1 Our evaluation of the internal control structure identified a number of reportable and material weaknesses which are described in our report and attached notes.

1.6.2 Overall, the internal control structure is very weak and record keeping has been very poor.

1.7 Compliance with Grant and Related Provisions

1.7.1 Our tests conducted to determine RTC's compliance with Grant and related provisions disclosed that accounting records are not adequately documented and supported as is required. We consider this a material instance of non-compliance and reported it as such in our opinion.

1.8 Summary of USAID/Swaziland Comments

1.8.1 USAID/Swaziland found a number of supporting documents that had previously been missing and queried certain of our findings in our draft report of December 18, 1991 in their letter of April 30, 1992 (attached as Appendix 1). We replied to this letter in detail on May 11, 1992 (letter attached as Appendix 2) to which USAID/Swaziland agreed in full on their letter of June 3, 1992 (attached as appendix 3).

1.8.2 A summary of these letters is as follows:

	Original Amount	Amount Queries By USAID/Swazi- land	Agreed Adjustment	Adjusted Amount
	U S \$	U S \$	U S \$	U S \$
Accepted costs	626 572	161 104	143 128	769 700
Questioned costs	45 566	(9 415)	(9 415)	36 151
Unsupported costs	338 217	(151 689)	(133 713)	204 504
Misallocated expenses	9 063	-	-	9 063
Sundry errors	5 642	-	-	5 642
	<hr/>	<hr/>	<hr/>	<hr/>
Total	1 025 060	-	-	1 025 060
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Above amounts include both US \$ amounts and SE amounts converted to U S \$ at U S \$ = 2.5 SE.

1.9 Summary of RTC Comments

1.9.1 A copy of our report was delivered to the Principal Secretary of the Ministry of Economic Planning and Development, Government of Swaziland who acts as Director of the Swaziland Regional Training Council for comments. We understand that the USAID/Swaziland Mission's comments included input from RTC and that RTC will not reply separately to us. Our report is therefore issued on the assumption that RTC has no additional input to the report.

Our reference

2 Fund Accountability Statement**2.1 Independent Auditors' Report**

We have audited the Fund Accountability Statement of the Swaziland Regional Training Council under the SADCC Technical Support Grant, Regional Training Council Project Number 690-0215.45 for the period June 1, 1984 to August 31, 1991. This statement is the responsibility of the Ministry of Economic Planning and Statistics of the Government of Swaziland (GOS). Our responsibility is to express an opinion on this statement based upon our audit.

We conducted our audit in accordance with generally accepted auditing standards and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States (1988 Revision). We did not comply with Section 3.6 of the Government Auditing Standards (1988 Revision) requirements on Continuing Education. The Government Auditing Standards require that we plan and perform the audit to obtain reasonable assurance that the Fund Accountability Statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts in this statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The statement was prepared on the basis of cash receipts and disbursements which is a comprehensive basis of accounting other than generally accepted accounting principles.

As discussed in the notes to this report, the fund statement was compiled from an incomplete cash book and as a result the reliability of the transactions prior to 1 August 1989 could not be proved. The principal effect of this is that we are unable to obtain reasonable assurance that the transactions included are fairly and completely stated.

The controls over the accounting and reporting systems, disbursement and document retention procedures and written procedures were inadequate which resulted in assurance not being obtained that material errors or irregularities that may have occurred would have been detected within a timely period by employees in the normal course of performing their assigned functions.



Furthermore we were unable to obtain a Letter of Representation from the Auditee.

Because of the significance of the matters discussed in the preceding paragraphs, in our opinion the Fund Accountability Statement does not present fairly, in conformity with the basis of accounting described above, the revenues and expenses of the RTC Project Number 690-0215.45 for the period 1 June 1984 to 31 August 1991.

Financial 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. This report is intended solely for use of GOS and USAID but this is not intended to limit the distribution of the report if a matter of public record.

Coopers & Lybrand

December 18, 1991

COOPERS & LYBRAND

2.2 Notes to the Fund Accountability Statement - Findings and Recommendations

2.2.1 Introduction

- 2.2.1.1 The Fund Accountability Statement is included in 2.4 to 2.6. Audit findings with respect to questioned and unsupported costs are summarised in 1.9 to 1.11 while details are included in Exhibits 1 to 4.
- 2.2.1.2 The scope of this audit included both the local currency costs and the U S Dollar costs of the RTC project but was limited to funding provided by USAID.
- 2.2.1.3 The cash book for the period from inception to 31 July 1989 was incomplete and the RTC did not supply us with the Fund Accountability Statement as per USAID instructions. In order to reconstruct the Fund Accountability Statement the cumulative disbursements up to 31 July 1989 as well as the bank balance at that date and the revenues received from USAID subsequent to that were used to derive the total revenue for the project.
- 2.2.1.4 Furthermore, the cumulative expenses for the project were as per the cash book, the totals of which were compared to the expenditure reports submitted by RTC to USAID/Swaziland on a monthly basis. However, the reports for February 1988 to June 1988 were not found and thus the amounts per the cash book were used.
- 2.2.1.5 Details of question, unsupported, misallocated and sundry error costs are included in the following exhibits:

	<u>Exhibit</u>
Questioned costs - SE	1
- US \$	2
Unsupported costs - SE	3
- US \$	4
Misallocated costs - SE and US\$	5
Sundry errors - SE and US \$	6

2.2.2 Audit Testing

- 2.2.2.1 The computerised cash book maintained by RTC was used as the basis for selection of transactions to be tested. Our test level for expenses was 100%.

2.2.3 Summary Audit Results

2.2.3.1 The results of our audit show that a significant proportion of costs are unsupported and questioned.

	<u>Costs Claimed</u>	<u>Accepted Costs</u>	<u>Questioned Costs</u>	<u>Unsupported Costs</u>	<u>Misallocated Expenditure</u>	<u>Sundry Errors</u>
US \$	349 003	265 208	3 420	79 869	506	-
SE	1 690 144	1 261 225	81 826	311 593	21 395	14 105
\$ Equiva lent of SE*	676 057	504 492	32 731	124 635	8 557	5 642
TOTAL						
US \$	<u>1 025 060</u>	<u>769 700</u>	<u>36 151</u>	<u>204 504</u>	<u>9 063</u>	<u>5 642</u>

* = local currency expenses converted at average rate \$1 = 2.5 SE. Level of testing was 100% of US \$ 1 025 050 in total.

2.2.4

**FUND ACCOUNTABILITY STATEMENT FOR THE PERIOD
JUNE 1, 1984 THROUGH AUGUST 31, 1991 - TOTAL
REVENUE AND EXPENDITURES**

	<u>Approved Grant U S \$</u> (1)	<u>Actual U S \$</u> (2)	<u>Actual S E</u> (3)	<u>Local Exp. *</u> <u>In U S \$</u> (4)	<u>Total In U S \$</u> (5)	
Total Revenue	2 900 000	355 826	1 702 074	680 830	1 036 656	
EXPENDITURE						
RTC meetings	14 500	2 357	204 445	81 778	84 135	**
Technical experts meetings	145 500	22 001	176 097	70 439	92 440	
Inventory/meetings	43 000	82 666	485 508	194 203	276 869	**
Conference Equipment	-	-	3 855	1 542	1 542	
Conference staff support	64 500	2 805	40 517	16 207	19 012	
RTC staff support	28 500	104 551	116 531	46 612	151 163	**
Short term technical support	1 552 500	44 569	172 307	68 923	113 492	
RTC missions	36 000	25 547	19 535	7 814	33 361	
Data processing equipment	61 000	-	92 342	36 937	36 937	
Communications	28 000	-	17 228	6 891	6 891	
Documentation equipment	95 000	-	5 695	2 278	2 278	
Office supplies	26 000	10	39 353	15 741	15 751	
Long term technical advisors	320 000	-	-	-	-	
Staff development	70 000	-	-	-	-	
Local costs	25 000	-	-	-	-	
Vehicle	25 000	-	43 065	17 226	17 226	
Office equipment/furniture	34 000	16 902	36 714	14 686	31 588	
Mission management	150 000	-	-	-	-	
Contingency/other	181 500	4 595	49 616	19 846	24 441	
MRU expenses	-	43 000	187 336	74 934	117 934	**
	<u>2 900 000</u>	<u>349 003</u>	<u>1 690 144</u>	<u>676 057</u>	<u>1 025 060</u>	
Excess Revenue		6 823	11 930	4 773	11 596	
Cash book balance 31/08/91		15 350	13 337	5 335	20 685	
		<u>8 527</u>	<u>1 407</u>	<u>562</u>	<u>9 089</u>	

* = local currency expenses at average rate of \$1 = 2.5 SE (ie column 4 = column 3 ÷ 2.5)

** = amounts exceed approved amounts

column 5 = column 2 + column 4 (represents total of US \$ and local currency US\$ equivalent).

2.2.5 ACCEPTED, QUESTIONED AND UNSUPPORTED TOTAL COSTS
 (US \$ AND LOCAL CURRENCY CONVERTED TO US \$ AT US\$ 1 = 2.5 SE)
 BY CATEGORY IN US\$

	Total Exp. <u>U.S.\$</u>	Accepted Costs <u>U.S.\$</u>	Questioned Costs <u>U.S.\$</u>	Unsupport- ed Costs <u>U.S.\$</u>	Misallo- cated Exp. <u>U.S.\$</u>	Sundry Errors <u>U.S.\$</u>
RTC MEETINGS						
Airfares	20 697	18 549	-	2 148	-	-
Per diem allowances	17 483	11 059	1 254	5 170	-	-
Venue costs	7 991	2 442	-	2 537	3 012	-
Secretarial services	36 615	10 792	21 775	4 048	-	-
Office supplies	1 349	237	-	-	1 112	-
TECHNICAL EXPERTS MEETINGS						
Airfares	31 921	11 607	-	19 986	328	-
Per diem allowances	28 804	8 425	-	15 397	-	4 982
Transit allowance	1 872	-	-	1 872	-	-
Venue costs	4 104	993	372	2 739	-	-
Other	8 170	8 017	-	153	-	-
Professional fees	17 416	500	-	12 917	3 999	-
Mileage in Swaziland	153	-	-	153	-	-
SHORT TERM TECHNICAL SERVICES						
Airfares	8 023	329	-	7 694	-	-
Mileage in Swaziland	100	-	-	100	-	-
Per diem allowances	14 746	5 145	76	9 525	-	-
Professional fees	89 152	64 856	-	24 296	-	-
Secretarial fees	1 471	-	-	1 471	-	-
INVENTORY/SSRU	276 869	267 620	3 000	6 249	-	-
EQUIPMENT AND OTHER ASSETS						
Conference equipment	1 542	1 542	-	-	-	-
Data processing equipment	36 937	36 296	-	641	-	-
Documentation equipment	2 278	464	-	1 814	-	-
Office equipment and furniture	31 588	31 588	-	-	-	-
Motor vehicles	17 226	17 226	-	-	-	-
MRU EXPENSES	117 934	102 657	9 014	6 263	-	-
RTC OPERATING COSTS						
RTC staff support	151 163	128 265	-	22 392	506	-
Conference staff support	19 012	2 463	-	15 889	-	660
RTC missions	33 361	9 783	16	23 562	-	-
Communications	6 891	2 517	-	4 374	-	-
Office supplies	15 751	10 084	644	4 917	106	-
Other	24 441	16 244	-	8 197	-	-
	<u>1 025 060</u>	<u>769 700</u>	<u>36 151</u>	<u>204 504</u>	<u>9 063</u>	<u>5 642</u>

