

Regional Inspector General for Audit
Nairobi, Kenya

Audit of
Tanzania P.L. 480 Title II
Under Transfer Authorizations
Nos. 621-XXX-000-7628 and 621-XXX-000-8629

Report No. 3-621-93-05-N
December 17, 1992



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GENERAL**

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

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MEMORANDUM

December 17, 1992

TO: Dale B. Pfeiffer, Director, USAID/Tanzania
FROM: *for* Everette B. Orr, RIG/ANairobi *Joseph Farinella*
SUBJECT: Agency-contracted Audit of Tanzania P.L. 480 Title II under Transfer
Authorizations Nos. 621-XXX-000-7628 and 621-XXX-000-8629

Attached are five copies of an Agency-contracted audit of Tanzania P.L. 480 Title II under Transfer Authorizations Nos. 621-XXX-000-7628 and 621-XXX-000-8629. The accounting firm of KPMG Peat Marwick performed the audit.

In 1987 and 1988, A.I.D. signed two transfer authorizations for the supply of food commodities to the Government of the United Republic of Tanzania (GOT) in accordance with P.L. 480 Title II provisions. The commodities were provided to support the Economic Recovery Program of the GOT. The first transfer authorization No. 621-XXX-000-7628 was signed on January 16, 1987 for the supply of 25,000 metric tons (MT) of wheat flour valued at \$4,425,700 which was to be consigned to the National Milling Corporation (NMC) at Dar es Salaam, Tanzania. The second transfer authorization No. 621-XXX-000-8629 was signed on June 30, 1988 for the supply of 10,000 MT of wheat flour valued at \$ 2,220,000 and 5,000 MT of rice valued at \$1,750,000. The 10,000 MT of wheat flour were to be consigned to the NMC while the 5,000 MT of rice were to be consigned to Bizanje in Zanzibar.

According to the first transfer authorization's provisions, immediately upon delivery of the bill of lading, NMC would deposit into a P.L. 480 Title II account at the Cooperative and Rural Development Bank (CRDB), Tanzania Shillings (Tshs.) 18,000 for each metric ton listed in the bill of lading at the Dar es Salaam port of discharge. Local currencies generated by the sale of wheat flour, less the Tshs. 18,000 per metric ton previously

deposited and less storage and handling costs, would be deposited to the special account. Under the second transfer authorization, NMC was to deposit in the P.L. 480 Title II account at CRDB Tshs. 30,200 per metric ton for wheat flour listed on the bill of lading, while Bizanje was to deposit into a P.L. 480 Title II account at the Peoples Bank of Zanzibar (PBZ) Tshs. 39,000 for each metric ton of rice listed in the bill of lading.

The P.L. 480 Title II accounts were to be administered by a joint committee (the Committee) composed of representatives from the GOT and USAID/Tanzania. The local currency generated by sale of wheat flour and rice was to be used to support activities included in the transfer authorizations such as rehabilitation of roads, improvement of and reorientation of agricultural marketing structures, and support of AIDS control efforts.

KPMG Peat Marwick was contracted to perform an Agency-contracted audit of the receipts and disbursements of the local currencies made by the joint committee. The audit covered the period January 16, 1987 to June 30, 1992, and the amount audited was \$ 8,395,700. The objectives of the audit were to:

- audit the Committee'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 transfer authorizations;
- consider the Committee's internal control structure in order to determine the auditing procedures for the purposes of expressing an opinion on the Fund Accountability Statement and to report on significant internal control deficiencies and material weaknesses; and
- test the Committee's compliance with the terms of the transfer authorizations, as part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, and report on any identified material instances of noncompliance.

The auditors found that the consignees had not deposited Tshs. 76,443,565 (\$241,146)¹ to the special accounts. The auditors further found that, out of total disbursements of Tshs

¹ At current exchange rates, the local currency amount is equivalent to \$241,146. Using an exchange rate at the time the deposits should have been made, the amount would have equalled \$973,764.

