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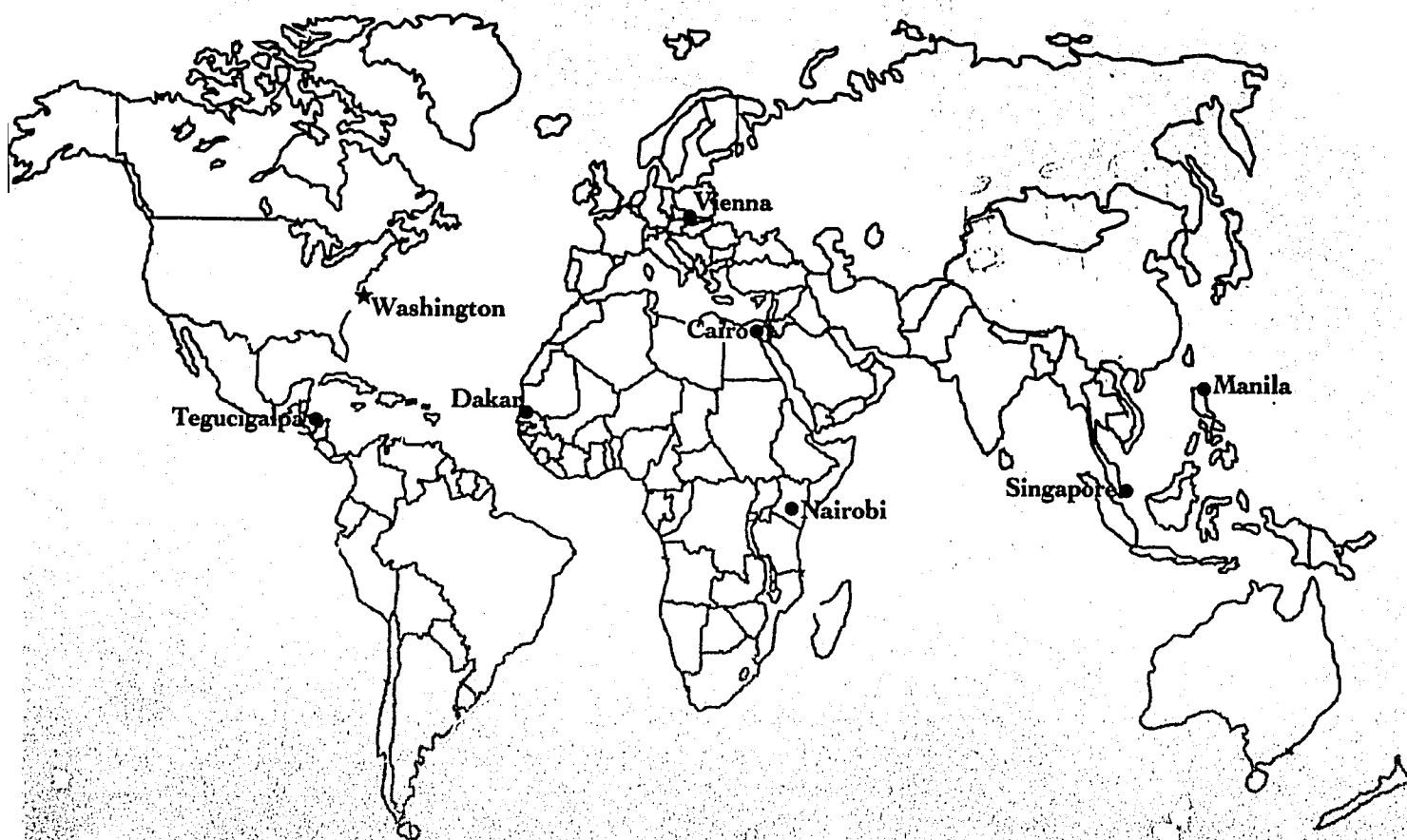
Regional Inspector General for Audit  
Nairobi, Kenya

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Audit of  
The South African Special Self Help  
Program No. 674-0304

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Report No. 3-674-93-01-N  
October 08, 1992



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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

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AGENCY FOR INTERNATIONAL DEVELOPMENT  
REGIONAL INSPECTOR GENERAL/AUDIT

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October 08, 1992

memorandum

**TO:** Leslie A. Dean, Director, USAID/South Africa

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

**SUBJECT:** Audit of the South African Special Self Help Program No. 674-0304, Audit Report No. 3-674-93-01-N

Attached are five copies of an agency-contracted financial audit report of the South African Special Self Help Program No. 674-0304. The accounting firm of Coopers Theron Du Toit, South Africa performed the audit.

The Special Self Help Program provides USAID funds to be spent on small projects that are initiated locally and are separate from other USAID programs. The program provides assistance, usually in the range of \$1,000 to \$10,000, directly to communities with major opportunities for local impact. The South African Special Self Help Program implemented by the U.S. Embassy, South Africa was allowed a total of \$500,000 for each of the years 1988, 1989 and 1990. The audit covered disbursements of \$938,168 to 264 projects for the fiscal period October 1, 1987 to September 30, 1990.

The objectives of this audit were to:

- audit the U.S. Embassy'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;

*-N-*

- consider U.S. Embassy'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 U.S. Embassy'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 a qualified opinion on the Fund Accountability Statement which questioned (ineligible) costs of \$29,478. The audit did not identify any material internal control structure weaknesses. However, it did identify material non-compliance issues relating to project selection criteria being inconsistently followed, site visits not being conducted and required documentation and records not being completed.

The draft audit report was submitted to USAID/South Africa and the auditee for comment and their comments (Appendices I and II) were incorporated in the final report by Coopers Theron Du Toit. 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/South Africa determine the allowability and recover, as appropriate, from the U.S. Embassy, South Africa questioned (ineligible) costs of \$29,478 disbursed to various project activities.

**Recommendation No. 2:** We recommend that USAID/South Africa obtain a plan of corrective action from the U.S. Embassy, South Africa to improve its compliance with:

- 2.1 following the project selection criteria consistently;
- 2.2 conducting site visits relating to project activities; and
- 2.3 completing project documentation and records as required.

We consider Recommendation Nos. 1 and 2 unresolved. Recommendation No. 1 will be resolved upon receipt of a final determination of the allowability of questioned costs. Recommendation No. 2 will be resolved upon receipt of a plan for corrective action. Please

b.

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 Theron Du Toit and Regional Inspector General for Audit representatives during the audit.

Attachments: a/s.

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C.

**AUDIT OF  
THE SOUTH AFRICAN SPECIAL SELF HELP  
PROGRAM NO. 674-0304**

**ATTACHMENTS**

*d.*



Coopers  
Theron Du Toit

a member firm of  
'n lidfirma van  
Coopers  
& Lybrand  
(Internasional)

ATTACHMENT I

MISSION CONTRACTED AUDIT OF

SOUTH AFRICAN SPECIAL SELF HELP PROGRAM NO 674-0304

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**MISSION-CONTRACTED AUDIT OF SOUTH AFRICAN SPECIAL SELF-HELP**

**PROGRAM NO. 674-0304**

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## INTRODUCTION

### 1.1 Background

The Special Self Help Program provides USAID funds to be spent on small projects that are initiated locally and are separate from other USAID programs. The program provides assistance (usually in the range of \$1,000 to \$10,000) directly to communities with major opportunities for local impact.

The South African Special Self Help Program, which is implemented by the US Embassy, South Africa, has been allowed a total of \$500,000 for each of the years 1988, 1989 and 1990. Generally the funds have been allocated among five geographical areas of South Africa : Pretoria, Durban, Cape Town, Johannesburg and the Eastern Cape. The projects are approved for financing by a committee comprised of representatives from the US Government (ie Economic Officer, USIS Officer, Political Officers, the Self Help co-ordinators and a Foreign Service national) at the various consulates.

The program is managed by a part time intermittent or temporary (PIT) Self Help co-ordinator in Pretoria who is the central nationwide co-ordination/liason point and is also responsible for projects in Pretoria and the Eastern Cape. There is a separate PIT Self Help co-ordinator to manage projects in Durban Cape Town and Johannesburg. All these officials are US Embassy staff. The USAID Mission is responsible for financial accountability.

The number of projects and amounts committed and disbursed in the various regions are as follows :

	<u>Number of Projects</u>	<u>Amount Committed</u>	<u>Disbursed as of September 1991</u>
<b>1988</b>			
Cape Town	24	102,550	102,550
Durban	16	91,497	84,856
Johannesburg	26	120,318	117,655
Pretoria	18	<u>104,211</u>	<u>104,211</u>
	<u>84</u>	<u>418,576</u>	<u>409,272</u>
<b>1989</b>			
Cape Town	25	113,820	111,693
Durban	13	96,762	91,570
Johannesburg	19	99,754	97,139
Pretoria	23	<u>183,300</u>	<u>152,800</u>
	<u>80</u>	<u>493,636</u>	<u>453,202</u>

1990

Cape Town	28	115,011	5,329
Durban	27	113,789	1,197
Pretoria	25	149,200	21,134
Johannesburg	<u>20</u>	<u>122,000</u>	<u>48,034</u>
	<u>100</u>	<u>500,000</u>	<u>75,694</u>
TOTALS	<u>264</u>	<u>1,412,212</u>	<u>938,168</u>

The financial audit covers the period October 1, 1987 to September 30, 1990.

The areas of mission concern are that some expenditure may not be acceptable or adequately supported, site visits may not have been made on a timely basis, and the current level of management resources may be inadequate.

## 1.2 Audit Objectives, Scope and Methodology

### 1.2.1 Audit Objectives

Coopers Theron Du Toit was contracted to perform a mission-contracted audit of South African Special Self Help Program No. 674-0304 in accordance with generally accepted auditing standards and the standards of the US Comptroller General's Government Auditing Standards, 1988 Revision (yellow book).

The objectives of this engagement were to :

- audit the auditee'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 contract/grant agreement;
- consider the auditee's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion of the Fund Accountability Statement and to report on significant internal control deficiencies and material weaknesses and
- test the auditee's compliance with the terms of the contract/grant agreement, as part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, and report on identified material instances of non-compliance.

### 1.2.2 Audit Scope

The scope of the audit work included an examination of Fund Accountability Statement for the period October 1, 1987 to September 30, 1990 and an in depth examination of the records relating to a sample of the projects selected throughout the period covering \$314,518 (34%) of the total disbursements of \$938,168. The projects

selected were examined to ensure that the requirements of USAID have been met; and that the terms of the grant agreement were complied with. In addition we examined the internal control structure of the US Embassy relating to the USAID Self Help Program.

The following Government Auditing Standards were not complied with :

- The Government Auditing Standard 3.6 on continuing education was not complied with because the minimum number of hours required to be spent on training in subjects directly related to the government environment and government auditing were not completed except for the reading of material specifically related to the performance of the audit of the Self Help Program.
- The Government Auditing Standard 3.46 on external quality control review was also not complied with because the firm does not intend to place itself in the position of a peer review .
- A management representation letter, in accordance with SAS 19, was not received from the US Embassy, South Africa.