2.2.6 ACCEPTED, QUESTIONED AND UNSUPPORTED U S \$ COSTS BY CATEGORY

DOLLAR ACCOUNT

	Accepted Costs <u>U.S.\$</u>	Questioned Costs <u>U.S.\$</u>	Unsupport- ed Costs <u>U.S.\$</u>	Misallo- cated Exp. <u>U.S.\$</u>	Total Exp. <u>U.S.\$</u>
RTC MEETINGS					
Airfares	2 021	-	-	-	2 021
Per diem allowances	-	-	336	-	336
TECHNICAL EXPERTS MEETINGS					
Airfares	-	-	3 398	-	3 398
Per diem allowances	-	-	12 528	-	12 528
Transit allowance	-	-	1 872	-	1 872
Venue costs	-	-	2 000	-	2 000
Professional fees	500	-	1 550	-	2 050
Mileage in Swaziland	-	-	153	-	153
SHORT TERM TECHNICAL SERVICES					
Airfares	329	-	-	-	329
Per diem allowances	-	-	2 623	-	2 623
Professional fees	19 290	-	22 327	-	41 617
INVENTORY/SSRU	76 803	3 000	2 863	-	82 666
EQUIPMENT AND OTHER ASSETS					
Office equipment and furniture	16 902	-	-	-	16 902
MRU EXPENSES	42 596	404	-	-	43 000
RTC OPERATING COSTS					
RTC staff support	94 058	-	9 987	506	104 551
Conference staff support	2 120	-	685	-	2 805
RTC missions	7 334	16	18 197	-	25 547
Office supplies	10	-	-	-	10
Other	3 245	-	1 350	-	4 595
	<u>265 208</u>	<u>3 420</u>	<u>79 869</u>	<u>506</u>	<u>349 003</u>

Misallocated expenses should be reallocated to different expense headings as per Exhibit 5.

2.2.7 ACCEPTED, QUESTIONED AND UNSUPPORTED SE COSTS BY CATEGORY

SWAZILAND EMALANGENI ACCOUNT

	Accepted Costs SE	Questioned Costs SE	Unsupport- ed Costs SE	Misallo- cated Exp. SE	Sundry Errors SE	Total Exp. SE
RTC MEETINGS						
Airfares	41 320	-	5 371	-	-	46 691
Per diem allowances	27 648	3 133	12 086	-	-	42 867
Venue costs	6 104	-	6 343	7 530	-	19 977
Secretarial services	26 981	54 437	10 120	-	-	91 538
Office supplies	591	-	-	2 781	-	3 372
TECHNICAL EXPERTS MEETINGS						
Airfares	29 018	-	41 469	821	-	71 308
Per diem allowances	21 062	-	7 173	-	12 455	40 690
Venue costs	2 482	931	1 846	-	-	5 259
Other	20 044	-	382	-	-	20 426
Professional fees	-	-	28 416	9 998	-	38 414
SHORT TERM TECHNICAL SERVICES						
Airfares	-	-	19 236	-	-	19 236
Mileage in Swaziland	-	-	250	-	-	250
Per diem allowances	12 862	189	17 256	-	-	30 307
Professional fees	113 914	-	4 923	-	-	118 837
Secretarial fees	-	-	3 677	-	-	3 677
INVENTORY/SSRU	477 042	-	8 466	-	-	485 508
EQUIPMENT AND OTHER ASSETS						
Conference equipment	3 855	-	-	-	-	3 855
Data processing equipment	90 739	-	1 603	-	-	92 342
Documentation equipment	1 159	-	4 536	-	-	5 695
Office equipment and furniture	36 714	-	-	-	-	36 714
Motor vehicles	43 065	-	-	-	-	43 065
MRU EXPENSES	150 152	21 526	15 658	-	-	187 336
RTC OPERATING COSTS						
RTC staff support	85 517	-	31 014	-	-	116 531
Conference staff support	857	-	38 010	-	1 650	40 517
RTC missions	6 122	-	13 413	-	-	19 535
Communications	6 292	-	10 936	-	-	17 228
Office supplies	25 185	1 610	12 293	265	-	39 353
Other	32 500	-	17 116	-	-	49 616
TOTAL	1 261 225	81 826	311 593	21 395	14 105	1 690 144
TOTAL (US \$)*	504 492	32 731	124 635	8 557	5 642	676 057

* = Local currency expenses converted at average rate of \$1 = 2.5 SE. Misallocated expenses should be reallocated to different expense headings as per Exhibit 5. Sundry errors are explained in Exhibit 6.

2.2.8

**RECONCILIATION OF RTC FUND ACCOUNTABILITY STATEMENT
EXPENSES TO MISSION LIQUIDATION RECORD PER MACS FOR THE
PERIOD TO AUGUST 31, 1991**

U S \$

Mission totals as at February 25, 1992 less
amounts included in MACS but paid for directly
by the Mission and thus not in RTC's records

1 821 099.98

<u>PAYEE</u>	<u>AMOUNT</u>	
Development Alternatives Inc.	24 000.00	
NASPAA	344 228.00	
Creative Association Inc.	11 990.90	
RTC - Recruitment Administration Advisor	2 604.96	
Aiken & Peat	6 130.10	
Peter Capozza	23 804.25	
Rockcliffe-King, Janet	19 365.00	
NASPAA	139 241.36	
Development Alternatives Inc.	17 181.88	
Peter Capozza	13 806.00	
Peter Capozza	7 748.26	
NASPAA	59 885.98	
Shongwe/Zwane	7 977.20	
Shongwe/Zwane	7 784.96	
Rockcliffe-King, Janet	47 119.00	
Ndallahwa & Co	16 260.00	
Ndallahwa & Co	2 054.84	
Mataka, Robert	4 718.68	
Development Alternatives Inc.	18 878.50	
Dr Sabai's salary - September - December 1991	10 400.00	
Mrs Dlamini salary - September 1991 - January 1992	2 640.00	
Human Resource Development Strategy	47 115.95	
	<hr/>	(834 935.82)
Total expenses accounted for in MACS which have gone through RTC books		<hr/> 986 164.16
Total expenses per Fund Accountability Statement		1 025 060.00
		<hr/>
Difference		38 895.84
		<hr/> <hr/>

It has not been possible to break down the difference into its component parts due to the different methods of allocation and timing of input used by USAID and RTC.

2.2.9

**RECONCILIATION OF RTC FUND ACCOUNTABILITY STATEMENT OF
INCOME TO MISSION DISBURSEMENTS TO RTC PER MACS FOR THE
PERIOD TO AUGUST 31, 1991**

			U S \$
Mission total as at February 18, 1992			881 551.11
Less disbursements after August 31, 1991			
VOUCHER	TRANSACTION	AMOUNT	
NO	DATE		
26452609	92/01/24	1 056.00	
26452609	92/01/24	2 909.09	
26452830	92/01/28	740.65	
26452698	92/02/10	6 555.35	
26452698	92/02/10	23 607.65	
		<hr/>	
			34 868.74
			<hr/>
Disbursements to 1991/08/31			846 682.37
Total income per Fund Accountability Statement			1 036 656.00
			<hr/>
Difference			189 973.63
			<hr/> <hr/>

Note that the MACS report on disbursements to date only lists disbursements as from April 8, 1988. The project was authorised in June 1984 and as such the difference may be assumed to be disbursements to RTC from June 1984 to April 1988.

2.2.10 **Recommendations**

Recommendation No. 1

2.2.10.1 USAID/Swaziland should determine the allowability of questioned costs of US \$3 420 and SE81 826 equating to US \$36 151 in total and unsupported costs of US \$79 869 and SE 311 593 equating to US \$ 204 504 in total.

Recommendation No. 2

2.2.10.2 USAID/Swaziland should ensure that misallocated expenses of US \$506 and SE21 395 equating to US \$9 063 in total are reallocated in RTC's books to the correct account headings as set out in Exhibit 5. Sundry errors of SE14 105 equating to US \$5 642 cannot be corrected at this stage, but should be noted to ensure they do not recur.

Recommendation No. 3

2.2.10.3 USAID/Swaziland should fully reconcile the RTC Fund Accountability Statement expenses and income to the MACS liquidation records and disbursements respectively. Records should then be corrected to show the correct balances.

Our reference

3 Internal Control Structure**3.1 Independent Auditors' Report**

We have audited the Fund Accountability Statement of the Swaziland Regional Training Council under the SADCC Technical Support Grant, Project Number 690-0215.45 for the period June 1, 1984 to August 31, 1991 and have issued our report thereon dated December 18, 1991.

We conducted our audit in accordance with generally accepted auditing standards and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States (1988 Revision). Those standards require that we plan and perform the audit to obtain reasonable assurance that the Fund Accountability Statement is free of material misstatements.

In planning and performing our audit of the Fund Accountability Statement for the period June 1, 1984 to August 31, 1991, we considered the project's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Fund Accountability Statement and not to provide assurance on the internal control structure.

The Ministry of Economic Planning and Statistics on behalf of the Government of Swaziland is responsible for establishing and maintaining an internal control structure for the Regional Training Council (RTC) project. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of the internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorised use or disposition and that transactions are executed 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 as they relate to the Regional Training Council Project in the following categories:



CONTROL ENVIRONMENT

- financial management capabilities
- division of duties
- familiarity with USAID rules
- banking facilities
- Mission accounting record reconciliation to RTC records

ACCOUNTING SYSTEMS

- budgeting and funds management
- record keeping and USAID reporting
- disbursement of funds on specific projects
- authorisation of per diems
- salary advances and overtime

CONTROL PROCEDURES

- written procedures
- competitive bidding for provision of services
- assets purchased through USAID funding

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

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarise and report financial data consistent with the assertions of management in the financial statements.

The following reportable conditions were observed:

- * The accounting and reporting systems for the project are inadequate resulting in inaccurate representations by management in the Fund Accountability Statement.
- * Disbursement and document retention procedures are weak resulting in inadequate assurance that expenses have been necessarily and justifiably incurred.
- * Written procedures have not been followed resulting in inadequate assurance that expenses have been incurred in terms of grant and other rules.

In view of the significance of the weaknesses identified, we consider that the internal control structure for RTC was inadequate for properly identifying and accounting for expenditure to USAID.

A material weakness is a reportable 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 statements 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 considered to be material weaknesses as defined above. However, the reportable conditions above constitute a material weakness.

We have included further details relating to the above weaknesses which we regard as material together with other internal control matters which we feel should be brought to your attention in the following report.

Financial 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. This report is intended solely for the use of the Government of Swaziland and USAID but this is not intended to limit the distribution of the report if a matter of public record.