1,142,619,596 (\$6,801,306)² reported by the auditee, only Tshs. 722,722,414 (\$4,301,919)² was acceptable. The difference, Tshs. 419,897,182 (\$2,499,387)² was questioned. Of the questioned amount, Tshs.419,457,810 (\$ 2,496,772)² related to unsupported costs and Tshs. 439,372 (\$2,615)² related to ineligible amounts. Due to the materiality of the questioned amount, the auditors disclaimed an opinion on the Fund Accountability Statement.

The auditors noted material weaknesses in the internal control structure and its operations and made recommendations to address them. The auditors found that internal controls over sub-recipient expenditures were weak and that accounting for the funds was inadequate. In addition, the Committee's cash books had not been satisfactorily reconciled since inception of the Program, while the Committee's administration ledger had not been written up since June 1990. Finally, the auditors found that cash management by the Committee was poor.

In regard to compliance, the auditors found that the Committee complied in all material respects with the provisions of the transfer authorizations.

The draft report was submitted to the Committee and USAID/Tanzania for comments. The Committee the Mission generally agreed with the report findings and recommendations. Their comments are incorporated in the final report (Appendix I and Appendix II).

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/Tanzania determine the allowability and recover as appropriate:

- 1.1 the outstanding balance of Tanzania Shillings 72,892,895 (\$229,946) from the National Milling Corporation;**
- 1.2 the outstanding balance of Tanzania Shillings 3,550,670 (\$11,200) from Bizanje;**

Recommendation No. 2: We recommend that, USAID/Tanzania determine the allowability and recover as appropriate, questioned (unsupported) costs of Tanzania Shillings 419,457,810 (\$2,496,772) from the Government of Tanzania;

² We have used the Program's average exchange rate for the period audited. For disbursements, the auditors have reported the dollar amounts in the report at both the current and average exchange rates.

Recommendation No. 3: We recommend that, USAID/Tanzania determine the allowability and recover as appropriate, questioned (ineligible) fuel costs of Tanzania Shillings 439,372 (\$2,615) from the Government of Tanzania; and

Recommendation No. 4: We recommend that, USAID/Tanzania obtain from the Committee a plan to improve its internal control structure, which would include establishing and implementing a fund accounting and reconciliation system.

We consider all recommendations unresolved. Recommendations Nos. 1, 2 and 3 will be resolved when the Mission makes a final determination on the allowability of the questioned amounts. The recommendations will be closed when the Mission takes action appropriate to the determinations that are made. Recommendation No. 4 will be resolved when we receive an acceptable plan for corrective action. The recommendation will be closed on implementation of the corrective action. Please respond to this report within 30 days indicating action planned or already taken to implement the recommendations.

Thank you for the cooperation extended to KPMG Peat Marwick auditors and the Regional Inspector General for Audit representatives during the audit.

Attachments: a/s.

AUDIT OF
TANZANIA P.L.480 TITLE II
UNDER TRANSFER AUTHORIZATIONS
NOS. 621-XXX-000-7628 AND 621-XXX-000-8629

ATTACHMENTS

AGENCY-CONTRACTED AUDIT OF TANZANIA
P.L. 480 TITLE II PROGRAM
UNDER USAID/TANZANIA
TRANSFER AUTHORIZATIONS NO.
621-XXX-000-7628 AND 621-XXX-000-8629

AGENCY-CONTRACTED AUDIT OF TANZANIA
P.L. 480 TITLE II PROGRAM
UNDER USAID/TANZANIA
TRANSFER AUTHORIZATIONS NO.
621-XXX-000-7628 AND 621-XXX-000-8629

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1. INTRODUCTION

1.1. Background

In 1987 and 1988 USAID/Tanzania signed two transfer authorizations (TA's) for the supply of food commodities to the Government of the United Republic of Tanzania (GOT) in accordance with P.L. 480 Title II Section 206 provisions. The commodities were provided to support the Economic Recovery Program of the GOT.

Transfer authorization no. 621-XXX-000-7628 was signed on January 16, 1987 for the supply of 25,000 metric tonnes (MT's) of wheat flour (value US\$4,425,700) which was consigned to the National Milling Corporation (NMC) in Dar-es-Salaam, Tanzania. The second transfer authorization No. 621-XXX-000-8629 was signed on June 30, 1988 for the supply of 10,000 MT's of wheat flour (value US\$2,220,000) and 5,000 MT's of rice (value US\$1,750,000). The wheat flour was consigned to the NMC on the mainland and the rice to Bizanje (the Zanzibar equivalent of NMC) in Zanzibar.