### **1.2.3 Audit Methodology**

A selection on the projects was made from 14 grantees specifically identified by USAID/South Africa together with a random sample of 48 other grantees which covered all locations throughout the period. Out of 62 projects selected, 53 of the projects were visited by Coopers Theron Du Toit Inc.

In regard to the internal control structure of the US Embassy relating to the USAID/South Africa Self Help Program, each location was visited and an evaluation made of the control environment, the accounting systems and control procedures.

In respect of the compliance with the terms of the grant agreement and relevant laws and regulations, we examined the relevant documents to ensure that their compliance was adhered to.

## **1.3 Brief Summary of Audit Results**

### **1.3.1 Fund Accountability Statements**

Our audit tests revealed questioned costs of \$29,478.31. These arose from disbursements amounting to \$1,890.31 (R4,787.14) which were paid out for expenses considered not eligible in terms of the Program's guidelines. The remaining portion relates to potential fraud amounting to \$27,588.00 involving mainly the theft of materials. The files relating to theft of materials, were submitted to RIG/A/N in respect of projects 88-J-21, 89-D-07, 89-P-16, 90-J-02.

### **1.3.2 Internal Control Structure**

Our evaluation of the internal control structure identified a reportable weakness which is described in the Independent Auditor's Report (see Section 3). This was not considered a material weakness.

### **1.3.3 Compliance with Agreement Terms and Applicable Laws and Regulations**

Our evaluation of the South African Special Self Help Program's compliance with Agreement terms and applicable laws and regulations identified certain material instances of non-compliance (see Section 4). Material non compliance includes selection criteria being inconsistently followed, site visits not being carried out and documentation and records required by the program guidelines not being completed.

### **1.3.4 Summary of Auditee Comments**

The Self Help Co-ordinator identified that many of the recommendations had been implemented during 1991 - 1992 which was born out by our visits to the various consulates and Embassies. The problems of continuity and staffing levels will however always be problems with the lower level of priority this program is given by the Embassy.

### **1.3.5 Summary of USAID/South Africa Comments**

In agreement with the Auditees comments.



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 Johannesburg 2000

2 **FUND ACCOUNTABILITY STATEMENTS**

2.1 **INDEPENDENT AUDITOR'S REPORT**

We have audited the Fund Accountability Statements of the US Embassy under USAID/South Africa Special Self Help Program number 674-0304 for the fiscal periods ended September 30, 1988, 1989 and 1990. These Fund Accountability Statements are the responsibility of US Embassy management at Pretoria, South Africa. Our responsibility is to express an opinion on these Fund Accountability Statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, except SAS, 19 because management did not provide us with a representation letter and Government Auditing Standards (1988 revision) issued by the Comptroller General of the United States, except standards 3.6 on continuing education and 3.46 on external quality control review. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Fund Accountability Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the Fund Accountability Statements. We believe that our audit provides a reasonable basis for our opinion.

The US Embassy Fund Accountability Statements were prepared on the basis of the funds committed for each financial year by USAID/South Africa in Pretoria, and of cash disbursements which is a comprehensive basis of accounting other than generally accepted accounting practice.

Except for questioned costs of \$29,478.00 in our opinion, the Fund Accountability Statements referred to above are fairly presented in all material respects, in conformity with the basis of accounting described above under USAID/South Africa Special Self Help Program No. 674-0304 for the period October 1, 1987 to September 30, 1990.

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 information of US Embassy, South Africa and the Agency for International Development, but this is not intended to limit the distribution of the report, if a matter of public record.

*Coopers Theron Du Toit*  
**COOPERS THERON DU TOIT**  
 Chartered Accountants (SA)

June 30, 1992



Johannesburg | S Fours, H C Turner Regional Chairman/Streekvoorsitter  
 Directors/Direktore: S Allen, R J G Boren, C J Bosh, S C Steg, J B Swartz, I S van der Merwe, H C Cameron, A J Coetzee, R G Conrad, C J Durrheim, D S de Kock, D A J Donald, M D Dunn, G J du Plessis, M D Engelbrecht, D H Fieding, D J Fourie, I S Fourie, J S N Fourie, L de J Fourie, J H Grayson, P O Grootboom, R J C Gurnea, S P Kars, J Kelly, M J B Kinnaird, L J de Lange, F J Lantieri, S B Levin, E R MacKinnon, S J Oliver, P G O'Prey, S Rousseau, J D P Strydom, S J Scott, I S Scott, G M Stein, S A Steyn, P Theron, H C Turner, D P Uys, R J van Heerden, A L Verwey, J J Veerbeek, D S van Heerden, J J Wessels, D J Wessels, J G Wessels, D J Wright, H O Zandvoort  
 "Ernst & Young"  
 A full list of directors is available from any official's Verrekening by van direksie as by enige persoon beskikbaar

Other offices  
 Bahria, Barmen, Bloemfontein, Cape Town, Durban, East London, Ermongeni, Eshowe, George, Kimberley, King William's Town, Middelburg, Port Elizabeth, Port Shepstone, Pietermaritzburg, Plettenberg, Port Elizabeth, Pretoria, Rosebank, Stellenbosch, Tzaneen, Uitenhage, Worcester

Ander kantore  
 Bahria, Barmen, Bloemfontein, Kaapstad, Ermongeni, Eshowe, George, Kaapstad, Kimberley, King William's Town, Middelburg, Oos-Londen, Port Elizabeth, Pietermaritzburg, Plettenberg, Port Elizabeth, Pretoria, Rosebank, Stellenbosch, Tzaneen, Uitenhage, Worcester

2.2 US EMBASSY FUND ACCOUNTABILITY STATEMENT

PROJECTS FUNDED UNDER THE SPECIAL SELF HELP PROGRAM AGREEMENT FOR THE PERIOD OCTOBER 1, 1987 THROUGH SEPTEMBER 30, 1990 AS OF SEPTEMBER 30, 1991

	Number of Projects	Amount Obligated \$	Amount Disbursed \$	Acceptable Costs \$	Questioned/ Costs \$	Unsupported Costs \$
<b>1988</b>						
Cape Town	24	102,550	102,550	102,550	-	-
Durban	16	91,497	84,856	84,702	154	-
Johannesburg	26	120,318	117,655	113,073	4,582	-
Pretoria	18	104,211	104,211	104,211	-	-
	<u>84</u>	<u>418,576</u>	<u>409,272</u>	<u>404,536</u>	<u>4,736</u>	<u>-</u>
<b>1989</b>						
Cape Town	25	113,820	111,693	111,693	-	-
Durban	13	96,762	91,570	84,076	7,494	-
Johannesburg	19	99,754	97,139	97,139	-	-
Pretoria	23	183,300	152,800	142,552	10,248	-
	<u>80</u>	<u>493,636</u>	<u>453,202</u>	<u>435,460</u>	<u>17,742</u>	<u>-</u>

	<b>Number of Projects</b>	<b>Amount Obligated \$</b>	<b>Amount Disbursed \$</b>	<b>Acceptable Costs \$</b>	<b>Questioned/ Costs \$</b>	<b>Unsupported Costs \$</b>
<b>1990</b>						
Cape Town	28	115,011	5,329	5,329	-	-
Durban	27	113,789	1,197	1,197	-	-
Pretoria	25	149,200	21,134	21,134	-	-
Johannesburg	<u>20</u>	<u>122,000</u>	<u>48,034</u>	<u>41,034</u>	<u>7,000</u>	=
	<u>100</u>	<u>500,000</u>	<u>75,694</u>	<u>68,694</u>	<u>7,000</u>	=
<b>TOTALS</b>	<u>264</u>	<u>1,412,212</u>	<u>938,168</u>	<u>908,690</u>	<u>29,478</u>	=

A detailed breakdown of the Fund Accountability Statement and accompanying Notes to the Statement are included as Exhibit 1.

## **2.3 SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS**

### **Fund Accountability Statements**

#### **2.3.1 Finding on Ineligible Expenses**

Disbursements amounting to \$1,890.31 (R4 787.14) were questioned because they were paid out for expenses considered not eligible in terms of the Self Help Program's guidelines. These questioned expenses were for labour payments for work done and rental payments for premises occupied by the grantee (See Exhibit 2).

#### **Recommendation No. 1**

Invoices received from the recipients of Self Help activities should be carefully scrutinised by the Self Help co-ordinators/officers to ensure that the expenses comply with the criteria and limitations of the Self Help Program guidelines. The authorised purchase orders should also be reviewed at USAID/South Africa in Pretoria for compliance with the Self Help Program guidelines. USAID/South Africa should determine the allowability of \$1,890.31 (R4,787.24) and recover as appropriate.

#### **Auditee Comments**

All of the Self Help Projects in question date back several years and were managed by different SSH officers and staff at USAID. In the case of salaries and rent, these U.S. contributions were clearly spelled out in the contract and approved by Embassy staff as well as AID. Their reason for allowing such contributions has not been kept in the file. I concur that such items do not comply with our guidelines.

#### **USAID/South Africa Comments**

Based upon the Auditee's response, labor costs totalling \$6,223.93 are indeed allowable costs. The remaining \$1,890.31 (salary and rent) were, in fact, specifically stated as allowable costs in the Individual Activity Agreements signed with the recipients and therefore cannot be considered questioned expenses with regard to the recipients. However, funding of these costs (the \$1,890.31) could be considered as instances of non compliance and so addressed in the Compliance section.

#### **Auditors Response**

These costs were approved by previous Embassy staff, however presently, as discussed with the Self Help Co-Ordinator, more care is taken to ensure that the costs approved in the contract comply with the program's guidelines.



### **2.3.2 Finding on Fraudulent Activities**

- a)           Project No :       SSH-89-674-D-07  
               Grantee :       National Union of Ex-Prisoners  
               Item :         Leather making and sewing equipment  
               Comment :    We were unable to physically verify the equipment at our site visit. (Total disbursements of \$7,494 to the project).
- b)           Project No :       SSH-90-674-J-02  
               Grantee :       Lebokeng Nursery School  
               Item :         Construction of new school  
               Comment :    The site visit showed no evidence of construction either under way or planned. (Total disbursements of \$7,000 to the project).
- c)           Project No :       SSH-88-674-J-21  
               Grantee :       Matsidiso Mentally Handicapped  
               Item :         Purchase of sewing and leatherwork equipment  
               Comment :    We were informed that criminal proceedings were being instituted with regard to Mrs Florence Bojabotsega in respect of the misappropriation of the equipment purchased for the new school. (Total disbursements of R2,846 to the project).
- d)           Project No :       SSH-89-674-P-16  
               Grantee :       Leshling Creche  
               Item :         Construction Materials  
               Comment :    The site visit revealed no evidence of construction or any trace of the project officer, Peter Kgaladi. (Total disbursements of \$10,248 to the project).