Coopers & Lybrand

December 18, 1991

COOPERS & LYBRAND

3.2 Findings and Recommendations

3.2.1 Introduction

3.2.1.1 American Institute of Certified Public Accountants (AICPA) codification of Auditing Standards, Section 319, defines an organisation's internal control structure as consisting of the policies and procedures established to provide reasonable assurance that a specific entity's objectives will be achieved. The internal control structure is composed of three elements:

- the control environment
- the accounting system
- control procedures

3.2.1.2 The control environment reflects the overall attitude, awareness and actions of management. The accounting system consists of methods and records established to identify, assemble, analyze, classify, record and report transactions. Control procedures are those policies and procedures in addition to the control environment and accounting system that management has established to safeguard the organisation's resources.

3.2.2 Work Performed

3.2.2.1 Our review of the internal control structure was directed towards those elements which relate to the nature of the project funding and disbursements of such funds. Our findings and recommendations are set out under the following headings:

3.2.3 Background

3.2.4 Control environment

- 3.2.4.1 Financial management capabilities
- 3.2.4.2 Division of duties
- 3.2.4.3 Familiarity with USAID rules
- 3.2.4.4 Banking facilities
- 3.2.4.5 Mission accounting record reconciliation to RTC records

3.2.5 Accounting systems

- 3.2.5.1 Budgeting and funds management
- 3.2.5.2 Record keeping and USAID reporting
- 3.2.5.3 Disbursement of funds on specific projects
- 3.2.5.4 Authorisation of per diems
- 3.2.5.5 Salary advances and overtime.

3.2.6 Control procedures

- 3.2.6.1 Written procedures
- 3.2.6.2 Competitive bidding for provision of services
- 3.2.6.3 Assets purchased through USAID funding.

3.2.3 Background

- 3.2.3.1 Record retention at the RTC was weak. According to the Senior Management Advisor no records of the monthly fund statements were kept as these were submitted to USAID by the accountants responsible for the accounting function.
- 3.2.3.2 The RTC however maintains a cash book both on the computer and through manual records. The computerised cash book was set up by the accountants - Dlamini Ndallahwa & Co who were appointed in August 1989. They prepared the cash book, reconciled it and prepared schedules of expenditure for the 25 month period to August 1991.
- 3.2.3.3 They were not able to obtain expenditure statements for the 18 months to 31 July 1989 as Aiken & Carter (their predecessors as accountants) had not prepared these expenditure statements.
- 3.2.3.4 Dlamini Ndallahwa & Co attempted to reconcile and reconstruct the cash book for the 49 months of Aiken & Carter's period of tenure using voucher books. They could also not obtain bank statements for that period. The accuracy of the cash book for this period is therefore doubtful.
- 3.2.3.5 The instruction received from USAID/Swaziland was for Coopers & Lybrand to obtain the fund statements from the RTC/Dlamini Ndallahwa & Co. We were not able to obtain these from either of these parties nor did Aiken and Carter assist us in locating missing documentation.
- 3.2.3.6 To reconstruct the fund statements we had to use the reports as submitted by the two accounting firms to USAID.
- 3.2.3.7 We obtained (from USAID records) details of monthly expenditure prepared by Aiken & Carter for the period July 1985 to 30 November 1987. These details were used to reconstruct the fund statement.
- 3.2.3.8 No fund statements were available for the period February 1988 to June 1988 and therefore the copies of the cash book as kept by USAID (from computer print-out) were used.

- 3.2.3.9 For the other periods, the monthly expenditure reports were used.
- 3.2.3.10 The expenditure reports do not detail cash received from USAID. These details were obtained from the cash book. However, some bank deposit slips and bank statements are missing and the Central Bank of Swaziland was unable to provide us with copies.
- 3.2.3.11 A summary of the various expenditures per the reports submitted to USAID/Swaziland has been reconstructed. Also a summary of the same expenditures as per cash book details has been obtained from RTC. There are several details which are different and where this is the case we have used the cash book as the book of prime entry. These differences are mainly due to the allocation of expenses for cash book recording purposes and for purposes of reporting to USAID. The net differences were:
- | | |
|----------|------------------|
| \$ 1 429 | (U S \$ account) |
| E35 364 | (SE account) |
- with the cash book recording more than the expenditure reports in both cases.
- 3.2.3.12 Due to timing differences between recording expenditure in the cash book and reporting to USAID we were not able to ascertain when these differences arose.
- 3.2.3.13 One of the major problems relates to record retention and the absence of any person knowledgeable about the period queried prior to August 1989. This is compounded by the absence of the records as requested from Aiken & Carter.

3.2.4 Control environment

3.2.4.1 USAID funded personnel and management

Findings

- 3.2.4.1.1 Provision was made for three USAID funded positions in RTC. These positions are senior management advisor, administration manager and administrative assistant. In addition, the Permanent Secretary for the Department of Economic Planning and Statistics, Mr E Bhembe performed an overall supervisory role as RTC director from June 1987 until November 1991.

- 3.2.4.1.2 The position of senior management advisor was filled as follows:
- Mr A T Kerzner : inception - December 1985 (SADCC Desk Officer)
 Dr Murapa : 1986 - March 1988
 Dr Sabai : April 1989 - to date
- 3.2.4.1.3 The responsibilities of this position are overall management of RTC temporary and permanent staff, management of RTC projects and conferences and advisor to the RTC director on future projects and conferences. There is no direct financial administrative function in this position.
- 3.2.4.1.4 The position of administration manager has not been filled since the commencement of the project and two firms of chartered accountants have completed the functions of this position for the following periods:
- | | | | |
|-------------------------|-------------|---|-----------|
| Aiken & Carter | Inception | - | July 1989 |
| Dlamini, Ndallahwa & Co | August 1989 | - | To date |
- 3.2.4.1.5 The responsibilities of this position are to ensure that proper accounting records are maintained, proper controls are exercised over the disbursement of funds and summaries of receipts and disbursements are reported to USAID by way of Fund Accountability Statements on a regular basis.
- 3.2.4.1.6 The position of administration assistant was filled as follows:
- Ms P Spriggs : 1987
 Ms V Migochi : September 1988 - ± August 1989
 Mrs D Dlamini: December 1989 - To date
- 3.2.4.1.7 The responsibilities of this position are to ensure that all relevant documentation is received/completed and collated for all disbursements of funds and to make this documentation available to the administration manager.
- 3.2.4.1.8 Brief job descriptions are included in contracts of employment, but no detailed and comprehensive job descriptions were completed.
- 3.2.4.1.9 As can be deduced from the above job descriptions no extensive accounting capability was ever in place within permanent RTC staff. The senior management advisors' training have not been in the field of accounting while the administrative assistants have had very limited accounting knowledge.
- 3.2.4.1.10 The firms of accountants used have concentrated on the maintaining of a cash book and the reporting of expenditures to USAID on a monthly basis. For certain periods supporting documentation is not available and the cash book had to be reconstructed for part of this period. No comprehensive systems for financial management and accounting have been implemented at RTC.

Recommendation No. 4

- 3.2.4.1.11 The attempt to compensate for the lack of a suitably qualified administration manager by employing a firm of accountants to keep the records and report to USAID has not been successful. The first firm used does not appear to have maintained proper records and both firms do not appear to have familiarised themselves with all reporting requirements and appear to have been too far removed from operations.
- 3.2.4.1.12 If further funds are to be allocated to RTC or other projects undertaken it would seem more appropriate to employ a suitably qualified person to undertake the accounting duties on a full-time basis.

3.2.4.2 **Division of duties**

Findings

- 3.2.4.2.1 There was no meaningful division of duties as the staff compliment is too small to have a meaningful control based on the division of duties.

Recommendation No. 5

- 3.2.4.2.2 While this is a weakness in the control environment with no obvious cost-efficient solution, it should be clear that a project with a small administration team such as RTC's should be subject to closer monitoring by USAID and possibly external auditors.

3.2.4.3 **Familiarity with USAID rules**

Findings

- 3.2.4.3.1 It appears that rules and regulations governing USAID funding were not adequately communicated to the persons responsible for the use of funds and reports thereon. While it may be argued that these persons have a responsibility to familiarise themselves with these rules and regulations, realistically this is unlikely to happen.
- 3.2.4.3.2 In addition, monitoring of RTC's adherence to USAID funding rules and regulations was neglected during the early period of the project and so when problems were detected it was too late to correct many of the resultant errors.

Recommendation No. 6

- 3.2.4.3.3 The employment of a suitably qualified person who would be dedicated to the administration and accounting side of the project would certainly improve the likelihood of USAID rules and regulations being adhered to.

3.2.4.3.4 Detailed discussion by USAID personnel with the person(s) responsible for administration and accounting tasks within the project should occur at the commencement of the project and whenever changes in project personnel occur.

3.2.4.3.5 A summary of the rules and regulations likely to be applicable to the project and the controls needed to ensure they are being adhered to should be drawn up by the administration manager and reviewed and discussed with USAID personnel at the commencement of the project. USAID personnel should hold regular meetings with the administration manager to ensure these controls are being exercised.

3.2.4.4 **Banking facilities**

Findings

3.2.4.4.1 The RTC banks with Central Bank of Swaziland. The account held with the Bank is one main account with several sub-accounts. The sub-accounts comprise of the Dollar account for USAID funds and the local currency account for USAID funds. There are also other sub-accounts held for other donor funds.

3.2.4.4.2 When a cheque is written out, the RTC has to indicate on which sub-account it is drawn - this is not always done and has created problems in the past. There have also been a number of mispostings by the Bank.

Recommendation No. 7

3.2.4.4.3 Obviously the administration of the Bank's accounts does not fall within USAID or RTC's ambit of control. The number of accounts and therefore the potential for errors and mispostings as well as noted weaknesses in the Bank's own controls make it important to exercise strong accounting controls at RTC.

3.2.4.5 **Mission accounting record reconciliation to RTC records**

Findings

3.2.4.5.1 Mission records per the MACS have not been reconciled to the RTC records throughout the life of the project.

3.2.4.5.2 The Mission accounting system does not separate project expenses paid directly by the Mission to suppliers of goods/services

Recommendation No. 8

3.2.4.5.3 Reconciliations between Mission's accounting records and the RTC's Fund Accountability Statements should be performed on a monthly basis.

3.2.4.5.4 If possible, the expenses paid for directly by the Mission on behalf of the RTC should be separated within the MACS or those expenses should be advised to the RTC who can then journalise the entries, thus facilitating easy reconciliation.

3.2.5 Accounting systems

3.2.5.1 Budgeting and funds management

Findings

3.2.5.1.1 Funds have been made available to RTC at the start of each year based on budgets and workplans prepared by RTC. These appear to have often been prepared without numbers of participants at conferences being ascertained and without proper quotations being obtained. This has resulted in budgets being unreliable and inaccurate.

3.2.5.1.2 Budgets have not been properly updated to reflect new data that becomes available.

3.2.5.1.3 No detailed analyses of travel costs and per diem allowances have been performed and overpayments in terms of numbers of delegates attending and applicable USAID rules have occurred.