According to the provisions of TA no.621-XXX-000-7628, immediately upon delivery of the bill of lading , NMC would deposit into a P.L. 480 Title II account, maintained at the Co-operative and Rural Development Bank (CRDB), the sum of TShs 18,000 for each MT listed on the bill of lading at Dar-es-Salaam port. Proceeds from the sale of the wheat flour in local currencies in excess of TShs 18,000, less storage, handling and transport charges would also be deposited in this account.

Under TA no.621-XXX-000-8629, NMC was to deposit in a separate P.L. 480 Title II account at the CRDB TShs 30,200 per MT while Bizanje was to deposit TShs 39,000 per MT as listed in the bill of lading in an account with the Peoples Bank of Zanzibar (PBZ). If less than the bill of lading quantity was delivered, the GOT would reimburse the consignees from the P.L. 480 Title II account after losses were verified and documented.

The local currency generated by the sale of the wheat and rice would be used to support activities included in the TA's including rehabilitation of roads, improvement of and reorientation of agricultural marketing structures, and support of AIDS control efforts.

The P.L. 480 Title II account was to be administered by a joint committee composed of representatives from the GOT (both Mainland and Zanzibar) and from USAID/Tanzania.

1.2 Audit Objectives

Peat Marwick was contracted, under its Indefinite Quantity Contract (No. 623-0000-I-00-2005-00), to perform an agency-contracted audit of the P.L. 480 Title II Committee (The Committee) under Transfer Authorizations No. 621-XXX-000-7628 and 621-XXX-000-8629 (the TA's), in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Government Auditing Standards" (1988 Revision). The principal objective was to determine whether disbursements by the auditee are adequately supported in accordance with the provisions of the TA's and are allowable, allocable and reasonable.

With respect to the costs claimed, the objectives of the 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 TA's;
- consider the auditee'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 the auditee's compliance with the terms of the TA's, as part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, and report on any identified material instances of non-compliance.

1.3. Audit Scope

The scope of our audit was limited to an examination of receipts and disbursements made by The Committee, and as such did not include detailed verification of expenditures incurred and claimed by project sub-recipients. Our detailed audit scope is set out below.

(a) Audit Report on the Fund Accountability Statement

The audit covered local currency receipts generated by the importation of the relevant commodities, and local currency disbursements by The Committee from January 16, 1987 to June 30, 1992.

(b) Audit Report on The Committee's internal control structure

The audit reviewed the internal control structure relevant to the recording of receipts generated by imported commodities and disbursements by The Committee under the TA's.

(c) Audit Report on The Committee's compliance with the TA's

The audit report covers only The Committee's compliance in respect of the Fund Accountability Statement under the USAID/Tanzania TA's.

1.4. Restrictions on Audit Scope

Within the parameters stated above, there were no restrictions on our audit scope with the exception that we have not complied with Government Auditing Standard 3.46 regarding external quality control review. We do not however believe that this scope limitation had an adverse effect on our audit.

1.5. Audit Methodology

Peat Marwick conducted an initial survey of the accounting records of The Committee from July 28, 1992 to August 7, 1992, at which time the selection of transactions for detailed testing was completed. Peat Marwick subsequently prepared its audit work program for approval by RIG/A/N, secured approval and performed the field work from September 17, 1992 to October 16, 1992.

The principal audit steps performed included:

- a review of the terms and conditions of the TA's, applicable standard provisions and regulations and other project documents as deemed necessary;
- a review of the auditee's internal control structure in order to assess the auditee's significant internal control policies and procedures;
- performance of detailed compliance, internal controls, and errors and irregularities (SAS 53 and 54) audit procedures to evaluate the auditee's compliance with the TA's, adequacy of accounting system and internal controls, and to obtain reasonable assurance of detecting errors, irregularities and illegal acts;
- testing of receipt and disbursement transactions from the Fund Accountability Statement to determine the extent of non-compliance, unallowable or unallocable expenses and the effectiveness of internal controls.