### **Recommendation No. 2**

These potential frauds should be followed up by RIG/A/N.

### **Auditee Comments**

USAID is in the process of investigating mismanagement of funds for the Leshling Creche, P16, FY89. J21, FY88, is listed in the audit as a school project but in our agreement records it is listed as a sewing and shoe repair project with invoices and

purchase orders supporting this spending. DO7, FY89, listed in its contract for U.S. contribution, the purchase of tools, not leather making and sewing equipment. The synopsis actually stated that the SSH office did not recommend funding the items listed in the audit. Why these items were approved is unclear - a rather broad interpretation of 'tools'.

#### USAID/South Africa Comments

Based upon the Auditee's response, assume this recommendation is no longer applicable.

#### Auditors Response

After discussion with the Self Help Co-ordinator, of our findings at these particular project sites the co-ordinator is in agreement that these potential frauds should all be followed up.



**Coopers  
Theron Du Toit**

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### 3 INTERNAL CONTROL STRUCTURE

#### 3.1 INDEPENDENT AUDITOR'S REPORT

We have audited the Fund Accountability Statements of the US Embassy under USAID/South Africa Special Self Help Program number 674-0304 for the fiscal periods ended September 30, 1988, 1989, 1990 and have issued our report thereon dated June 30, 1992.

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 about whether the fund accountability statements are free of material misstatement.

In planning and performing our audit of the US Embassy Fund Accountability Statements in respect of the South African Special Self-Help Program number 674-0304 we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statements and not to provide assurance on the internal control structure.

The management of US Embassy - Pretoria is responsible for establishing and maintaining an internal control structure for the USAID/South Africa Special Self Help Program No. 674-0304. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following category :

#### Disbursements



Johannesburg I S Fourie, H C Turner Regional Chairman/Streekvoorsitter

Directors/Direktore B Allen, R J G Barrow, C J Barnes, B C Bee, J B Bester, I Bays, H C Cameron, A J Castro, R G Conrad, C J Darnhauser, D S de Kock, D A J Donald, M D Dunn, G J du Plessis, M D Engelbrecht, D H Fiebig, D J Fouché, I S Fourie, J S N Fourie, L de J Fourie, J H Griesberg, P O Gubbins, R J C Gwynn, S P Hans, J Kelly, M J B Kitchell, L J le Grange, F J Lombard, E S Louw, E R Mackenzie, B J Oliver, P G O'Prey, S Passmore, J D P Schroeder, S J Scott, I S Scott, G M Steyn, B A Steyn, P Theron, H C Turner, D P Uys, R J van Heerden, A L Verster, J J Vespaga, G B van Heerden, J J Wessels, D J Westraal, J G Whelan, D J Wright, H O Zaanen

A full list of directors is available from any office/n Volledige lys van direkteure is by enige kantoor beskikbaar

Other offices

Bethels, Butha Buthe, Bloemfontein, Cape Town, Colesburg, Durban, East London, Engenien, Ermelo, George, Kimberley, King William's Town, Middelburg, Paarl, Pekaarville, Port Elizabeth, Port Shepstone, Pretoria, St. Michaels, Stellenbosch, Tzaneen, Uitenhage, Welkom, Worcester

Andar kantore

Bethels, Butha Buthe, Bloemfontein, Colesburg, Durban, Engenien, Ermelo, George, Kimberley, King William's Town, Middelburg, Oos-Londen, Paarl, Pekaarville, Port Elizabeth, Port Shepstone, Pretoria, St. Michaels, Stellenbosch, Tzaneen, Uitenhage, Welkom, Worcester

For the control category listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risks that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

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

The following reportable condition was observed :

- advances made by USAID/South Africa based on quotations from the suppliers of goods are not always able to be liquidated because invoices for the amounts advanced are not always received by the US Embassy.

A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level, the risk that errors or irregularities in amounts that would be material in relation to the Fund Accountability 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 also considered to be material weaknesses as defined above. However, we do not believe that the reportable condition described above is a material weakness.

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 information of US Embassy, South Africa and the Agency for International Development but this is not intended to limit the distribution of this report as a matter of public record.

*Coopers Theron Du Toit*

**COOPERS THERON DU TOIT**  
Chartered Accountants (SA)

30 June, 1992



Johannesburg 18 Fours, H C Turner Regional Chairman/Breëwaaier

Directors/Breëwaaers B Allan, R J G Barrow, C J Barnes, E C Bass, J B Bauer, I Bays, H C Cameron, A J Casson, R O Cuthbert, C J Darwall, D S de Kock, D A J Dorval, M D Dunn, G J du Plessis, M D Engelbrecht, D H Fielding, D J Fouché, I S Fours, J S H Fours, L de J Fours, J H Goring, P O Goshawk, R J G Gouws, S P Kana, J Kelly, M J B Kestell, L J de Grange, F J Leimard, E S Louw, E R MacKean, S J Oliver, P O Poy, S Reesman, J D P Schreuter, S J Scott, I S Scott, G M Steyn, S A Steyn, P Theron, H C Turner, D P Uys, R J van Heerden, A L Verter, J J Vreese, D S van Heerden, J J Westcott, D J Westcott, J G Wilson, D J Wright, H O Zentgraf

A full list of directors is available from any office. 'n Volledige lys van direkteurs is by enige kantoor beskikbaar

Other offices

Bathinda, Bloemfontein, Bloemfontein, Cape Town, Coles, Durban, East London, Engenien, Eshowe, George, Kimberley, King William's Town, Maseru, Port Elizabeth, Pietermaritzburg, Pretoria, Port Elizabeth, Pretoria, Robertson, Senekal, Stellenbosch, Tzaneen, Uitenhage, Welkom, Worcester

Anders kantore

Bathinda, Bloemfontein, Bloemfontein, Kaapstad, Eshowe, George, Kimberley, King William's Town, Maseru, Port Elizabeth, Pietermaritzburg, Pretoria, Port Elizabeth, Pretoria, Robertson, Senekal, Stellenbosch, Tzaneen, Uitenhage, Welkom, Worcester

## FINDINGS AND RECOMMENDATIONS

- Internal Control Structure
- control environment
  - accounting system
  - control procedures

### Finding on advances made by USAID/South Africa based on quotations

In certain cases where the grantee does not have access to sufficient funds to purchase goods connected with the project, advances are made by USAID/South Africa based on quotations from the suppliers of the goods. In these cases the invoices required to liquidate these advances are not obtained, and it is therefore possible that payments are made for invalid items as there is no evidence that the goods have been received.

### Recommendation No. 3

Whenever possible procurement procedures should avoid the provision of funds based on quotations as there is a danger that payment is made but goods are not delivered to the project. Where cash flow is a problem, payment direct to the supplier would be preferred, based on the provision of a signed delivery note by the grantee. This may require a form of authorization/guarantee by program personnel to the supplier, to provide credit facilities to the grantee.

### Auditee Comments

USAID/South Africa does require invoices to liquidate advances made by projects. At the time an advance is sent to the project a letter accompanies it stating that an invoice is required as soon as items are purchased. Cash flow is a problem in the majority of the SSH projects which are funded. Our office encourages project managers to refrain from processing another quotation until the project has liquidated their existing advance. This is an incentive to send our office the invoice in a timely fashion. Dealing directly with vendors on quotations is an option but in many cases the vendors are fairly small, unsophisticated businesses which could lead to some of the same problems we experience with the grantee.

### USAID/South Africa Comments

USAID disagrees that, where cash flow is a problem, payments direct to the supplier would be preferred. Given the small value of individual transactions and the nature of the majority of vendors, suppliers would not accept USAID's required payment procedures.

Instead, USAID policy (since October 1991) is to reimburse Self Help recipients upon the submission of original invoices for goods and services already obtained. Where a recipient's cash flow is a problem (which is usually the case), USAID

advances funds to the recipient, generally based upon submission of pro forma invoices, and accounts for these advanced funds through the submission of paid invoices. In those instances where invoices are not obtained, expenditure of advanced funds is based upon written concurrence of the Self Help Co-ordinator that the funds were utilized for allowable purposes (this concurrence is often based upon site visits by Embassy personnel).

#### Auditors Response

We understand the problems the Self Help Program has to deal with, when funding small operations. We believe that the policy of providing advances can continue if the control, presently established with the USAID Mission and the Embassy, of continuously following up any outstanding invoices, and the refusal of payments to the project until previous advances have been liquidated, continues to be carried out.

#### 4 COMPLIANCE WITH AGREEMENT TERMS AND APPLICABLE LAWS AND REGULATIONS

##### 4.1 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

We have audited the Fund Accountability Statements of the US Embassy of South Africa under USAID/South Africa Special Self Help Program number 674-0304 for the fiscal periods ended September 30, 1988, 1989, 1990 and have issued our report thereon dated June 30, 1992.

We conducted our audit in accordance with generally accepted auditing standards and 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 about whether the fund accountability statements are free of material misstatement.

Compliance with laws, regulations, contracts, grants, and binding policies and procedures applicable to South African Special Self Help Program is the responsibility of US Embassy management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of US Embassy compliance with certain provisions of laws, regulations, contracts, grants and binding policies and procedures. However, our objective was not to provide an opinion on overall compliance with such provisions.

Material instances of non compliance 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 Fund Accountability Statements. The results of our tests of compliance disclosed the following material instances of non-compliance.



**Coopers  
Theron Du Toit**

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Coopers Theron Du Toit legaal  
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WAT/NTW Reg. No. 4880114887  
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Coopers  
& Lybrand  
(Internasional)

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Material non compliance includes selection criteria being inconsistently followed, site visits not being carried out and documentation and records required by the program guidelines not being completed.

We considered these material instances of non compliance in forming our opinion on whether the Fund Accountability Statements are presented fairly, in all material respects, in conformity with the basis of accounting described in the Independent Auditor's Report on the Fund Accountability Statements and this report does not affect our report on those Fund Accountability Statements.

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, US Embassy management complied in all material respects, with the provisions referred to in the third paragraph of this report, and with respect to items not tested, nothing came to our attention that caused us to believe that US Embassy Management had not complied, in all material respects, with those provisions.

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 information of US Embassy, South Africa and the Agency for International Development but this is not intended to limit the distribution of this report as a matter of public record.