3.2.5.1.4 Cost analyses per meeting/project have not been performed which has made it difficult to detect instances where suppliers may have charged RTC unreasonable amounts.

3.2.5.1.5 Due to the inadequacies in budgeting, funding for certain projects has not always been fully available and funds from other projects have been utilised to cover shortfalls and only accounted for when received from USAID. Obviously this allows for very little control and opens the system to errors, misallocations and manipulation of funds.

3.2.5.1.6 While the exceptions noted in paragraphs 3.2.5.1. 3 to 5 above showed poor control over supporting documentation we were not able to establish the existence of any fraud or misappropriation.

Recommendation No. 9

3.2.5.1.6 Budgets need to be prepared in more detail and where appropriate historical data and quotes should be used to ensure that estimates are reasonable. These budgets should be monitored, reports made on differences between budgeted and actual amounts and alterations made when new information becomes available.

- 3.2.5.1.7 Obviously travel costs and per diem allowances are extremely sensitive areas and open to manipulation for personal benefit. As such, extra care should be taken to ensure that all these disbursements are properly justified, documented, authorised and in compliance with all relevant rules and regulations. Detailed budgets of expected travel costs and per diem allowances should be prepared for all conferences and a program devised to be completed for each disbursement to ensure that all appropriate requirements are met.
- 3.2.5.1.8 In addition a detailed cost analysis of actual versus budgeted costs needs to be prepared for each project/conference and reasons for significant variances considered. All expenses should be reviewed for reasonability to ensure that suppliers are not overcharging.
- 3.2.5.1.9 The cross-utilisation of funds between projects should not be allowed to occur as this jeopardises the veracity of accounting records and may result in unauthorised use of funds. Where funds cannot be obtained timeously from USAID a separate account probably funded by Government, should be used and where reimbursements occur amounts can be deposited to this account with expense allocations made into the appropriate USAID account.
- 3.2.5.2 **Record keeping and USAID reporting**
- Findings**
- 3.2.5.2.1 Dlamini, Ndallahwa & Co reconstructed the cash book for the period from inception to July 1989 from expenditure reports prepared by Aiken & Carter and from vouchers that they were able to locate. There were no expenditure reports found for the 18 month period to July 1989.
- 3.2.5.2.2 There were a number of transactions for which we could find no vouchers or for which the supporting documentation was inadequate. These have been documented in our report on the Fund Accountability Statement and related Exhibits..
- 3.2.5.2.3 We were unable to find valid contracts for personnel and consultants used in the RTC projects.
- Recommendation No. 10**
- 3.2.5.2.4 An integrated accounting system needs to be implemented to ensure that accounting records accurately and completely reflect project expenditures and all required supporting documentation is filed in an easily accessible manner.
- 3.2.5.2.5 Particularly with the cumulative nature of reporting on USAID funds on projects, consideration should be given to starting a new funding with proper controls and administration management in place if further funding is to be granted to the RTC.

3.2.5.3. Disbursement of funds on specific projects

Findings

- 3.2.5.3.1 We noted that funds made available to the RTC for particular projects and meetings were not tracked subsequent to disbursement by USAID. This has resulted in funds made available for particular projects and meetings not fully utilised being held by the RTC and utilised for other purposes. We were not however able to establish the existence of any misappropriation or fraud.

Recommendation No. 11

- 3.2.5.3.2 We recommend that the monthly reporting by the RTC to the USAID incorporates a detailed analysis of funds expended on current projects and meetings so that underutilisations can then be identified and refunded at an early stage.

3.2.5.4 Authorisation of per diems

Findings

- 3.2.5.4.1 We noted that payments of per diems to people attending conferences were not acknowledged by the recipients. As per diems represent a significant proportion of the costs of any one meeting, a system which can track and record amounts paid to participants needs to be implemented. Per diems have also been paid to locally based participants at meetings which is not in accordance with USAID regulations. We also noted that there is no system in place to track, record and confirm the arrivals of invited guests so as to monitor costs and disbursements related to the individuals attending the meetings. We were however not able to establish the existence of any misappropriation or fraud.

Recommendation No. 12

- 3.2.5.4.2 We recommend that per diems be carefully monitored as noted in our recommendations on budgeting and funds management above and that they be issued to non-resident designated persons only, who should sign to acknowledge receipt of the funds.

3.2.5.5 Salary advances and overtime

Findings

- 3.2.5.5.1 Certain advances have been made in respect of staff salaries.
- 3.2.5.5.2 Authority for overtime has not always been authorised in writing by the RTC director and has sometimes been authorised in retrospect. Very little control has been exercised over actual overtime hours worked.

Recommendation No. 13

3.2.5.5.3 While it is often difficult to implement strong controls in these areas, the practice of paying salaries in advance should be discouraged and authority for overtime work should be obtained in advance in writing as these areas contain significant risk of fraud. Clarity should also be obtained on which persons qualify for overtime payments.

3.2.6 Control procedures

3.2.6.1 Written procedures

Findings

3.2.6.1.1 We noted that, although a consultant was commissioned to detail RTC procedures, these were not being followed. Also, although the RTC is funded by different donor organisations, the USAID supplied funds have specific reporting requirements and procedures and no additional provision was made for this. It appeared that the persons responsible for administering the funds were not familiar with USAID reporting requirements. This has resulted in non-compliance with these requirements.

Recommendation No. 14

3.2.6.1.2 We recommend that written procedures covering all aspects of the USAID projects should be incorporated into the procedures referred to above. Areas of emphasis should include:-

- project accounting
- controls required for disbursements, particularly with respect to document retention and per diem expenditures
- the use of competitive bidding.

3.2.6.1.3 RTC personnel associated with the USAID Project should be formally trained in these procedures.

3.2.6.2 Competitive bidding for provision of services

Findings

3.2.6.2.1 USAID funding requirements require that competitive bidding be used for procurement of goods and services in excess of \$500.00. This requirement has not been adhered to particularly with regard to the use of secretarial services and hire of equipment. Some of these expenses appear unreasonably high.

Recommendation No. 15

3.2.6.2.2 We recommend that USAID personnel discuss this issue with RTC administrative staff and ensure that all future expenditure meets bidding requirements by monitoring this on a regular basis.

3.2.6.3 **Assets purchased through USAID funding**

Findings

3.2.6.3.1 We noted that no asset register is kept by the RTC of assets purchased using USAID funds. As the reporting is based on amounts expended during the reporting period, it becomes impossible to track the fixed assets purchased and previously reported in the expenditure report. This can result in the misappropriation of assets.

Recommendation No. 16

3.2.6.3.2 We recommend that a fixed asset register be written up and maintained by RTC.

Our reference

4 COMPLIANCE WITH GRANT PROVISIONS AND APPLICABLE U.S. GOVERNMENT REGULATIONS

4.1 Independent auditors' report

We have audited the Fund Accountability Statement of the Swaziland Regional Training Council (RTC) under the SADCC Technical Support Grant, Project Number 690-0215.45 for the period June 1, 1984 through August 31, 1991 and have issued our report thereon dated December 18, 1991.

We conducted our audit in accordance with generally accepted auditing standards and in accordance with the Government Auditing Standards (1988 Revision) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Fund Accountability Statement is free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the RTC grant agreement is the responsibility of RTC management. As part of obtaining reasonable assurance that the financial statements are free of material misstatement, we performed tests of RTC's compliance with certain provisions of laws, regulations and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

Material instances of noncompliance are failures to follow requirements or violations of prohibitions contained in statutes, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements. The results of our tests of compliance disclosed that accounting records are not adequately documented and supported.

We considered this a material instance of noncompliance in forming our opinion as to whether RTC's Fund Accountability Statement is presented fairly, in all material respects, in conformity with the basis of accounting described in the Notes to the Fund Accountability Statement, and this report affects our report dated December 18, 1991 on that statement.

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, RTC complied, in all material respects, with the provisions referred to in the third paragraph of this report.



Financial 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. This report is intended solely for the use of the Government of Swaziland and USAID but this is not intended to limit the distribution of the report if a matter of public record.

Coopers & Lybrand

December 18, 1991

COOPERS & LYBRAND

4.2 Findings and Recommendation

4.2.1 Introduction

4.2.1.1 USAID requires all grantees, regardless of the country of legal entity, to comply with the terms and conditions included in the cooperative agreement, attached provisions and referenced procurement regulations. In general such compliance cannot be waived by a Mission or by USAID/Washington.

4.2.1.2 Steps performed in this audit to test compliance with the agreement and related provisions included:

- a review of cooperative agreement provisions and related regulations to identify those provisions and regulations which could have a material effect on the financial statements
- audit procedures including detailed testing to evaluate RTC's compliance with these provisions and regulations.

4.2.2. Findings

4.2.2.1 The results of our tests of compliance with the agreement and related provisions, on the Fund Accountability Statement and RTC's internal control structure show that RTC has failed to keep adequately documented and supported accounting records.

4.2.2.2 In particular, the following weaknesses were noted and are reported in more detail elsewhere in this report:

- a total of US \$ 36 151 equivalent is questioned on the basis of USAID not being liable or the conditions of the disbursements not meeting the terms of the grant.
- a total of US \$ 204 504 equivalent is unsupported in that there was inadequate or no supporting documentation.
- expenses allocated to incorrect account headings of US \$ 9 063 equivalent were noted.
- other sundry accounting errors of US \$ 5 643 equivalent were noted.
- the RTC's Fund Accountability Statement expenses were not reconciled to the liquidation records per MACS and an unexplained difference between these of US \$ 38 896 was noted.

- the RTC's Fund Accountability Statement income was not reconciled to the disbursements per MACS and an unexplained difference of US \$ 189 974 was noted.

4.2.3 Recommendations

- 4.2.3.1 Recommendations regarding the above detected accounting weaknesses have been made elsewhere in this report, specifically under Recommendations 1 , 2, 3, 6, 7, 8, 9, 10, 11 and 16.

QUESTIONED EXPENSES - SE

Exhibit 1

DATE	CIEQUE NO:	DETAILS	AMOUNT SE
RTC MEETINGS - AIR FARES			
February 1991		Royal Swazi Airways was paid E29 580 for airtickets for the seminar for Sector - Co-ordinating Units. Some delegates never arrived and an invoice was duplicated. Amount overpaid and to be reclaimed E8 928.00 (now reclaimed).	Nil
RTC MEETINGS - PER DIEM ALLOWANCES			
October 1990	45436	Total per diems for October 1990 seminar for Sector Co-ordinators paid per cash book E35 538.00.	
		- Overpayment to D Mabuza	45.00
		- Double payment to Malawi delegation for overnight stops calculated on 4 nights instead of 2 nights.	2 304.00
		- Per diems paid to persons based in Swaziland.	540.00
November 1987	6070	Dr Murapa per diem. No supporting documentation Dr Murapa locally based therefore, no per diem should have been payable.	<u>243.00</u>
			<u>3 132.00</u>
RTC MEETINGS - SECRETARIAL SERVICES			
June 1991	14208/10	Total amount paid to Speedway Secretarial Services Ministers of Manpower meeting E17 276.00. Amounts supported by invoices E16 736.82	
		- Amount not supported by invoices E539.18	
		- No competitive bidding done for the provision of the services	
		- Unreasonable charges per invoices include	
		- Computer hire and printer @E300 / day for 5 days	
		- photocopier hire @400 / day for 5 days	
		- Insurance for above equipment @E180 /day for 5 days.	17 276.00

QUESTIONED EXPENSES

RTC MEETINGS - SECRETARIAL SERVICES (CONT.)