1.6 Summary of Audit Results

1.6.1 Audit report on the Fund Accountability Statement

Our report on the Fund Accountability Statement is set out in Section 2. As noted in section 2.3 the value of disbursements to sub-recipients not liquidated by progress reports amounts to TShs.418,555,869 (US\$1,320,365 at current exchange rates, or US\$ 2,491,404 at average exchange rates ruling throughout the program). As a result, our audit report disclaims an opinion on the Fund Accountability Statement due to the material level of questioned costs.

1.6.2 Review of The Committee's internal control structure

Our review of The Committee's internal control structure is set out in section 3. Our report notes a number of reportable conditions, which in our opinion are considered material weaknesses.

1.6.3 Review of compliance with the TA's

Our review of The Committee's compliance with the TA's is set out in section 4. Our report notes one item of material non-compliance with the TA's. This relates to The Committee's failure to ensure that NMC and Bizanje deposit the full value of funds generated by sale of the commodities in the P.L. 480 Title II bank accounts.

1.7 Summary of Recommendations

A summary of our recommendations is set out below.

	<u>Recommendation Number</u>	<u>Page Number</u>
The Committee to send a letter to NMC requesting details of valid transport and storage costs for FY 87. The Committee to request NMC to pay outstanding deposit of TShs.72,892,895 (US\$229,946 at current exchange rates, or US\$946,660 at exchange rates ruling at the time when the outstanding deposits should have been credited) less valid transport and storage expenditures.	1	12
The Committee to send a letter to Bizanje requesting immediate payment of outstanding deposit owing of TShs.3,550,670 (US\$11,200 at current exchange rates, or US\$27,104 at exchange rates ruling at the time when the outstanding deposits should have been credited).	2	12
The Committee should request final reports to account for outstanding unliquidated advances of TShs.418,555,869 (US\$1,320,365 at current exchange rates, or US\$2,491,404 at average exchange rates ruling throughout the program). The Committee should request sub-recipients to refund balances not fully accounted for.	3	16
The Committee should account in full for TShs.901,941 (US\$2,845 at current exchange rates, or US\$5,368 at average exchange rates ruling throughout the program) retained in the administration expenses account.	4	17
The Committee should provide justification for TShs.439,372 (US\$1,326 at current exchange rates, or US\$2,615 at average exchange rates ruling throughout the program) used to purchase fuel.	5	18

	<u>Recommendation Number</u>	<u>Page Number</u>
In designing future programs of a similar nature, sufficient resources should be budgeted for secretariat follow-up and review (not actionable).	6	22
The Committee should implement a formal checklist for reviewing progress reports.	7	23
The Committee should maintain a ledger comparing project disbursements with progress reports and other liquidation records.	8	23
The Committee accountant should reconcile The Committee's cash book on a timely basis.	9	23
The Committee accountant should ensure that The Committee's administration expenditure ledger is brought up to date and reconciled with expenditure returns.	10	24
The Committee accountant should keep a record of the maturity date of all time deposits and ensure that instructions are passed to the banks on maturity.	11	24
The Committee accountant should maintain forward liquidity records to ensure excess cash balances are placed on time deposits.	12	25

1.8. Summary of The Committees' Management Comments

The response of The Committees' management to our report is included in Appendix I. Management in general agree with our recommendations. The Committee's responses to individual recommendations are included in the appropriate sections.

1.9. Summary of USAID/Tanzania Management Comments

The response of USAID/Tanzania management to our report is included in Appendix II. In general, they agree with the response made by The Committee.

KPMG Peat Marwick

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2. INDEPENDENT AUDITOR'S REPORT ON THE FUND ACCOUNTABILITY STATEMENT OF THE COMMITTEE UNDER USAID/TANZANIA TRANSFER AUTHORIZATIONS NO. 621-XXX-000-7628 AND 621-XXX-000-8629

We have audited the Fund Accountability Statement for the period from January 16, 1987 to June 30, 1992. This financial statement is the responsibility of the management of The Committee. Our responsibility is to express an opinion on this financial statement based on our audit.