*Coopers Theron Du Toit*  
**COOPERS THERON DU TOIT**  
Chartered Accountants (S A)

30 June 1992

**Johannesburg** I S Peers, H C Turner Regional Chairman/Bestuurvoorsitter

Directors/Direktore B Allen, R J G Berman, C J Bosh, B C Bra, J B Bouwer, I Bays, H C Cameron, A J Coetzee, R G Conrad, C J Diermeier, D S de Haan, D A J Daniels, M D Dunn, G J du Plessis, M D Engelbrecht, D H Fanning, D J Fawcett, I S Fennie, J S Fennie, L de J Pienaar, J H Griesmer, P O Gubbins, R J C Gurney, S P Kato, J Kelly, M J B Kinnear, L J de Klerk, F J Lunn, E S Lynn, S R MacLennan, B J Oliver, P G O'Pry, S Poynton, J D P Strydom, S J Smit, I S Smith, G M Steyn, B A Steyn, P Theron, H C Turner, D P Uys, R J van Heerden, A L Verwey, J J Venter, D B van Heerden, J J Wessels, D J Wessels, J G Wilson, D J Wright, M D Zantner

A full list of directors is available from any office/in Verteegde lys van direkteure is by enige kantoor beskikbaar

**Other offices**

Bahia, Baltimore, Bismarck, Cape Town, Cairo, Durban, East London, EmuSenge, Erkrans, George, Kimberley, King William's Town, Maunaboeg, Paarl, Potchefstroom, Port Elizabeth, Port Shepstone, Pretoria, Rawsonville, Stellenbosch, Tzaneen, Uitenhage, Wakarusa, Worcester

**Andar kantore**

Bahia, Baltimore, Bismarck, Cape Town, Cairo, Durban, East London, EmuSenge, Erkrans, George, Kimberley, King William's Town, Maunaboeg, Paarl, Potchefstroom, Port Elizabeth, Port Shepstone, Pretoria, Rawsonville, Stellenbosch, Tzaneen, Uitenhage, Wakarusa, Worcester





## 4.2 FINDINGS AND RECOMMENDATIONS

### 4.2.1 Finding on Criteria, Continuity, Handover and Training

The criteria for the selection of self-help activities is not consistently followed at the various Consulates as described below :

- (a) There was a non-marking policy of the USAID Emblem for all projects, and therefore the projects generally did not promote public goodwill towards the USA.
- (b) The requirement that all projects should be of a high impact nature was not communicated to the self-help committees at the various Consulates.
- (c) In our opinion, the criterion that self-help activities are to be within the general means of the local community to operate and maintain over the intended life of the end product, was not considered for all projects because they were discontinued.
- (d) The criteria that projects should be able to be promptly implemented was not met in the majority of cases as evidenced by the number of extensions granted for projects.

Partly due to the resource issues outlined above, self help positions on occasions remain unfilled. There is also limited scope to provide a hand-over period between retiring and new personnel, and only in Cape Town we were able to discuss projects for 1988 and 1989 with an officer who had detailed knowledge of the projects.

Program officers were also unclear on the criteria to be applied in the synopsis report. The newly appointed officer at Cape Town had recently had the bulk of her projects for 1992 returned by the co-ordinator as they did not comply with set criteria. The officers also requested copies of our documentation on which we were basing our review.

#### Recommendation No. 4

It appears to us that the self-help programs are by their very nature, not regarded as a high resource priority. We recommend therefore that consideration be given to :

- development of training and guidance manuals/information packs for each self-help program officer;
- periodic meetings of all officers to discuss problems, monitor programs and improve working relationships;

- provision of regular movement reports and status reports by USAID on each grantee, highlighting concerns on non-disbursed and unliquidated balances of projects nearing terminal agreement dates.

### Auditee Comments

Each Self Help program officer was given a memorandum entitled Special Self Help Guidelines and Procedures at a workshop in Pretoria held by Jill Lucas, the acting co-ordinator in 1992. Reference was made at that time to USAID Special Self Help Handbook Number 19, which was available at each consulate. All Self Help officers attending that meeting were still working with the Self Help program at the time of the audit in 1992. The country-wide Self Help co-ordinator is in touch with the branch officers on a weekly basis and none of the SSH officers have ever commented on a 'lack of information on criteria and eligible commodities'. A one day SSH workshop has been scheduled for September 18, 1992, due to the fact that there has been a turnover in SSH personnel in the last two months. The new officers and their supporting SSH staff from each consulate have been invited to attend as well as AID personnel directly involved with the SSH program. At that time program objectives and problems will be discussed and new manuals/information packets will be distributed.

- (a) In response to the non-marking policy of the SSH program the Mission in South Africa has taken the decision to maintain a low profile and emphasize that a project belongs to the community. The U.S. Government is only assisting the community initiative. Based on the number of applications we receive from a particular area following the funding of a project, the local community are aware of our concern and involvement.
- (b) The 'high impact' requirement was detailed in the memorandum distributed to all branch offices at the Self Help workshop in May 1991.
- (c) Before the assumption can be made that the projects which were discontinued did so because they could not be 'properly operated and maintained' a further investigation of these projects should be made.
- (d) There are oftentimes extenuating circumstances which force a project to request an extension. Again, to make the assumption that the 'project was not ready to be promptly implemented' can not be assumed unless one goes back and reviews the reasons for extensions.

To my knowledge no Self Help position has 'remained unfilled for an extended period of time'. On the contrary the position as a Self Help officer is one of the most sought after PIT positions in the American Embassy.

There were no program officers new to the Self Help program this fiscal year, except Cape Town, and they have two individuals sharing the responsibility of the SSH program one of which you stated yourself, 'has detailed knowledge of the program', and has worked with it for many years. Synopses are routinely returned for additional information and clarification on project information. This is one of the few checks and balances which the central office has on the viability of a potential SSH project. In the particular case of Mimi Brians returned synopses, many of the projects listed information which might have made the project ineligible for funding unless there was some clarification, in particular the listing of government support and contributions for preschools.

#### USAID/South Africa Comments

No comments.

#### Auditors Response

As auditors we reviewed the Self Help Programs' compliance with the relevant guidelines and agreements. In many cases the interpretation of the criteria seemed to differ between the different officers.

A review of the internal controls for the 1991 projects highlighted a vast improvement over the problems experienced in prior years.

To a large extent the recommendations relating to criteria, handover and continuity have been identified and subsequently rectified by the Self Help Co-ordinator. The Self Help co-ordinator, in conjunction with USAID/South Africa, intends to discuss all the criteria, what the program hopes to achieve and the necessary accounting controls at a workshop in September 1992 to be held for all the staff connected with the Self Help Program.

#### 4.2.2 Finding on Initial Site Visits

Initial site visits were not carried out on projects 88-J-15 and 88-J-19 before the projects were approved. For seven other projects there was no evidence, on file, of an initial site visit being carried out prior to the projects being approved. (See Exhibit 1 page 3)

No evidence of initial site visits was found relating to the following projects :

- |     |      |   |                  |                                  |
|-----|------|---|------------------|----------------------------------|
| (a) | 1988 | - | P-05, J-21       | (see exhibit 1 pages 3 and 4)    |
| (b) | 1989 | - | D-07, A-02, P-16 | (see exhibit 1 pages 5, 6 and 8) |
| (c) | 1990 | - | J-06, J-16       | (see exhibit 1 page 12)          |

#### Recommendation No. 5

There is no standard document that has to be completed at the initial site visit by the various Embassy staff and therefore we suggest that the application checklist, used by Pretoria, be implemented as the standard documentation to be filled in at all initial site visits.

#### Auditee Comments

All branch Self Help offices have been given a copy of the application checklist used by Pretoria. Unfortunately, in some cases, the checklist does not get filed with other important grantee documentation. This should be done routinely when a Self Help officer opens a new project file.

#### USAID/South Africa Comments

No comment.

#### Auditors Response

No auditors response.

#### 4.2.3 Finding on Activity Implementation Records

Activity Implementation Records (AIR) have not been opened for a number of projects and certain of those projects where an AIR has been opened it has not been properly completed. This has occurred because the various self-help coordinators account for the disbursements in the projects under their control using different methods :-

- (a) in Cape Town a Lotus spreadsheet is used,
- (b) in Durban the information is written on the purchase orders,

- (c) in Johannesburg the information is recorded on slips of paper kept in the file, and
- (d) in Pretoria an AIR is kept.

All the above record the information that would be detailed on the AIR but not always in the format required.

#### **Recommendation No 6**

We recommend that the method of recording the disbursements in the individual project files be standardised either in the form of a computer generated spreadsheet or the manual ledger account (AIR) pasted in the front of the file.

#### **Auditee Comments**

Activity Implementation Records (AIR) are imperative for tracking project disbursements. All Self Help officers should be using the standardized AIR form. This may be computer generated or a manual ledger attached to the file at the time it is opened. This is crucial for the officer's records during the life of the contract, as well as for future reference if some question is raised regarding a project.

#### **USAID/South Africa Comments**

No comments.

#### **Auditors Response**

No auditors response.

#### **4.2.4 Finding on Extensions**

The examination highlighted the high level of extensions granted to the program. We believe also that the document concerning the termination of implementation documents did not always accompany the Individual Activity Agreement. The main reasons for the high level of extensions were :

- lack of grantee education regarding the payment process;
- administration shortfalls by program officers;
- inadequate technical and management skills at the community level.

We found no evidence of an application for extension ever being rejected. In addition grantee extensions were used as a means to cover the payment of invoices, post dated after the original termination date.

In our listing, an amount of \$29,793.77 was identified as sums de-obligated under the program. As the 1990 programs were not really in effect at September 1990, this was in the main relating to 1988 and 1989 projects. This money, we understand, is returned to the "African pool" and may not be re-allocated to the South Africa program. It therefore represents a net loss to the program and thereby reduces the effectiveness of the program.

### Recommendation No. 7

We recommend therefore that :

- the selection criteria be amended to cover the technical and managerial capability of the community based organisation being considered;
- extensions serve as an effective managerial review and assistance in developing improved procedures;
- policy of leaving agreements open after terminal date in order to liquidate and/or disburse balances be reviewed.

### Auditee Comments

Every effort is made to ensure that grantees complete their project spending within the six month contract period. Even the best organized and administered projects do, however, meet with setbacks. One of the major obstacles affecting many projects is simply their remote, rural location. Many of the Self Help grantees do not have phones, nor do they have adequate postal services. The turn around time between grantees sending invoices to the American Embassy, Self Help officers completing purchase orders and sending them off to Paris, Paris sending checks to the Self Help office and the SSH office in turn posting checks to projects is approximately 6 - 8 weeks. This is the main reason for the high level of extensions. Due to lack of cash flow for most grantees, the slightest problem at any one stage in this process prevents the grantee from continuing.

The reasons listed in the audit for extensions are secondary to the slow turn around on payments to grantees. During FY 92 we were able to shorten this process somewhat by sending checks directly from Paris to regional Self Help offices rather than back to AID (which has been the process in the past).

Selection criteria does include careful consideration of a project's technical and managerial capability. The Self Help Guidelines require a potential grantee to have an executive committee consisting of a secretary, treasurer and record keeper.

When an initial site visit is carried out we ask that the executive committee be present for our interview. We also ask to see the records kept by the project thereby verifying some degree of managerial capability.

All extensions must follow a set procedure by the Self Help office. The project manager must submit a written letter to our office requesting an extension and outlining the reasons for their request. The SSH office in turn fills out a standardized extension request form and sends this, along with the grantees letter, to AID for final approval.

#### USAID/South Africa Comments

No comments.