DATE	CHEQUE NO:	DETAILS	AMOUNT SE
October 1990	45439	Total paid to Speedway Secretarial Services on SADCC meeting - October 1990. - No competitive bidding for services - Unreasonable charges include - Hire of 2 computers and printer at E400 / day for 2 days. - Photocopier hire at E90 / day for 4 days. - Insurance of equipment @E800 / day for 4 days - Amount not supported by invoices E739.27	19 932.27
May 1990	47126	Payments to Speedway Secretarial Services for courier services. No competitive bidding for the services.	5 018.72
April 1990	47107	Payment to Speedway Secretarial Services for courier services. No competitive bidding for the service.	3 177.72
December 1988	10668	Courier services through Speedway Secretarial Services. No competitive bidding for the service.	2 159.74
September 1988	7930	Secretarial services by Speedway. Total paid per cashbook E6 873.01. Balance unsupported by invoices E2 117.11. No competitive bidding for the service.	<u>6 873.01</u>
			<u>54 437.46</u>

TECHNICAL EXPERTS MEETINGS - VENUE COSTS

May 1989	73773	Payments made to Tavern Hotel in respect of Dr Sabai's stay before moving into house misallocated and should be allocated to staff support. Also should be reclaimed from GOS as the responsibility for provision of housing rests with the government.	<u>930.89</u>
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SHORT TERM TECHNICAL SERVICES - PER DIEM ALLOWANCES

April 1988	6094	Per diem paid to locally based person- B Dlamini	<u>189.00</u>
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QUESTIONED EXPENSES

DATE	CHEQUE NO:	DETAILS	AMOUNT SE
MRU EXPENSES			
January - 1990		Car hire charges in Maputo, Mozambique. Per diem claimed was UNDP rate plus 15%, which per PIL 6 should cover local travel costs.	1 147.00
April - 1990		In-country travel expenses, Angola/Zambia. Per diem claimed was UNDP rate plus 15%, which per PIL 6 should cover local travel costs.	94.00
July - 1990		Mbabane workshop with Institute of Management:- - Per diems paid to locals. * K M Kwashie 3 575.00 * N Dlamini 1 787.00 * B R Dlamini 685.00 * G J Manana 2 062.00 * J P Msimoko 2 200.00 * Mr. Meyer <u>550.00</u>	10 859.00
		No competitive bidding for secretarial services by B R Dlamini.	4 260.00
		- Overpayment made to World Travel and Tours for Mr F J Manuel's airticket. Mr Manuel was refunded in cash the payment he made for his airticket while the same ticket was paid for by the MRU on invoice No. 1019. Amount to be reclaimed from World Travel and Tour.	1 988.00
July 1990		Lusaka - Workshop of Public Administrators. - Car hire in Zambia. Per diems paid were at UNDP rates plus 15% which per PIL 6, include the local travel element.	2 032.00
September 1990		Maseru - Workshop with management services division. Per diems paid to locals. * H Pitso 382.00 * M Ramakoe 382.00 * H Ramaema <u>382.00</u>	1 146.00
			<u>21 526.00</u>

QUESTIONED EXPENSES

DATE	CHEQUE NO:	DETAILS	AMOUNT SE
RTC OPERATING COSTS - OFFICE SUPPLIES			
January 1988		Payment to Cory's. Payment duplicated in the cash book. Duplicated payment should be reclaimed from Cory's.	1 313.76
January 1988		Payment to All Stationery duplicated in cash book. Duplicated payment should be reclaimed from All Stationery.	<u>296.24</u>
			<u>1 610.00</u>

QUESTIONED EXPENSES - US\$

Exhibit 2

INVENTORY - SSRU

DATE	CHEQUE NO:	DETAILS	AMOUNTS US\$
June 1990	64941	Payment to Rugumyamheto being per diem for Maseru, Harare Lilongwe and Dar es Salam. Days travelled verified but claim includes \$1000 for travelling expenses. This amount was included in the budget and was claimed in full. The per diem rate used was UNDP + 15% which per PIL 6 includes local travel costs. Thus overpaid by \$1000 = (Total paid \$3127.50).	1 000.00
June 1990	64942	Payment to Nyirabu being per diem to Dar es Salam Lusaka and Maputo. As with above, this budget included \$1000 for local travel. No vouchers seen for local travel. Pil 6 accepted use of UNDP rates plus 15% . The 15% includes local travel costs Amount overpaid \$1000 (Total paid \$3458.70).	1 000.00
March 1990	64919/20	Per diems for Nyirabu and Rugumyamheto for trips to Gaborone, Maseru, Dar es Salam, Lusaka, Lilongwe Harare, Maputo and Luanda. Amount includes \$1000 for local travel. Total paid \$15 815.10 Overpaid \$ 1 000.00 as the per diem includes 15% which covers local travel.	<u>1 000.00</u>
			<u>3 000.00</u>
OPERATING COSTS - RTC MISSIONS			
March 1988	2053	Payment of US\$119 made to Dr Murapa for trip to Zimbabwe. Per diem rate used was overstated by \$8 per day for 2 days.	<u>16.00</u>
MRU - EXPENSES			
July 1990		Per diems paid to locals on the workshop with Institute of Public Administrators (Lusaka).	<u>404.00</u>

UNSUBSTANTIATED EXPENDITURE
CHALANGANI

DATE	CHEQUE NO:	DETAILS	Exhibit J AMOUNT SE
<u>RTC MEETING - AIR FARES</u>			
October 1990	-	Per diem paid to the RTC meeting delegates. Total paid per cashbook E6 598.00. Amounts agreed to signed receipts E5 830.00. The difference is unsubstantiated.	768.00
November 1989	34014	Described in cheque as payment for Dr Sabai. No invoice / no ticket stub.	1 218.00
January 1989	10684	Payment to Royal Swazi Airways. No substantiation as to who travelled and no invoices from the airlines seen.	1 921.80
November 1988	10658	Payment to Royal Swazi Airways. No substantiation of who travelled and no invoice from the airlines seen.	766.00
September	7931	Payment to Royal Swazi Airways. No substantiation as to who travelled and no invoice from the airlines seen.	517.00
August 1985	-	Cash book entry. no details of who was paid and for what purpose.	<u>180.00</u>
			<u>5 370.80</u>
<u>RTC MEETINGS - PER DIEMS</u>			
October 1990	45436	Total per diems for October 1990 seminar for sector co-ordinators paid per cashbook E35 538.00.	
	-	Overnight stop paid to K J M Dliwayo (Zimbabwe) but not paid to Muzjanganja who travelled on the same day to same destination. No evidence that overnight stop was necessary	192.05
	-	Payments made to Malawi delegation as refund of tickets (PT's) no evidence seen of tickets and no signed evidence of receipt.	5 912.00
July 1989	-	Charge to cashbook. No supporting documents for payees. Cannot allocate payment.	3 077.00
January 1989	10678/9	Cheques drawn by V Migochi for per diems. No supporting documents for payees. Cannot allocate payment.	2 511.60
August 1985	6755	Payment to Tavern Hotel classified as per diem. No supporting documentation	<u>393.75</u>
			<u>12 086.40</u>

UNSUPPORTED EXPENSES			
DATE	CHEQUE NO:	DETAILS	AMOUNT SE
RTC MEETINGS VENUE COSTS			
September 1988	7932	Payment to Tavern hotel unsubstantiated.	1 370.51
March 1987	0074	Payment to the Tavern Hotel for conference costs. No detail available.	1 305.00
January 1987	0066	payment to Royal Swazi Sun for conference costs, no details available.	2 794.86
May 1986		Amount allocated per cash book as venue costs Amount cannot be allocated to payee(s)	<u>872.00</u>
			<u>6 342.57</u>
RTC MEETINGS - SECRETARIAL SERVICES			
July 1989	73796	Payment to Speedway Secretarial Services. No supporting documentation seen.	<u>10 120.00</u>
TECHNICAL EXPERTS MEETINGS - AIRFARES			
March 1988	6088	Payment to Royal Swazi Airways. No information available as to who travelled and for which meeting.	7 396.00
November 1987	6067	Payment to Royal Swazi Airways. No list of signed per diem receipts to prove attendance at conference.	8 000.00
November 1987	6068	Payment to Royal Swazi Airways. No list of signed per diem receipts to prove attendance at conference.	9 533.00
May 1986	6799	Payment to Royal Swazi Airways. No list of signed per diem receipts to prove attendance at conference.	<u>16 540.00</u>
			<u>41 469.00</u>
TECHNICAL EXPERTS MEETINGS - PER DIEM ALLOWANCES			
March 1990	34050	Re-issue of cheque to McAlpine. No calculations or proof of attendance seen.	676.00
January 1990	34019/25	Per diem paid to participants. No proof of receipts seen and no calculation of rates seen.	3 381.00
October 1989		Per diem paid to Mokone and Mataka. No proof of receipt seen and no calculation of rates seen.	2 018.00
July 1987		Unexplained credit to cash book.	(810.00)
April 1987		Total cash withdraw per diems for technical experts meetings E13 020.00. Amount vouched to signed receipts E11 112.00. Difference not substantiated E1 908.00	<u>1 908.00</u>
			<u>7 173.00</u>

UNSUPPORTED EXPENSES			
DATE	CHEQUE NO:	DETAILS	AMOUNT SE
TECHNICAL EXPERTS MEETING VENUE COSTS			
March 1989	73752	Payments to Tavern Hotel. Cannot be allocated to any particular project / seminar	1 240.79
May	-	Unsubstantiated cash book entry.	<u>605.00</u>
			<u>1 845.79</u>
TECHNICAL EXPERTS MEETINGS - OTHER			
April	73765	Payments to Post & Telecommunications unsubstantiated.	277.60
April 1989	73766	Payment to Key Hole - Locksmith unsubstantiated	48.50
April		Other payments - cannot allocate	<u>55.41</u>
			<u>381.51</u>
TECHNICAL EXPERTS MEETINGS - PROFESSIONAL FEES			
June 1991		Cash book payments to Royal Swazi Sun E8 785.00, Swazi Inn E161.30, amounts miscalculated and not substantiate.	8 946.00
April 1991	various cheques	Cheque payments to several delegates. No proof of receipt seen and no calculations of rates seen.	4 984.00
February 1990		Cash book payments not substantiated.	7 870.00
December 1989	34015	Payment to Royal Swazi Airways unsubstantiated by invoice or purpose of payment.	4 234.00
October 1989	007	Payment to Rugumyameho not substantiated.	1 014.00
September 1988	7941	Payment to Swazi Post & Telecommunication not substantiated.	667.71
August 1985	various cheques	Payments to Mbiliwa, Sullivan, Matsebula and Bucon at E175.00 each. Not substantiated.	<u>700.00</u>
			<u>28 416.11</u>

UNSUPPORTED EXPENSES

DATE	CHEQUE NO:	DETAILS	AMOUNTS
			SE
<u>SHORT TERM TECHNICAL SERVICES - AIR FARE</u>			
June 1988		Payments made to Royal Swazi Airways - E13 119 unsubstantiated payee - E2 049. Both not supported by invoices or details of purpose of invoice.	15 213.00
September 1985	6771	Payment from cashbook to Royal Swazi Airways. Not supported by invoices for details of purpose of payment	2 008.00
August 1985		Cash book entry. Not substantiated as to payee.	<u>2 015.00</u>
			<u>19 236.00</u>
<u>SHORT TERM TECHNICAL SERVICES - MILEAGE IN SWAZILAND</u>			
August	6094	Cash book entry. No supporting documents.	<u>250.00</u>
<u>SHORT TERM TECHNICAL SERVICES - PER DIEM ALLOWANCES</u>			
April 1988	6094	Per diem paid for Regional Training facilities meeting. Amounts per cashbook E12 230.00. Amounts agreed to signed receipts for per diems E12 050.00 - unsigned for difference E180.00	180.00
July 1986	56/58	Cash book payments no details of recipients or calculations and no acknowledgement of receipt seen.	14 259.00
August 1985	various cheques	Various cheques being per diems to Nyakirangani and Njovana. No details of calculations or acknowledgement of receipt seen.	2 254.00
July 1985	various cheques	Payments to Njovana and Nyakirangani no details of calculation or acknowledgement of receipts seen.	<u>563.50</u>
			<u>17 256.50</u>
<u>SHORT TERM TECHNICAL SERVICES - PROFESSIONALS FEES</u>			
October 1990	45437	Payment to G Magagula. No details of purpose of payment or acknowledgement of receipt.	1 200.00
September 1988		Payments made to consultants (E3 846) Msibi, Dlamini and Capozza. Amounts paid to Msibi and Dlamini substantiated but payment to Capozza of E1 092.00 not agreed to contract.	1 092.00

UNSUPPORTED EXPENSES

DATE	CHEQUE NO:	DETAILS	AMOUNT SE
September 1985		Cash book payment. No details of recipients and no acknowledgement of receipt.	<u>2 631.00</u>
			<u>4 923.00</u>

SHORT TERM TECHNICAL SERVICES - SECRETARIAL FEES

August 1985		Cash book payment. No details of recipients.	<u>3 677.00</u>
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INVENTORY SSBU

March 1991		Unsubstantiated cash book entry.	2 420.00
August 1990		Expenditure per cashbook summary - unsupported	600.00
February 34028 1990		Per diem for January for Nyrabu. No invoice seen.	2 714.00
February 34027 1990		Per diem for January for Rugumyamheto. No invoice seen.	749.00
June 1989		Unsubstantiated cash book entry.	1 648.00
June 1985		Payment to J Stephens - no invoice.	<u>334.31</u>
			<u>8 465.91</u>

UNSUPPORTED EXPENSES			AMOUNT
DATE	CHEQUE NO:	DETAILS	SE
EQUIPMENT AND OTHER ASSETS - DATA PROCESSING			
November 1987	6062	Payment to computronics. No supporting documents.	<u>1 603.00</u>
EQUIPMENT AND OTHER ASSETS - DOCUMENTATION			
December 1987	6072	Payment to Computronics. No supporting documents	55.00
March 1987	6078	Payment to Deputy Sheriff. No supporting documents.	3 062.00
September 1987		Cash book entry unsupported.	<u>1 419.00</u>
			<u>4 536.00</u>

UNSUPPORTED EXPENSES

DATE	CHEQUE NO:	DETAILS	AMOUNT SE
MRU EXPENSES			
May 1989		Unsubstantiated cash book entry	626.00
May 1989	73774	Payment to Swazi Xerox - unsupported	1 239.20
March 1989		Unsubstantiated cash book payment	4 503.00
February 1989		Unsubstantiated cash book payment	3 076.00
January 1989		Unsubstantiated cash book payment	2 185.00
November 1988		Unsubstantiated cash book payment	1 891.00
March 1988	6986	Purchase of airticket to Arusha by Dr Murapa. No details of purpose of visit or airline stub seen.	1 794.00
July 1990	-	Per diem to Cahola. No signed receipt. Re-Mbabane - Workshop with Institute of Management Seminar	<u>344.00</u>
			<u>15 658.20</u>

RTC OPERATING COSTS - RTC STAFF SUPPORT

June 1991	14207	Salary overtime paid to D Dlamini. No confirmation of authorization by director seen.	506.85
September 1990	45431	Salary, overtime paid to D Dlamini. No confirmation of authorization by director seen.	506.85
November 1989	34012	Payment to Speedway. No supporting documentation.	7 982.58
August 1989	10699	V Migochi salary plus overtime for which no documentation was seen.	1 649.04
July 1989		Payment reflected in cash book. Cannot allocate to payee.	507.00
June 1989	73787	Payment to Speedway Secretarial Services. No supporting documentation.	3 791.20
November 1988	10664	Payment to V Migochi. Salary payment less than contract and unsubstantiated.	1 315.67
October 1988	7945	Additional payment to V Migochi which is unsubstantiated.	337.20

UNSUPPORTED EXPENSES			
DATE	CHEQUE NO:	DETAILS	AMOUNTS SE
RTC OPERATING COSTS - RTC STAFF SUPPORT (cont)			
October 1988	7950	Payment to V Migochi. Salary less unsubstantiated advance of E300.00. No authorization of advance seen.	1 116.67
September 1988		Unsupported cash book entry.	5 706.00
August 1988	7909	Unsupported cash book entry payment to Speedway.	555.27
November 1987		Payment reflected in cash book. Cannot allocate to payee.	195.00
July 1987		Unsubstantiated adjustment to cash book.	(99.50)
January 1986		Unsupported cash book entry.	1 964.00
October 1985		Payment reflected in cash book. Cannot allocate to payee.	4 000.00
September 1985		Payment reflected in cash book. Cannot allocate to payee.	566.00
August 1985		Payment in cash book. Cannot allocate to payee.	<u>413.00</u>
			<u>31 014.39</u>

UNSUPPORTED EXPENSES			
DATE	CHEQUE NO	DETAILS	AMOUNT SE
RTC OPERATING COSTS - CONFERENCE STAFF SUPPORT			
April 1988	0083	Payment to Christiana Horta. No contract of employment or purpose of payment stated	1 149.00
January 1987	0065	Payment to Swaziland Business Bureaux. No competitive bid. No details for which conference services provided	10 950.00
November 1986	0064	Payment to Swaziland Business Bureaux. No details for which meeting services were provided. No competitive bid.	5 050.00
August 1986	0061	Payment to Swaziland Business Bureaux. No competitive bid or details for which conference services were provided.	18 677.66
October 1985		Unsubstantiated cash book entry	1 562.00
September 1985	6769	Payment to Swaziland Business Bureaux. No invoice seen. No purpose of payment given.	620.38
			<u>38 010.13</u>
RTC OPERATING COSTS - RTC MISSIONS			
June 1991		Unsubstantiated cash book entry.	752.00
June 1989	73788	Unsubstantiated payment to Dr Sabai.	30.00
June 1989		Payments to Royal Swazi Airways for Dr Sabai's Salaam. Purpose of trip could no be established.	1 221.00
September 1986	0062	Payment to UNISWA. No invoice seen, no details or purpose of payment and no supporting documentation.	5 633.00
September 1986	0063	Payment to UNISWA - Inter Tour Travel. No supporting documentation.	3 420.00

UNSUPPORTED EXPENSES

DATE	CHEQUE NO:	DETAILS	AMOUNT SE
RTC OPERATING COSTS - RTC MISSIONS (cont.)			
October 1985	6773	Payment to A T Crasner. No supporting documents or details of purpose of payment.	200.00
October 1985	6780	Payment to Royal Swazi Airways. No supporting documents or purpose of payment.	896.00
September 1985	-	Unsubstantiated cash book entry.	544.00
January 1985	6789	Payment to Royal Swazi Airways. No supporting documentation and no details of purpose of payment.	<u>716.00</u>
			<u>13 412.00</u>
RTC OPERATING COSTS - COMMUNICATIONS			
March 1990		Unsubstantiated cash book entry.	1 346.00
February 1990		Payment to Ideal Shop Fitters. Amount paid on quotation. No invoice seen.	5 325.00
September 1988	7938	Payment to Post & Telecomms. No supporting documents. Payments of telephone responsibility of GOS except for phase 1 SSRU. Relevant phase not stated.	2 090.32
July 1986		Unsubstantiated cash book entry.	785.00
January 1986	6790	Payment to Interfreight. No supporting documentation.	90.00
October 1985	6777	Payment to interfreight. No supporting documentation.	118.66
July 1985	6752	Payment to Interfreight. No supporting documentation.	<u>1 181.00</u>
			<u>10 935.98</u>
RTC OPERATING COSTS - OFFICE SUPPLIES			
May 1990	47141	Payment to Office Technology. No supporting documents.	749.00
October 1989		Payment to Computronics of E21 235.00 in total with E120 unsupported by invoice.	120.00

UNSUPPORTED EXPENSES

DATE	CHEQUE NO:	DETAILS	AMOUNT SE
RTC OPERATING COSTS - OFFICES SUPPLIES (CONT.)			
July 1989	73772	Payment to All Stationery. No supporting documents.	949.84
June 1989		Cash book entry could not be allocated to payee.	1 838.00
May 1989	73779	Payment to All Stationery. No supporting documents.	368.70
May 1989	73777	Payments to Dr Sabai. No supporting documents as to purpose of payment.	29.95
March 1989		Unsupported cash book entry. Cannot allocate to payee and purpose not stated.	2 395.00
February 1989	10675	Payment to All Stationery. No supporting documentation.	588.72
February 1989		Payment to Swazi Xerox. Statement seen but individual invoice not seen to detail purpose of payment.	647.50
January 1989		Payment made to Swazi Printing and Publishing on an unofficial invoice (no letter heads).	200.00
January 1989	10675	Payment made to Swazi Xerox. No supporting documentation.	266.25
November 1988	10653	Payment to Websters. No supporting documentation.	98.40
November 1988	10655	Payment to Swazi Xerox. No supporting documentation.	647.50
September 1988	7933	Payment to Garden and Home. No supporting documents.	74.40
September 1988	7935	Payment to All Stationery. No supporting documents.	241.99
September 1988	7936	payments to All Stationery. No supporting documents.	212.85
September 1988	7937	Payments to Swazi Xerox. No supporting documents.	1 609.43
September 1988	7939	Payment to Swazi Xerox. No supporting documents.	381.62
September 1987	6058	Payment to Computronics. No supporting documents.	50.00