#### Auditors Response

The situation identified during the period under audit has improved with both the Self Help co-ordinator in Pretoria and the USAID/South Africa reviewing the projects more carefully, both in the initial stages and throughout the funding period.

#### 4.2.5 Finding on Individual Activity Completion Notification

Individual Activity Completion Notifications (IACN) were not completed for any of the projects selected by US Embassy.

#### Recommendation No. 8

IACN's must be completed at the finalisation of the self-help activity. This should be combined with a report from the grantee detailing how the project has spent the grant.

#### Auditee Comments

The Individual Activity Completion Notification's (IACN) main purpose, as specified in Handbook 19, is to provide information for the annual summary report, which provides a record of the use of funds. Each SSH officer is asked in October/November to submit to SSH Pretoria a short report on their region's projects indicating what the purpose of the project was and whether the activity's purpose was fulfilled. This information is used in the annual SSH report which is sent to Washington in December. The central office and branch offices retain a copy of this report for their files. The branch offices could very easily place a copy of each individual report in the project file.

**USAID/South Africa Comments**

No comments.

**Auditors Response**

Handbook 19 specifically states that an IACN must be completed for each project, however we do agree that the information contained in the annual report sent to Washington does contain the information that would be included in an IACN and that a copy of this report could be placed in each projects folder.

**4.2.6 Finding on Follow-up Site Visits**

Follow-up site visits were not completed in respect of twelve of the projects selected and we were unable to verify whether follow-up site visits had taken place on a further eight projects because there was no documentary evidence on the files.

- (a) No visits :
- |      |   |  |
|------|---|--|
| 1988 | - | C-01, C-04, J-01, J-15 (see exhibit 1 pages 1 and 3)               |
| 1989 | - | C-09, P-21 (see exhibit 1 pages 5 and 8)                           |
| 1990 | - | C-18, P-04, P-07, P-14, E-02, E-05 (see exhibit 1 pages 9 and 11). |
- (b) No evidence of follow-up visits. Refer to appropriate exhibits for details.
- |      |   |  |
|------|---|--|
| 1988 | - | J-19, J-21, P-05 (see exhibit 1 pages 3 and 4) |
| 1989 | - | P-16, C-07, C-23 (see exhibit 1 pages 5 and 8) |
| 1990 | - | J-02, J-19 (see exhibit 1 page 12).            |

**Recommendation No. 9**

All projects should be visited at the completion of the activity to ensure that the grant has been properly utilised by the grantee. A follow-up checklist should be completed and this should be tied in with the IACN and the project completion report from the grantee.



**Auditee Comments**

A follow-up visit should take place for each SSH project funded. A standardized follow-up checklist should be completed during each visit and placed in the project file. In the past visits have often been made without any formal documentation. This resulted because other Embassy staff on occasion visit a SSH grantee and they were not required to file a report. All project visitations must be documented and the checklist placed in the project file. A copy of the follow-up report should be sent to Pretoria to be placed in the central file.

**USAID/South Africa Comments**

No comments.

**Auditors Response**

No auditors response.

**4.2.7 Finding on Structure and Resources**

The Self Help Program is structured and resourced as follows :

<u>Office</u>	<u>Personnel</u>	<u>Regional Area</u>
Pretoria	Co-ordinator (part-time)	Northern Transvaal & Eastern Cape
Johannesburg	Part time Officer	Transvaal & Free State
Durban	Part time Officer	Natal & Transkei
Cape Town	Shared duties : Consular officials	Western & Northern Cape.

**Recommendation No. 10**

Senior consular staff indicated that their staffing levels were under significant pressure and resourcing was a recurring problem. In order to alleviate this problem we suggested that workloads be optimised to support fewer but larger projects.

**Auditee Comments**

Senior consular staff do in fact have other responsibilities and could possibly be under 'significant pressure'. It is advisable to place a PIT Self Help officer in charge of each regional SSH office. The work load is large but manageable when not faced with limitations due to work related duties outside the SSH scope of work. The purpose of the program is to provide resources for developmental, grassroots project which are in most cases small by nature. Fewer, larger projects (over \$12,000) would not serve the purpose of the program.

**USAID/South Africa Comments**

No comments.

**Auditors Response**

After discussion with the Self Help co-ordinator we agree that fewer, larger projects would not serve the purpose of the program but we still believe that for the program to be successful staffing levels will have to be rectified.

**4.2.8 Findings on Structure and Resources**

The Co-ordinator at Pretoria had significant problems with her Eastern Cape responsibilities because of the distance and lack of budget at the Embassy to meet travel and accommodation costs. Also the Project Self Help officers have to rely a great deal on the co-operation of political officers to attend site visits on their behalf. A similar request to USAID officials has also been made, but we believe this is contrary to official US policy.

**Recommendation No. 11**

The current resource level and structure limits the potential of program officers to personally attend to and meet the requirements of the program. We understand that it is unlikely that further resources will be made available, but recommend that the following re-structure be considered to reduce the amount of travel and consequent costs :-

Pretoria	:	Pretoria and Northern Transvaal
Durban	:	Natal, Transkei, Ciskei and East London areas
Cape Town	:	Western and Eastern Cape to Port Elizabeth
Johannesburg	:	Soweto, Johannesburg Region, Free State and Northern Cape

### Auditee Comments

The staffing structure at present allows Pretoria's co-ordinator access to a locally hired FSN for 50% of his/her time. The Pretoria co-ordinator needs this additional assistance to ensure that the SSH central file for all projects is kept up to date as money is disbursed during the fiscal year. This task, along with the responsibility of two regional Self Help areas (Pretoria and the Eastern Cape), in a 24 hour work week is very demanding. It is my recommendation that the co-ordinators hours be increased to 32 each week.

Regional branch offices do not have access to additional staffing, therefore the suggested re-structuring would give Durban and Johannesburg additional areas of responsibility with no additional manpower. Cutting back on Cape Town's SSH area of responsibility does not seem equitable. The geographical areas at present correspond to consular districts which produce a practical, understandable distribution.

### USAID/South Africa Comments

No comments.

### Auditors Response

The Self Help Program's geographical barriers are in accordance with their respective consular's jurisdiction and therefore restructuring them would be a problem. However the present arrangement and staffing problems are reducing the effectiveness of the Self Help Program.

#### 4.2.9 Post Review Actions

USAID, Pretoria's Financial Controller's office have appointed a dedicated support officer for the program and have reviewed the status of individual projects in the program during the 1992 financial year, de-obligating many of the balances on the projects reviewed under our delivery orders.

The co-ordinator now has a full report on the financial status of each project, and program personnel are far better informed regarding financial information than was the case during the period covered by our review.

We would like to thank the staff of the Self Help Program and USAID for their co-operation and assistance during the course of our audit.

**SPECIAL SELF HELP PROGRAM****EXHIBIT 1**  
Page 1 of 12

Number	PROJECT Name	1988 PROJECTS AMOUNT		FOR PROJECTS SELECTED	
		Obligated	Disbursed	Acceptable Cost	Questioned/Unsupported Costs
		\$	\$	\$	\$
88-674-	<b>CAPE TOWN</b>				
-C-01	Commercial Trade School	3,741	3,741	3,741	-
-C-02	Nongubela Day Care	5,382	5,382		
-C-03	Tafelsig Creche	4,999	4,999		
-C-04	Zolani Timber Project	3,464	3,464	3,464	-
-C-05	Camping & Resource Center Upgrade	2,416	2,416		
-C-06	Const. Project School of Adv.	5,000	5,000		
-C-07	Business Skills & Development Centre	4,500	4,500	4,500	-
-C-08	Community Services Center	2,951	2,951		
-C-09	Launisma Project	6,000	6,000		
-C-10	Chipros Worcester	9,895	9,895		
-C-11	Association for Mentally Handicapped	4,695	4,695		
-C-12	Nonkuleko Creche Pre-School	1,990	1,990	1,990	-
-C-13	Khanya Educare Center	2,096	2,096	2,096	-
-C-14	Cape Flats Distress Association	2,380	2,380	2,380	-
-C-15	Manenberg Pre-School	465	465		
-C-16	Anne's Toddler and Welfare	4,500	4,500		
-C-17	General Adendal Mission Trust Fund	9,888	9,888		
-C-18	Diakonale Dienste Bonn	8,000	8,000	8,000	-
-C-19	Hilder Ster Creche	813	813		
-C-20	Sacla Health Project	6,500	6,500		
-C-21	Buthizwe Coup	2,000	2,000		
-C-22	Cape Teachers Profession	500	500		
-C-23	The Community Services Project	6,469	6,469		
-C-24	Montegu and Ashton	3,906	3,906		
Sub-Total		<u>102,550</u>	<u>102,550</u>	<u>26,171</u>	<u>---</u>

**SPECIAL SELF HELP PROGRAM  
1988 PROJECTS**

**EXHIBIT 1  
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<b>PROJECT</b>	<b>AMOUNT</b>				<b>FOR PROJECTS SELECTED</b>	
	<b>Number</b>	<b>Name</b>	<b>Obligated</b>	<b>Disbursed</b>	<b>Acceptable Costs</b>	<b>Questioned/Unsupported Costs</b>
			\$	\$	\$	\$
<b>88-674-</b>	<b>DURBAN</b>					
-D-01	Sibisiwe Clermont Child	10,000	8,043	8,043	-	
-D-02	Gabangeme Junior Sec/School	10,000	5,379			
-D-03	St. Wendolin's School	9,657	9,657			
-D-04	Umnini Development Trust	9,252	9,252			
-D-05	Crises Care, Welbedacht Women	2,375	2,312	2,158	154	
-D-06	St. Patrick's Farmers Association	6,675	6,675			
-D-07	Wentworth Improvement	10,000	10,000	10,000	-	
-D-08	Durban Indian Child/Family	3,145	3,145			
-D-09	Esikhaweni Pre-School	6,985	6,985			
-D-10	Mpohunyoni Farmers Co-op	8,000	8,000			
-D-11	Philisiwe Clinic	5,000	5,000			
-D-12	Newcastle Artists Association	1,772	1,772			
-D-13	Madadeni Creches	2,423	2,423			
-D-14	Amantungwa Development	1,471	1,471	1,471	-	
-D-15	Diocese of Dundee	1,849	1,849			
-D-16	Cabangokuhle High School	<u>2,893</u>	<u>2,893</u>	<u>2,893</u>	<u>-</u>	
<b>Sub Total</b>		<b>91,497</b>	<b>84,856</b>	<b>24,565</b>	<b>154</b>	