UNSUPPORTED EXPENSES			
DATE	CHEQUE NO:	DETAILS	AMOUNT SE
RTC OPERATING COSTS - OFFICE SUPPLIES (CONT.)			
June 1987	0092	Payment to Royston Engineering. No supporting documents.	19.50
June 1987		Payments to Computronics. Statement seen but no invoice with details of service purchased.	130.00
October 1985	6776	Payment to Websters. No supporting documents.	392.50
October 1985	6778	Payment to Computronics. No supporting documents.	76.50
September 1988	6770	Payment to All Stationery. No supporting documents.	145.22
October 1985		Cash entry. No details of payee.	56.00
July 1985		Bank charges. No bank statement to substantiate entry.	<u>4.00</u>
			<u>12 293.38</u>
RTC OPERATING COSTS - OTHER			
November 1989	34011	Payment to ATV Valley. No supporting documents No details of purpose of payment.	6 000.00
November 1989	34013	Payment to ATV Valley. No supporting documents No details of purpose of payment.	6 000.00
September 1988	34002	Payment to Royal Swazi Airways. No supporting documents or purpose of payment.	1 726.00
September 1988	7921	Payment to VJR. No supporting documents or purpose of payment.	725.00
March 1988		Unsupported cash book entry.	<u>2 665.00</u>
			<u>17 116.00</u>

UNSUPPORTED EXPENSES - US\$

Exhibit 4
AMOUNT
US\$

DATE	CHEQUE NO:	DETAILS	AMOUNT
		RTC MEETINGS - PER DIEM ALLOWANCES	
August 1987	6739	Payment to Dr Murapa. No supporting documentation.	<u>336.00</u>
		TECHNICAL EXPERTS MEETINGS - AIRFARES	
May 1986	-	Payment made to Simbi and Goncalves. Purpose of trip and authorisation not seen.	1 724.00
June 1987	-	Cash book entry allocated to Airfares. No cheque number and no supporting documentation.	<u>1 674.00</u>
			<u>3 398.00</u>
		TECHNICAL EXPERTS MEETINGS - PER DIEM ALLOWANCES	
November 1987	-	Cash book entry allocated to per diems. No cheque number and no details on who it was paid to.	7 528.00
August 1985	-	Cash cheque for per diems. No supporting documentation for payees and meeting to which it relates.	<u>5 000.00</u>
			<u>12 528.00</u>
		TECHNICAL EXPERTS MEETINGS - TRANSIT ALLOWANCES	
April 1987	6729	Payment to Goncalves and Simbi. No supporting documentation	672.00
July 1986	-	Payments made for distance education seminar. Purpose of payment could not be established. No authorisation seen.	1 140.00
July 1986	-	Payment to P Daka. Purpose of payment and basis of calculating could not be established.	<u>60.00</u>
			<u>1 872.00</u>
		TECHNICAL EXPERTS MEETINGS - VENUE COSTS	
August 1985	-	Cheque cashed at Central Bank. No details of payee and meeting concerned.	<u>2 000.00</u>
		TECHNICAL EXPERTS MEETINGS - PROFESSIONAL FEES	
October 1989	2096	Payment made to A Mokone, as honorarium. No basis of calculation or contract seen.	550.00
April 1991	45498/99	Payments made to R Mataka and Dr. Mujanganja as as honorariums. no basis of calculation or contract seen. Also meeting concerned not stipulated.	<u>1 000.00</u>
			<u>1 550.00</u>

UNSUPPORTED EXPENSES

DATE	CHEQUE NO:	DETAILS	AMOUNT US\$
TECHNICAL EXPERTS MEETINGS - MILEAGE IN SWAZILAND			
April 1987	6729	Payment to Goncalves and Sibisi. no supporting documentation	<u>152.52</u>
SHORT TERM TECHNICAL SERVICES - PER DIEM ALLOWANCES			
July 1985	-	Payment to Dr Njovana (1555.95) and A Kumalo (\$979.80). No supporting documentation.	2 535.75
August 1985		Cash book entry without supporting documentation.	<u>87.00</u>
			<u>2 622.75</u>
SHORT TERM TECHNICAL SERVICES - PROFESSIONAL FEES			
Payment to C. Apostolides. No supporting documentation.			
January 1989	2078/9	No supporting documentation.	4 760.00
August 1988	2071	No supporting documentation.	2 100.00
May 1988	2063/4	No supporting documentation.	3 500.00
January 1988	6748	No supporting documentation.	2 940.00
December 1987	6744	No supporting documentation.	1 779.00
November 1987	6742	No supporting documentation.	2 859.00
September 1987	6740	No supporting documentation.	2 560.00
August 1985	-	Cash book entry. No details of payee. No supporting documentation.	<u>1 829.00</u>
			<u>22 327.00</u>

UNSUPPORTED EXPENSES

DATE	CHEQUE NO:	DETAILS	AMOUNT US\$
INVENTORY - SSRU			
August 1990	45451	Per diem paid to Rugumyambeto does not tie up to calculations based on UNDP rates and day travelled.	1 008.55
February 1990	64910	Per diem for Rugumyambeto in Maputo. No invoice for claim seen.	652.00
February 1990	64911	Per diem for Nyirabu in Maputo. No invoice for claim seen.	652.00
October 1989	-	Payment to Rugumyambeto for honorarium. No invoice or contract seen. Also amount misallocated should be professional fees.	<u>550.00</u>
			<u>2 862.55</u>
RTC OPERATING COSTS - RTC STAFF SUPPORT			
November 1989	64901/2	Dr Sabai's salary plus overtime for which no authorisation seen.	752.00
July 1989	2089	Payment to Dr Sabai. Excess over contract of \$218.45 being overtime for which no authorisation was seen.	218.45
April 1989	2082	Salary payment below contract amount. No supporting documentation.	1 083.00
April	2059	Payment to resource persons:	
		Dlamini 960	
		Mbiliwa 720	
		Chanowa 960	
		Malahlela 960	
		No contract to detail the payments to be made before meeting. Agreed to signed receipts.	3 600.00
March 1988	2052	payment to A P Spriggs. No supporting documentation.	957.65
January 1988	6746/7	Payment to A P Spriggs. No supporting documentation.	700.00

UNSUPPORTED EXPENSES

DATE	CHEQUE NO:	DETAILS	AMOUNT US\$
RTC OPERATING COSTS - RTC STAFF SUPPORT (CONT)			
June 1987	6733/35	payment to A P Spriggs for fees 8/5/87 - 29/5/87 Amount per claim \$903.95. Difference unsubstantiated. No contract to support claim and rates.	,960.00
December 1986	-	Cash book entry. No supporting documents.	701.00
November 1986	-	Cash book entry. No supporting documents.	<u>1 014.00</u>
			<u>9 987.00</u>
RTC OPERATING COSTS - CONFERENCE STAFF SUPPORT			
May 1988	2061	Payment made to G Wallace. No supporting documentation.	<u>685.00</u>

UNSUPPORTED EXPENSES			
DATE	CHEQUE NO:	DETAILS	AMOUNTS US\$
RTC COSTS-- RTC MISSIONS			
January 1991	45481	Per diem paid to Dr Sabai for trip to Namibia. No airline ticket to prove number of days stayed in Namibia seen.	1 600.00
November 1990	45470	Per diem paid to Dr Sabai for trip to Namibia. No airline ticket to numbers stayed in Namibia seen	1 119.00
October 1990	45466/88	Payment to Dr Munjanganja, M Pitso and M Mabuza. No supporting documentation as to receipt or purpose of payment. Paid \$500 each	1 500.00
August 1990	45454	per diem to Dr Sabai on trip to Gaberone. No airline ticket seen to prove number of days stayed in Gaberone.	1 754.90
June 1990	64948	Per diem to Dlamini for trip to Harare. No airline ticket to prove the number of days stayed in Harare.	1 190.25
April 1990	64927/30	Payment made to Sabai, Zwane and Fakudze @595.70 on trip to Lesotho. No airline tickets to prove number of days stayed.	1 787.10
August 1990	45456/57	Per diems for Zwane and Shongwe for trip to Lesotho. No receipt signed for cash received and number of days stayed could not be established.	932.40
January 1990	64908	Per diem to Dr Sabai for Lusaka Conference. No supporting documentation.	2 366.00
January 1990	64909	Per diem to T Zwane for Esami course. No supporting documentation.	600.00
October 1989	2099	Payment to Dr Sabai for per diem to Botswana. No supporting documentation.	386.40
July 1989	2088	Payment to Dr Sabai. No supporting documentation: No supporting documentation.	579.00
July 1989	2090	No supporting documentation.	1 569.75
July 1989	2091	No supporting documentation.	96.00
June 1989	2085	No supporting documentation.	372.00
May 1989	2084	No supporting documentation.	496.00
April 1989	2081	No supporting documentation.	250.00
May	2065	Payment to E Bhambe. No supporting documentation.	260.00
January 1988	6745	Per diem to Dr Murapa. Purpose of trip not known.	749.00
March 1985	-	Per diem to A P Mkhonza. No airline ticket to prove number of days seen.	167.90

UNSUPPORTED EXPENSES

DATE	CHEQUE NO:	DETAILS	AMOUNTS US\$
RTC OPERATING COSTS - RTC MISSIONS (CONT)			
October 1985		Payment to A T Crasner. No supporting documentation.	262.20
July 1985		Payment to A T Crasner. No supporting documentation.	<u>155.25</u>
			<u>18 196.85</u>
RTC OPERATING COSTS - OTHER			
August 1989 1989		Amount described as suspense in cashbook. No supporting documentation.	<u>1 351.00</u>

MISALLOCATED EXPENDITURE - SE / US\$

Exhibit 5
AMOUNTS
SE

DATE	CHEQUE NO:	DETAILS	AMOUNTS
RTC MEETINGS - VENUE COSTS			
November 1990	45444	Payment to IDM for Zwani and Shongue for course in Lesotho. Amount misallocated should be short term technical services professional fees (US\$ equivalent \$3012)	<u>7 530.00</u>
RTC MEETINGS - OFFICE SUPPLIES			
June 1987	14209	Payment to PG Glass for RTC vehicle sign. Amount misallocated should be equipment and other assets - motor vehicles.	195.00
March 1987	0075	Payment to Webster Print for books/proceedings of SADCC second symposium 29 - 31 July 1986. Amount misallocated should be RTC operating costs - other.	<u>2 585.80</u>
		(US\$ equivalent \$1112).	<u>2 780.80</u>
TECHNICAL EXPERTS MEETINGS - AIR FARES			
April 1989	73764	Payment to Royal Swazi Airways for Dr Sabai's first time arrival in Swaziland. This is misallocated and should be charged to RTC operating costs under staff support (US\$ equivalent \$328).	<u>821.00</u>
TECHNICAL EXPERTS MEETING - PROFESSIONAL FEES			
March 1990		Payment to Royal Swazi Airways for Regunyamheto and Nyirabu. This relates to the Inventory / SSRU and is misallocated (US\$ equivalent \$3999).	<u>9 998.00</u>
RTC OPERATING COSTS - OFFICE SUPPLIES			
May 1991	-	Payment to Cooper Motors. Amount misallocated should be equivalent and other assets - motor vehicles.	56.25
November 1990	-	Payment to Cooper Motors. Amount misallocated should be equipment and other assets - motor vehicles.	97.50
August 1990	-	Payment to Cooper Motors. Amount misallocated should be equipment and other assets - vehicles.	<u>111.25</u>
		(US\$ equivalent \$106)	<u>265.00</u>
RTC OPERATING COSTS - RTC STAFF SUPPORT			
December 1990	64903/4	Dr Sabai's per diem received on Inventory Mission. Misallocated amount \$506. Should be Inventory / SSRU expense.	<u>506.00</u>