**SPECIAL SELF HELP PROGRAM  
1988 PROJECTS**

Number	PROJECT Name	AMOUNT FOR PROJECTS SELECTED			
		Obligated \$	Disbursed \$	Acceptable Costs \$	Questioned/Unsupported Costs \$
88-674-	<b>JOHANNESBURG</b>				
-J-01	Operation Hunger Emergency Fund	20,000	20,000	20,000	-
-J-02	Community Development Program	4,952	4,952		
-J-03	African Self Help Association	4,500	4,500		
-J-04	Soweto Careers Center	5,000	4,500		
-J-05	Lillydale Youth Develop.	4,928	4,928		
-J-06	ODI Project	4,625	4,625		
-J-07	FUBA Academy/Science & Math	4,868	4,868	4,868	-
-J-08	SHAP Two	5,000	5,000		
-J-09	Stitch-in-Time Community Project	4,959	4,959		
-J-10	Medeans Du Monde Botshabelo	0	0		
-J-11	Diakonale Dienste of N.G.	4,925	4,925	4,925	-
-j-12	Catholic Church Prieska	2,888	2,888		
-J-13	Methodist Church Upington	3,982	3,982		
-J-14	Marist Brothers Kuruman	5,000	5,000		
-J-15	N.G. Mission Church Carnarvon	2,925	2,925	2,925	-
-J-16	Christian Brothers College	3,985	3,985		
-J-17	Read Education/Trust Bloemfontein	5,000	5,000	3,264	1,736
-J-18	M.J. Knitting & Sewing	4,000	4,000		
-J-19	Intsika Cultural Institute	4,960	1,837	1,837	-
-J-20	Vosloorus Unemployed Workers	4,961	4,961		
-J-21	Matsidiso Mentally Handicap	2,846	2,846	-	2,846
-J-22	Breakthrough Faith Early Education	3,000	3,000		
-J-23	Bophelo/Impilo Com. Assoc.	3,989	3,989		
-J-24	Lesedi Women's Organisation Soweto	3,000	3,000		
-J-25	Dlamini Children's Home	1,985	1,985		
-J-26	Bosplaas Health and Water	5,000	5,000		
Sub Total		120,318	117,655	37,819	4,582

**SPECIAL SELF HELP PROGRAM  
1988 PROJECTS**

Number	PROJECT Name	AMOUNT		FOR PROJECTS SELECTED	
		Obligated	Disbursed	Acceptable Costs	Questioned/Unsupported Costs
		\$	\$	\$	\$
<b>PRETORIA</b>					
88-674-					
-P-01	Assumption Convent	5,000	5,000	5 000	-
-P-02	Ramathebe Pre-School	10,000	10,000		
-P-03	Uitenhage Traders Association	8 401	8 401		
-P-04	Ntombekhaya Mqubasi	5,000	5,000		
-P-05	Soweto Comm. Center Brick	3 971	3 971	3 971	-
-P-06	Paballong School	1 996	1 996	1 996	-
-P-07	Alexandra Health Center	8 351	8 351	8 351	-
-P-08	Itireleng Rural Welfare	7 941	7 941		
-P-09	Science/Engine Academy	1,000	1,000		
-P-10	Catholic Welfare Bureau	4 500	4 500		
-P-11	Mmabatho Pre-School	7,231	7,231		
-P-12	Koinonia	4 390	4 390		
-P-13	Mpeleng Pre-School	9 709	9 709	9 709	-
-P-14	Montsheng Lower/Higher	7 603	7 603	7 603	-
-P-15	Tlhabologong Sewing Group	377	377		
-P-16	Self Help & Co-ops Coord	9 719	9 719		
-P-17	Ntombekhaya Mgubasi Found.	5,000	5,000		
-P-18	Trinity High School	4,022	4,022		
Sub Total		<u>104,211</u>	<u>104,211</u>	<u>36,630</u>	-
<b>TOTAL</b>		<u>418,576</u>	<u>409,272</u>	<u>125,185</u>	<u>4,736</u>

**SPECIAL SELF HELP PROGRAM  
1989 PROJECTS  
AMOUNT**

**EXHIBIT 1  
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<b>PROJECT</b>		<b>AMOUNT</b>		<b>FOR PROJECTS SELECTED</b>	
<b>Number</b>	<b>Name</b>	<b>Obligated</b>	<b>Disbursed</b>	<b>Acceptable Costs</b>	<b>Questioned/Unsupported Costs</b>
		\$	\$	\$	\$
89-674-	<b>CAPE TOWN</b>				
-C-01	Vakalisa Art Associates	420	420		
-C-02	Philani Nutrition Centres	4,500	4,500		
-C-03	Khanyisa Educare Center	2,000	1,818		
-C-04	Operation Hunger	3,000	3,000	3,000	-
-C-05	Wielie Walie Pre-school	10,000	10,000	10,000	-
-C-06	Brougbel Theatre Group	3,500	3,500		
-C-07	Sacla Health Project	10,000	10,000		
-C-08	Paarl Assoc. for Physically Hand.	4,000	3,993		
-C-09	Zimele Transform. Res. Center	10,000	10,000	10,000	-
-C-10	Khayamandi Baptist Home	7,000	7,000		
-C-11	Mascindane Assoc. KTC	0	0		
-C-12	Roodspan Self Help	1,000	830		
-C-13	Molukhonyo Pre-school	1,000	731		
-C-14	Early Learn. Res. UMT	1,600	1,600	1,600	-
-C-15	Khanyisa Environ.	1,400	1,400		
-C-16	W. Cape Foundation	1,600	1,600		
-C-17	Khanyisa Creche	2,000	2,000		
-C-18	Forlon Hope Primary School	11,100	11,100		
-C-19	Beth Uriel	5,100	5,100		
-C-20	Mascindane Childmaking	3,200	2,869		
-C-21	Read Educational Trust	1,600	1,600		
-C-22	Siyavuka Library	4,000	3,155		
-C-23	Haas Das Creche Center	6,500	6,177		
89-674	<b>AMBASSADOR'S</b>				
-A-01	Operation Hunger	9,300	9,300		
-A-02	Pace Community College	10,000	10,000	10,000	-
<b>Sub Total</b>		<b>113,820</b>	<b>111,62</b>	<b>34,600</b>	<b>-</b>



**SPECIAL SELF HELP PROGRAM****EXHIBIT 1**  
**Page 6 of 12****1989 PROJECTS**

<b>PROJECT</b>		<b>AMOUNT</b>		<b>FOR PROJECTS SELECTED</b>	
<b>Number</b>	<b>Name</b>	<b>Obligated</b>	<b>Disbursed</b>	<b>Costs</b>	<b>Acceptable</b>
<b>Questioned/Unsupported</b>				<b>Costs</b>	<b>Costs</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>89-674-</b>	<b>DURBAN</b>				
-D-01	Diocese of Dundee	6,000	5,621		
-D-02	Newcastle Artist Assoc.	3,125	2,294		
-D-03	Natal Regional Crafts Association	10,000	8,560		
-D-04	Alpha Day Care	5,000	4,298		
-D-05	Asambeni Careers Consult	3,637	3,637	3,637	-
-D-06	Khongisa Youth Center Arts	6,000	6,000		
-D-07	National Union Ex-Prisoners	9,000	7,494	-	7,494
-D-08	YWCA	20,000	20,000		
-D-09	Masmove Reading Room	5,200	5,169		
-D-10	Ugame Home Econ Center	10,000	9,993	9,993	-
-D-11	Sikhula Creche	7,500	7,500	7,500	-
-D-12	Stanger/Tugela Mobile Pre-School	1,300	1,136		
-D-13	Pinetown Methodist Primary School	<u>10,000</u>	<u>9,868</u>	<u>9,868</u>	<u>-</u>
<b>Sub Total</b>		<b>96,762</b>	<b>91,570</b>	<b>30,998</b>	<b>7,494</b>

**SPECIAL SELF HELP PROGRAM  
1989 PROJECTS**

**EXHIBIT 1  
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<u>Number</u>	<u>PROJECT Name</u>	<u>AMOUNT</u>		<u>FOR PROJECTS SELECTED</u>	
		<u>Obligated</u>	<u>Disbursed</u>	<u>Acceptable Costs</u>	<u>Questioned/Unsupported Costs</u>
		\$	\$	\$	\$
89-674-	<b>JOHANNESBURG</b>				
-J-01	Alexandra Business College	5,000	4,995	4,995	-
-J-02	Boitumelong Nursery/Creche	5,000	5,000	5,000	
-J-03	Catholic Relief Project	2,500	2,462		
-J-04	Diakonale Dienste Miss Crec	3,000	3,000		
-J-05	Johannesburg Dance Foundation	7,000	7,000		
-J-06	Kingsway Center of Concern	5,000	5,000		
-J-07	Mpumelelo Pre-school	5,000	5,000		
-J-08	Inkanyezi Day Care	5,000	5,000		
-J-09	Thusanong Carpentry Co-op	5,000	5,000		
-J-10	Tswelopeie Protect Work	5,000	3,915		
-J-11	Potchefstroom Child Welfare	4,500	4,272		
-J-12	Zimele Hawkers Organization	6,000	6,000		
-J-13	Phaala Itsosang Women	4,000	3,004		
-J-14	St. Anthony Clinic	5,000	4,737		
-J-15	Thuthukane Day & Night Care	4,000	4,000		
-J-16	Orlando Children's Home	15,000	15,000	15,000	
-J-17	Mohau Women's Organization	4,999	4,999		
-J-18	Paballo/Malekgene Day Care	5,000	5,000		
-J-19	Masakhane Mshenguville Project	<u>3,755</u>	<u>3,755</u>		
Sub Total		<u>99,754</u>	<u>97,139</u>	<u>24,995</u>	<u>-</u>

**SPECIAL SELF HELP PROGRAM  
1989 PROJECTS**

**EXHIBIT 1  
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<u>PROJECT</u>	<u>AMOUNT</u>	<u>FOR PROJECTS SELECTED</u>			
		<u>Acceptable</u>	<u>Questioned/Unsupported</u>		
<u>Number</u>	<u>Name</u>	<u>Obligated</u>	<u>Disbursed</u>	<u>Costs</u>	<u>Costs</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
89-674-	<b>PRETORIA</b>				
-P-01	Themba Water School Project	7,000	7,000		
-P-02	Ziphakamise School	7,000	7,000		
-P-03	St Joseph Development Center	5,000	3,490		
-P-04	Pfanani Community Center	8,000	8,000		
-P-05	Zenzeleni Community Center	2,300	1,097		
-P-06	Immanuel SAid Project	8,000	8,000		
-P-07	Eyethu Imbali Project	7,000	7,000		
-P-08	Nkosinathi Community Creche	10,000	5,404	5,404	-
-P-09	Port Elizabeth Youth Center	10,000	9,091		
-P-10	Mimzamo Self Help	5,000	4,498		
-P-11	Healdtown Comm./Ed. Trust	4,000	1,221	1,221	-
-P-12	Port Elizabeth Education Center	9,000	8,738		
-P-13	Masilungise Carpet and Shoe Repair	9,000	7,991	7,991	-
-P-14	Port Elizabeth Ex-Detainees	9,000	9,000		
-P-15	Academic Support Program	9,000	1,445	1,445	-
-P-16	Leseding Creche	12,500	10,248	-	10,248
-P-17	Siyabuswa Mission	20,000	19,625		
-P-18	Lesedi Children's Garden	8,000	8,000	8,000	-
-P-19	Jakamene H.P. School	10,000	2,642	2,642	-
-P-20	Bushbuck Ridge Mosane Fund	7,500	7,500		
-P-21	Mpelegang Pre-School	3,000	3,000		
-P-22	Tshamahansi Pre-School	10,000	10,000		
-P-23	Manatepho School	2,000	2,800		
		<u>183,300</u>	<u>152,800</u>	<u>26,703</u>	<u>10,248</u>
<b>TOTAL</b>		<u>493,636</u>	<u>453,202</u>	<u>117,296</u>	<u>17,742</u>

**SPECIAL SELF HELP PROGRAM****EXHIBIT 1**

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Number	PROJECT Name	1990 PROJECTS AMOUNT		FOR PROJECTS SELECTED	
		Obligated	Disbursed	Acceptable Costs	Questioned/Unsupported Costs
		\$	\$	\$	\$
90-674-	<b>CAPE TOWN</b>				
-C-01	Belbar Pre-school	1,200	0		
-C-02	Bellville Art Project	1 900	0		
-C-03	Sateline Unit	3,100	0		
-C-04	Community Ceramics	900	0		
-C-05	Eastridge/Beacon Valley Creche	3,200	329		
-C-06	Eerste River Res. Center	2 500	0		
-C-07	Eyethu Educare Center	4 600	0		
-C-08	Lavis Art Center	4 600	0		
-C-09	Nomfundo Pre-school	2 300	839		
-C-10	Phumelela Help/Hand Center	1 900	0		
-C-11	Siseko Comm. Trade School	1 400	0		
-C-12	Deaf Community of Cape Town	5,000	0		
-C-13	Street Children's Shelter	3,000	2 362		
-C-14	Nooitgedacht Headquarters	5,000	749	749	
-C-15	Vuyisa Squatter Camp	5,000	0		
-C-16	St. Luke's Comm. Council	9,200	0		
-C-17	St. Augustine's Comm./Church	8,100	0		
-C-18	Worcester Ecumenical Services	1,100	1,050	1,050	
-C-19	Saron Comm. Ser Center	7 500	0		
-C-20	Cobert Sewing Training	12 500	0		
-C-21	Steenberg/Retreat Housing Act	3,000	0		
-C-22	Springwood Day Care Creche	10,000	0		
-C-23	Zama Dane School Trust	3,000	0		
-C-24	Zenzele Vibracrete Co-op	7,000	0		
-C-25	Kuilsville Pre-primary School	3,000	0		
-C-26	Marist Bros. Slough Loopent	3,000	0		
-C-27	Kamiesburg Development Association	3,011	0		
-C-28	Diakonale Dienste Middleburg	3,000	0		
Sub Total		115,011	5,329	1,799	

**SPECIAL SELF HELP PROGRAM**  
**1990 PROJECTS**

**EXHIBIT 1**  
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<u>Number</u>	<u>PROJECT Name</u>	<u>AMOUNT</u>		<u>FOR PROJECTS SELECTED</u>	
		<u>Obligated</u>	<u>Disbursed</u>	<u>Acceptable Costs</u>	<u>Questioned/Unsupported Costs</u>
		\$	\$	\$	\$
90-674-	<b><u>DURBAN</u></b>				
-D-01	Zamukuphila School	9,804	0		
-D-02	N/A	0	0		
-D-03	Lindokuhle Sewing Co-op	2,353	0		
-D-04	Inchanga Education Project	1,961	0		
-D-05	Thuthukani Women's Club	1,961	1,197		
-D-06	Hlalanathi Creche	1,633	0		
-D-07	Masakhane Women's Group	7,054	0		
-D-08	Bhakajane Sewing Group	2 875	0		
-D-09	Khulunamahlubi Women's Group	734		0	
-D-10	Khulamtwana Community Group	927		0	
-D-11	Children Displaced/Violence	8,824	0		
-D-12	Kuthalani Association	1,608	0		
-D-13	Izhwezi Welfare Organization	8,000	0		
-D-14	Ekukhanyeni Training Center	2,750	0		
-D-15	Vulingondo Creche	7,700	0		
-D-16	Women's Craft Co-op	4,800	0		
-D-17	Vukani Women's Group	800	0		
-D-18	Yukuzithathe Women's Organ.	650	0		
-D-19	Thembalihle Creche	1,000	0		
-D-20	Kwa-Zulu Cane Growers Association	10,000	0		
-D-21	Msitha Mission Comm. Garden	4,650	0		
-D-22	How Long Park	800	0		
-D-23	Eshowe Community Development	4,850	0		
-D-24	Masmome Reading Room	1,250	0		
-D-25	Creche Building	8,000	0		
-D-26	Creche Construction	7,000	0		
-D-27	Science/Tech. Education Upgrade	7,800	0		
-D-28	Clinic Building Construction	4,000	0		
Sub Total		<u>113,789</u>	<u>1,197</u>	=	=

**SPECIAL SELF HELP PROGRAM**

**EXHIBIT 1**  
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<b>Number Costs</b>	<b>PROJECT Name</b>	<b>1990 PROJECTS AMOUNT</b>		<b>FOR PROJECTS SELECTED</b>	
		<b>Obligated</b>	<b>Disbursed</b>	<b>Acceptable Costs</b>	<b>Questioned/Unsupported</b>
		\$	\$	\$	\$
<b>90-674-</b>	<b>PRETORIA</b>				
-P-01	Resource Center N/Transvaal	5,000	0		
-P-02	Lambani Community Garden	7,200	698		
-P-03	Thusanang Self Help	1,700	0		
-P-04	Magatane Pre-School	8,000	6,546		
-P-05	Tsogo High School	4,000	2,792	2,792	
-P-06	Institute Family Marital	5,000	4,864		
-P-07	Max Stibbe School	9,600	0		
-P-08	Zenex Literacy Project	2,000	0		
-P-09	N/Transvaal Council/Church	5,600	4,934	4,934	
-P-10	Masakhane Family Aid	1,300	1,300		
-P-11	Rehogile Child Development	10,000	0		
-P-12	Mahle District Development	4,000	0		
-P-13	St. Camillus Mission School	8,000	0		
-P-14	Rita Village Creche	8,000	0		
-P-15	Letshela-Kgabo Pre-school	7,700	0		
-P-16	Aconhoek Boneholes Project	14,900	0		
-P-17	Thusanang Self Help	2,000	0		
-P-18	St. Anthony Raal Aid Project	13,200	0		
-E-01	Eluxulweni Center	5,000	0		
-E-02	Mary Mount School	7,900	0		
-E-03	Rivendale Children's Center	3,300	0		
-E-04	St. Theresa Primary School	4,500	0		
-E-05	Vela School Project	10,000	0		
-E-06	St. Matthews Church Committee	4,000	0		
-E-07	Mary Mount School	0	0		
<b>Sub Total</b>		<b>149,200</b>	<b>21,134</b>	<b>7,726</b>	<b>-</b>

**SPECIAL SELF HELP**  
**1990 PROJECTS**

**EXHIBIT 1**  
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<u>Number</u>	<u>PROJECT</u> Name	<u>AMOUNT</u>		<u>FOR PROJECTS SELECTED</u>	
		<u>Obligated</u> \$	<u>Disbursed</u> \$	<u>Acceptable Costs</u> \$	<u>Questioned/Unsupported Costs</u> \$
90-674	<b><u>JOHANNESBURG</u></b>				
-J-01	Johannesburg Institute	10,000			
-J-02	Lebohang Nursery School	7,000	7,000	-	7,000
-J-03	Thusanang People's Organization	5,000	0		
-J-04	Township AIDS Project	6,500	5,782	5,782	-
-J-05	COUNT	8,000	8,000	8,000	-
-J-06	Montsusi Health Clinic	5,000	131	131	-
-J-07	ECO Link	4,500	0		
-J-08	The Brent Park Caring Gr	6,000	0		
-J-09	Ikemeleng Remedial School	7,500	7,500	7,500	-
-J-10	Moving into Dance	8,000	2,864	2,864	-
-J-11	Lerato Women's Organization	4,500	3,757	3,757	-
-J-12	African Traditional Train	7,000	0		
-J-13	Viola Hashe Sewing	8,000	0		
-J-14	Ekuthuleni/Khotsong Comm.	4,000	0		
-J-15	Thutokelesedi Pre-school	3,000	0		
-J-16	Setlamo Pre-Primary	7,500	0		
-J-17	Black Housewives League	3,000	3,000	3,000	-
-J-18	Nokuthule Centre	7,500	0		
-J-19	Siyazakhela Early Learning	3,000	0		
-J-20	Michael MT, Waldorf School	7,000	0		
		<u>122,000</u>	<u>48,034</u>	<u>31,034</u>	<u>7,000</u>
Sub Total	<b>TOTAL</b>	<u>500,000</u>	<u>75,694</u>	<u>40,559</u>	<u>7,000</u>
	<b>GRAND TOTAL</b>	<u>1,412,212</u>	<u>938,168</u>	<u>908,690</u>	<u>29,478</u>

**SCHEDULE OF QUESTIONED COSTS AND OTHER FINDINGS**

**ITEMS PAID CONSIDERED NOT ELIGIBLE IN TERMS OF PROGRAM GUIDELINES**

<b>Agreement No.</b>	<b>Grantee</b>	<b>Item</b>	<b>R</b>	<b>\$</b>	
<b>1</b>	<b>SSH-88-674-J-17</b>	<b>READ</b>	<b>Salary Co-ordinators</b>	<b>1,790.79</b>	<b>730.93</b>
				<b>615.51</b>	<b>251.22</b>
				<b>615.51</b>	<b>251.22</b>
				<b>1,300.00</b>	<b>477.94</b>
				<b>65.33</b>	<b>24.56</b>
				<b><u>4,387.14</u></b>	<b><u>1,735.87</u></b>
<b>2</b>	<b>SSH-88-674-D-0</b>	<b>Welbedacht Crisis Centre</b>	<b>8 Months Rent</b>	<b><u>400.00</u></b>	<b><u>154.44</u></b>
				<b><u>4,787.14</u></b>	<b><u>1,890.31</u></b>



APPENDICES

The Auditee's and USAID/South Africa's comments were based on the draft report discussed at the exit conference on Friday, August 28 1992. At the exist conference findings 2 and 10 (from the draft report) were cleared with the Auditee and USAID/South Africa and therefore those findings and auditors recommendations have been removed from the final report.

Draft Report

Recommendations 1

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Final Report

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Removed

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Date: 26 August 1992  
 Subject: Special Self Help Program Audit  
 Drafted: Sandy Evans, SSH Coordinator

#### SOUTH AFRICAN SELF HELP PROGRAM

The Special Self Help (SSH) Program coordinator and auditee has prepared an appendix to the SSH audit at the request of Coopers Theron Du Toit. The SSH comments apply to the findings and recommendations of the auditor and are enumerated according to the numbers listed in the auditor's report.