SUNDRY ERRORS - SE

Exhibit 6

TECHNICAL EXPERTS MEETINGS - PER DIEMS

DATE	CHEQUE NO:	DETAILS	AMOUNT SE
February 1989		Cash withdrawn for payment of per diems to delegates E12 454.82. Amount agreed to signed receipts by delegates E12 738.58. Difference of E283.76 not reflected in the cash book.	<u>12 454.82</u>

RTC OPERATING COSTS - CONFERENCE STAFF SUPPORT

February 34035 1990		Payments to Khalipha Investments for computer administrative and secretarial services. Amounts quoted in dollars for a locally based company.	<u>1 649.73</u>
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UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID MISSION TO SWAZILAND

P.O. BOX 750, MBABANE, SWAZILAND
TEL. 46430, TELEX 2016 WD

April 30, 1992

Mr. Paul Lewis
Resident Partner
Coopers & Lybrand
P.O. Box 569
Mbabane, Swaziland

SADCC TECHNICAL SUPPORT GRANT
REGIONAL TRAINING COUNCIL

Subject: NON-FEDERAL AUDIT REPORT

Dear Mr. Lewis:

Further to your submission of the subject report, we confirm that we have studied the report's contents. Enclosed is evidence to substantiate a number of the items reported in the audit as unsubstantiated. Please review these and make the appropriate adjustments to the final report.

For ease of reference, we have numbered all of the items reported as questioned and unsupported. The enclosed back-up documentation is numbered to correspond to the relevant item.

<u>Serial No.</u>	<u>Date</u>	<u>Cheque No.</u>	<u>Item Description</u>	<u>Amount (SZL)</u>
1	02/91	-	Royal Swazi refunded outstanding amount by credit.	8,928.00
3	09/89	7922	Dr. Murapa completed his contract in July 1988. In 9/89 he was an external resources person.	1,040.00
5	10/90	45440	The Regional Legal Advisor could find no prohibition against purchase of drinks under a host country contract.	915.00

<u>Serial No.</u>	<u>Date</u>	<u>Cheque No.</u>	<u>Item Description</u>	<u>Amount(SZL)</u>
6	06/88	7904	Same as above	270.01
13	02/89	7980	Dr. Murapa left Swd, in July 1988	966.00
16	11/90	45449	USAID authorized in letter dated 3/22/91.	2,439.84
17	11/90	45450	Letter dated 3/22/91	3,002.88
18	12/85	various checks	Letters from DEPS USAID dated 12/5/88 and 12/20/88.	928.34
19	01/88	6076	USAID approved in letter dated 2/12/90.	1,948.40
26-32	various	various checks	USAID approved in letter dated 10/21/88 and 11/01/89.	3,100.00
82	04/88	6094	Subtraction error correct amount is 180.00	1,000.00
84	08/85	various checks	Contract for Nyakirangani and Njovana dated 01/04/86	2,254.00
85	07/85	various checks	Contract for Nyakirangani and Njovana dated 01/04/86	563.50

<u>Serial No.</u>	<u>Date</u>	<u>Cheque No.</u>	<u>Item Description</u>	<u>Amount(SZL)</u>
86	03/91	17375	Contract for Mr.P Mlindwa-Lubega dated 7/18/90.	24,946.00
88	07/85	45401	Contract for Mr.P Mlindwa-Lubega dated 7/18/90.	21,840.00
90	05/86	6707	G. Magagula's con- tract dated 4/15/86	1,210.00
93/94	04/91	-	SSRU requested RTC to make payment to ICS. Work was completed on schedule within budget	50,835.00
94	04/91		Only payment to ICS should be consid- ered unsubstantiated.	4,112.60
97	06/90	47413	Signed letter dated 6/18/90	4,323.36
98	06/90	47144	Signed letter dated 6/18/90.	5,698.85
102-105			Inventory was produced within budget.	143,807.12
111	02/90	34033	Invoice dated 7/2/90	1,038.17
123	09/89	14003	Invoice dated 8/8/89	2,466.65
124	09/89	34004	Invoices dated 28/3/89	214.25

<u>Serial No.</u>	<u>Date</u>	<u>Cheque No.</u>	<u>Item Description</u>	<u>Amount(SZL)</u>
125	08/88	10699	Contract for Ms. V	1,649.04
128	11/88	10664	Migochi is contained	1,815.47
129	10/88	7945	in folder. Also note	937.00
130	10/88	7950	that GOS's financial regulations permit the making of salary advance to individuals in Civil Service	1,146.47
135	06/87	0053	Invoices dated 04/86	10,384.87
136	04/87	0082	This balance should not be disallowed	2,774.22
141	06/88	6089	Contract for R.Fakudze dated 04/21/89	427.00
142	05/88	6095	Contract dated 04/21/89	388.00
160	11/88	10652	USAID authorized in letter dated 10/21/88	164.00
161	09/88	10654/ 7938	Same as above	519.90
162	09/88	7938	RTC requests and USAID approvals	2,090.32
168	10/89	34010	Invoices dated 9/30/89	251.18
181	11/88	10665	Invoice dated 7/25/88	590.91
187	03/88	6082	Invoices dated 2/2/88	1,442.00
188	03/88	6085	Websters Invoice	179.75
200	09/88	7921	RTC requests and USAID approvals	725.00
287	02/89		Mathematical error should be 283.76.	12,171.06

Please note that there is an additional credit from Royal Swazi Airlines for E8,721.78.

<u>Serial No.</u>	<u>Date</u>	<u>Cheque No.</u>	<u>Item Description</u>	<u>Amount(USD)</u>
214	10/89	2995	Confirmation of Travel	329.00
218	01/90	2074	Invoice and receipt	1,820.00
221	03/88	2054	Invoice and receipt	1,680.00
224	03/90	45451	Signed invoice dated 6/8/90	1,008.55
233 - 255	10/88	various	Contracts for A.P. Spriggs	21,468.28
256	05/88	2061	Contract for G. Wallace is contained in folder	685.00
257	05/88	2062	Contract for G. Wallace is contained in folder	1,545.00
265	01/90	64908	Approval letter dated January 17, 1989 (sic)	2,366.70

We hope that the provision of the above listed documents will assist you in resolving the indicated items. Should you have any questions please do not hesitate to contact me or Mrs. Malika Nagagula.

Sincerely,



Charles Brooks
Financial Controller

**Coopers
& Lybrand**

Chartered Accountants (SAC)

Suite 102
Second Floor
Development House
Swiss Place
Midrand
Switzerland

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• (011) 4 2821
• Collyer
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Fax: (011) 48815

a member firm of
Coopers & Lybrand (International)

Our reference
JPL/psd

Mr C Brooks
Financial Controller
USAID Mission to Swaziland
P O Box 750
MBABANE

11 May 1992

Dear Mr Brooks

**SADCC TECHNICAL SUPPORT GRANT REGIONAL TRAINING COUNCIL
NON-FEDERAL AUDIT REPORT**

Thank you for your letter dated 30 April 1992 regarding the above report. We have considered each item and have the following comments to make:

Item 1 - we note that you have now claimed the E8 929 from Royal Swazi following our draft report.

Items 3, 13, 16, 17,	18, 19, 26 - 32, 86,	88, 90, 93, 94, 97, 98,
111, 123, 124, 135, 141,	142, 160, 161, 168,	181, 188, 200, 214,
218, 221, 234 - 236,	240 - 242, 244 - 247,	250 - 255 and 257

- Proper documentation has been located by yourselves subsequent to our fieldwork and copies of these have been reviewed by ourselves and are considered adequate.

Items 5, 6, 82, 102 - 105 and 136 - your comments are accepted.

Items 84, 85, 125, 128, 129, 130, 162, 200, 227 (not 224), 238, 239, 243, 248 and 249 - although contracts now seen there is still no detailed supporting documentation available. We have therefore not allowed for these items in the summary of report adjustments below.

Item 94 - note that you have effectively claimed this as allowable twice by also including it in the amount of E50 835.60 as well as the amount of E4 112.60.

Item 290 (not 287) - supporting documentation is for E12 738 while payment is for E12 454. We have not included this in questioned or unsupported costs but rather under sundry errors which do not form part of the totals under questioned and unsupported costs and as such no adjustment needs to be made to our report.

Page 2/Cont. ...



Partners resident in Midrand: Peter R Cooney, J Paul Lewis

Mr C Brooks
USAID Mission to Swaziland

JPL/psd
11 May 1992

As a result of the above items the totals in our report under sections 1.4, 1.9, 1.10 and 1.11 need to be adjusted as follows:

<u>SZL</u> :	Decrease in questioned costs	E 23 538.47
	Decrease in unsupported costs	<u>E275 065.33</u>
	Increase in accepted costs	<u>E298 603.80</u>
<u>US\$</u>	Decrease in unsupported costs	<u>\$ 24 224.62</u>
	Increase in accepted costs	<u>\$ 24 224.62</u>

We intend including this letter together with yours in our report.

Please confirm that you are in agreement with this letter or contact me at our offices.

Yours sincerely



J P Lewis



UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID MISSION TO SWAZILAND

MAIL ROOM

P.O. BOX 750, MBABANE, SWAZILAND
TEL. 48430, TELEX 2018 WD

June 03, 1992

Mr. J. Paul Lewis
Coopers & Lybrand
Second Floor Development
House
P. O. Box 569
MBABANE

Dear Mr. Lewis

SADCC TECHNICAL SUPPORT GRANT REGIONAL TRAINING COUNCIL
NON-FEDERAL AUDIT REPORT

We received your letter responding to our comments relating to the RTC audit. We are in agreement with the contents of the letter and look forward to receiving the final audit report.

Sincerely

A handwritten signature in cursive script, appearing to read "Charles E. Brooks".

Charles E. Brooks
Regional Controller

ATTACHMENT II

REPORT DISTRIBUTION

American Ambassador to Swaziland	1
Mission Director, Swaziland	5
RCO/USAID/Swaziland	1
A/AID	2
AA/AFR	2
AFR/SA/ZSSM	1
AFR/CONT	1
XA/PR	1
LEG	1
GC	1
AA/FA	1
AA/OPS	1
FA/FM	1
POL/CDIE/DI	1
FAMCS	1
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IG/A/PPO	2
IG/LC	1
IG/RM/C&R	5
AIG/I	1
RIG/I/N	1
IG/A/PSA	1
IG/A/FA	1
RIG/A/EUR/W	1
RIG/A/Vienna	1
RIG/A/Cairo	1
RIG/A/Dakar	1
RAO/Manila	1
RIG/A/Singapore	1
RIG/A/Tegucigalpa	1
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