#### Recommendation #1

All of the Self Help Projects in question date back several years and were managed by different SSH officers and staff at USAID. In the case of salaries and rent, these U.S. contributions were clearly spelled out in the contract and approved by Embassy staff as well as AID. Their reason for allowing such contributions has not been kept in the file. I concur that such items do not comply with our guidelines. The projects which involve the payment of labor expenses are, however, acceptable under SSH guidelines and were listed under U.S. contribution as, 'construction expenses'.

#### Recommendation #2

Each of the projects in question did, in fact, submit invoices dated prior to the project completion date. These projects each requested extensions, in writing, for their projects. Each project was granted an extension by the SSH program as well as USAID, which allowed completion of project spending before project 'expiration'.

#### Recommendation #3

USAID is in the process of investigating mismanagement of funds for P16, FY89. J21, FY88, is listed in the audit as a school project but in our agreement records it is listed as a sewing and shoe repair project, with invoices and purchase orders supporting this spending. D07, FY89, listed in its contract for U.S. contribution, the purchase of tools, not leather making and sewing equipment. The synopsis actually stated that the SSH office did not recommend funding the items listed in the audit. Why these items were approved is unclear - a rather broad interpretation of 'tools'.

#### Recommendation #4

USAID/South Africa does require invoices to liquidate advances made by projects. At the time an advance is sent to the project a letter accompanies it stating that an invoice is required as soon as items are purchased. Cash flow is a problem in the majority of the SSH projects funded. Our office encourages project managers to refrain from processing another quotation until the project has liquidated their existing advance. This is an incentive to send our office the invoice in a timely fashion. Dealing directly with vendors on quotations is an option but in many cases the vendors are fairly small, unsophisticated businesses which could lead to some of the same problems we experience with the grantee.

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Recommendation #5

Each Self Help program officer was given a memorandum entitled Special Self Help Guidelines and Procedures at a workshop in Pretoria held by Jill Lucas, the acting coordinator in 1991. Reference was made at that time to USAID Special Self Help Handbook Number 19, which was available at each consulate. All Self Help officers attending that meeting were still working with the Self Help program at the time of the audit in 1992. The country-wide Self Help coordinator is in touch with the branch officers on a weekly basis and none of the SSH officers have ever commented on a 'lack of information on criteria and eligible commodities'. A one day SSH workshop has been scheduled for Sept. 18, 1992, due to the fact that there has been a turnover in SSH personnel in the last two months. The new officers and their supporting SSH staff from each consulate have been invited to attend as well as AID personnel directly involved with the SSH program. At that time program objectives and problems will be discussed and new manuals/information packets will be distributed.

(a) In response to the non-marking policy of the the SSH program the Mission in South Africa has taken the decision to maintain a low profile and emphasize that a project belongs to the community. The U.S Government is only assisting the community initiative. Based on the number of applications we receive from a particular area following the funding of a project, the local community are aware of our concern and involvement.

(b) The 'high impact' requirement was detailed in the memorandum distributed to all branch offices at the Self Help workshop in May 1991.

(c) Before the assumption can be made that the projects which were discontinued did so because they could not be 'properly operated and maintained', a further investigation of these projects should be made.

(d) There are oftentimes extenuating circumstances which force a project to request an extension. Again, to make the assumption that the 'project was not ready to be promptly implemented' can not be assumed unless one goes back and reviews the reasons for extensions.

To my knowledge no Self Help position has "'remained unfilled for an extended period of time'. On the contrary the position as a Self Help officer is one of the most sought after PIT positions in the American Embassy.

There were no program officers new to the Self Help program this fiscal year, except Cape Town, and they have two individuals sharing the responsibility of the SSH program one of which you stated yourself, 'has detailed knowledge of the program', and has worked with it for many years. Synopses are routinely returned for additional information and clarification on project information. This is one of the few checks and balances which the central office has on the viability of a potential SSH project. In the particular case of Mimi Brians returned synopses, many of the projects listed information which might have made the project ineligible for funding unless there was some clarification, in particular the listing of government support and contributions for preschools.

#### Recommendation #6

All branch Self Help offices have been given a copy of the application checklist used by Pretoria. Unfortunately, in some cases, the checklist does not get filed with other important grantee documentation. This should be done routinely when a Self Help officer opens a new project file.

#### Recommendation #7

Activity Implementation Records (AIR) are imperative for tracking project disbursements. All Self Help officers should be using the standardized AIR form. This may be computer generated or a manual ledger attached to the file at the time it is opened. This is crucial for the officer's records during the life of the contract, as well as for future reference if some question is raised regarding a project.

#### Recommendation #8

Every effort is made to ensure that grantees complete their project spending within the six month contract period. Even the best organized and administered projects do, however, meet with setbacks. One of the major obstacles affecting many projects is simply their remote, rural location. Many of the Self Help grantees do not have phones, nor do they have adequate postal services. The turn around time between grantees sending invoices to the American Embassy, Self Help officers completing purchase orders and submitting them to USAID, USAID processing purchase orders and sending them off to Paris, Paris sending checks to the Self Help office and the SSH office in turn posting checks to projects is approximately 6 - 8 weeks. This is the main reason for the high level of extensions. Due to lack of cash flow for most grantees, the slightest problem at any one stage in this process prevents the grantee from continuing.

The reasons listed in the audit for extensions are secondary to the slow turn around on payments to grantees. During FY 92 we were able to shorten this process somewhat by sending checks directly from Paris to regional Self Help offices rather than back to AID (which had been the procedure in the past).

Selection criteria does include careful consideration of a project's technical and managerial capability. The Self Help Guidelines require a potential grantee to have an executive committee consisting of a secretary, treasurer and record keeper. When an initial site visit is carried out we ask that the executive committee be present for our interview. We also ask to see the records kept by the project thereby verifying some degree of managerial capability.

All extensions must follow a set procedure by the Self Help office. The project manager must submit a written letter to our office requesting an extension and outlining the reasons for their request. The SSH office in turn fills out a standardized extension request form and sends this, along with the grantees letter, to AID for final approval.

The SSH offices first priority is with the grantee. Our program is designed to meet two objectives: provide the underprivileged members of the South African society with an opportunity for upliftment and generate goodwill toward the American Embassy. Providing the grantee with ample opportunity to complete their project successfully allows the Self Help program to meet these objectives.

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Recommendation #9

The Individual Activity Completion Notification's (IACN) main purpose, as specified in Handbook 19, is to provide information for the annual summary report, which provides a record of the use of funds. Each SSH officer is asked in October/November to submit to SSH Pretoria a short report on their regions projects indicating what the purpose of the project was and whether the activity's purpose was fulfilled. This information is used in the annual SSH report which is sent to Washington in December. The central office and branch offices retain a copy of this report for their files. The branch offices could very easily place a copy of each individual report in the project file.

Recommendation #10

USAID has been asked to comment on this recommendation.

Recommendation #11

A follow-up visit should take place for each SSH project funded. A standardized follow-up checklist should be completed during each visit and placed in the project file. In the past visits have often been made without any formal documentation. This resulted because other Embassy staff on occasion visit a SSH grantee and they were not required to file a report. All project visitations must be documented and the checklist placed in the project file. A copy of the follow-up report should be sent to Pretoria to be placed in the central file.

Recommendation #12

Senior consular staff do in fact have other responsibilities and could possibly be under 'significant pressure'. It is advisable to place a PIT Self Help officer in charge of each regional SSH office. The work load is large but manageable when not faced with limitations due to work related duties outside the SSH scope of work. The purpose of the program is to provide resources for developmental, grassroots project which are in most cases small by nature. Fewer, larger project (over \$12,000) would not serve the purpose of the program.

Recommendation #13

The staffing structure at present allows Pretoria's coordinator access to a locally hired FSN for 50% of his/her time. The Pretoria coordinator needs this additional assistance to ensure that the SSH central file for all projects is kept up to date as money is disbursed during the fiscal year. This task, along with the responsibility of two regional Self Help areas (Pretoria and the Eastern Cape), in a 24 hour work week is very demanding. It is my recommendation that the coordinators hours be increased to 32 each week.

Regional branch offices do not have access to additional staffing, therefore the suggested re-structuring would give Durban and Johannesburg additional areas of responsibility with no additional manpower. Cutting back on Cape Town's SSH area of responsibility does not seem equitable. The geographical areas at present correspond to consular districts which produce a practical, understandable distribution.

*Embassy of the United States of America*

USAID/SOUTH AFRICA  
P O BOX 1882  
Pretoria  
0001

August 28, 1992

Mr. Malcom Dunn  
Coopers Theron du Toit  
P O Box 2536  
Johannesburg  
2000

Dear Mr. Dunn:

Below are USAID/Pretoria's comments on the draft audit report of the South African Special Self Help Program.

Once again, I would like to thank you for your excellent presentation this morning during our Exit Conference.

Recommendation No. 1: Based upon the Auditee's response, labor costs totalling \$ 6,223.93 are indeed allowable costs. The remaining \$1,890.31 (salary and rent) were, in fact, specifically stated as allowable costs in the Individual Activity Agreements signed with the recipients and therefore cannot be considered questioned expenses with regard to the recipients. However, funding of these costs (the \$1,890.31) could be considered as instances of non compliance and so addressed in the Compliance section.

Recommendation No. 2: Based upon the Auditee's response, assume this recommendation is no longer applicable.

Recommendation No. 3: No comments.

Recommendation No. 4: USAID disagrees that, where cash flow is a problem, payments direct to the supplier would be preferred. Given the small value of individual transactions and the nature of the majority of vendors, suppliers would not accept USAID's required payment procedures.

Instead, USAID policy (since October 1991) is to reimburse Self Help recipients upon the submission of original invoices for goods and services already obtained. Where a recipient's cash flow is a problem (which is usually the case), USAID advances funds to the recipient, generally based upon submission of pro forma invoices, and accounts for these advanced funds through the submission of paid invoices. In those instances where invoices are not obtained, expenditure of advanced funds is based upon written concurrence of the Self Help Coordinator that the funds were utilized for allowable purposes (this concurrence is often based upon site visits by Embassy personnel).

Recommendation Nos. 5-9: No comments.

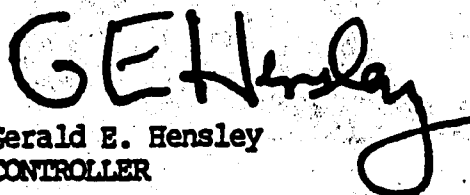
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Recommendation No. 10: Per AID Handbook 19 Chapter 10L4a(2), the waiver requirement is for purchases in the U.S. of \$5,000 or more. The purchases in question, while in excess of \$5,000, were not U.S. purchases, rather, they were purchases in South Africa.

Recommendation Nos. 11-13: No comments.

If you have any questions on our comments please do not hesitate to contact us.

Sincerely,

  
Gerald E. Hensley  
CONTROLLER

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ATTACHMENT II

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