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 with the exception that we did not comply with Government Auditing Standard Section 3.46 regarding external quality control review. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also assesses the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The detailed scope of our audit is set out in section 1.3 of this report.

As discussed in note 1 to the Fund Accountability Statement, this financial statement was prepared on a cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles.

As noted in section 2.3, disbursements by The Committee to sub-recipients of TShs.418,555,869 have not been liquidated by project progress reports, and have thus been treated as questioned costs. Due to the materiality of these questioned costs in relation to total disbursements, we are unable to express an opinion on the Fund Accountability Statement for the period from January 16, 1987 to June 30, 1992.

Financial information contained in this report may be privileged. The restrictions of 18 USC 1905 should be considered before any information is released to the public. This report is intended solely for the information of The Committee and the Agency for International Development but this is not intended to limit the distribution of the report, if a matter of public record.

Peat Marwick

CERTIFIED PUBLIC ACCOUNTANTS

NAIROBI

Date: October 16, 1992

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2.1. Fund Accountability Statement of The Committee under USAID/Tanzania
TA's No.621-XXX-000-7628 and 621-XXX-000-8629 for the period from
January 16, 1987 to June 30, 1992

<u>LOCAL CURRENCY GENERATED</u>	<u>CRDB FY 87</u> TShs.	<u>CRDB FY 88</u> TShs.	<u>PBZ FY 88</u> TShs.	<u>TOTAL</u> TShs.	<u>Refer- ence</u>
a) Total funds to be generated as per the TA's	484,500,355	297,521,340	193,538,670	975,560,365	2.1.2
b) Total funds actually deposited	449,128,800	260,000,000	189,988,000	899,116,800	2.1.2
c) Interest earned	293,410,882	-	79,977,639	373,388,521	2.1.3
d) Net movement on old P.L. 480 account	1,056,422	-	-	1,056,422	2.1.4
e) Total funds available	743,596,104	260,000,000	269,965,639	1,273,561,743	
f) Balance due (a-b)	35,371,555	37,521,340	3,550,670	76,443,565	2.1.2
<u>EXPENDITURES</u>					
<u>Disbursements to Sub-recipients</u>					
Transport	499,968,403	32,057,384	175,596,529	707,622,316	
Agriculture	106,254,795	18,174,750	-	124,429,545	
Health	-	30,992,725	7,031,000	38,023,725	
Emergency	93,750,337	176,434,641	-	270,184,978	
	699,973,535	257,659,500	182,627,529	1,140,260,564	2.3
<u>Other Costs</u>					
Committee administration expenses	-	2,340,500	-	2,340,500	2.4
Bank charges	17,292	-	1,240	18,532	
g) Total Expenditure	699,990,827	260,000,000	182,628,769	1,142,619,596	
<u>UNEXPENDED FUNDS (e-g)</u>	43,605,277	-	87,336,870	130,942,147	2.1.1

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2.1.1 Notes to the Statement

1. Basis of Accounting

The Fund Accountability Statement is prepared on a cash receipts and payments basis. As noted in notes 2 and 3 below, revenues and expenditures are recorded when cash is physically received or expended.

2. Revenues

Revenues represent receipts generated by sale of the imported commodities by NMC and Bizanje under the TA's, together with bank interest generated.

3. Expenditures

Expenditures represent amounts reimbursed to relevant projects as defined by the TA's.

4. Unexpended Funds

Unexpended funds are represented by funds held on current account and on time deposits as follows:-

	TShs.
CRDB - current account	418,185
- time deposits	43,187,092
PBZ - current account	4,099,766
- time deposits	83,237,104
	<u>130,942,147</u>

2.1.2 Funds generated from the TA's

This relates to amounts generated by the sale of commodities supplied under the TA's. The detailed terms of the TA's are set out in the background to this report. An analysis of the funds generated, amounts deposited, and amounts outstanding is set out below.

<u>Consignee</u>	<u>MT's per Survey</u> MT's	<u>Selling/Agreed Price</u> TShs.	<u>Generated by the TA's</u> TShs.	<u>Deposited by Consignee</u> TShs.	<u>Outstanding owed by Consignee</u> TShs.
<u>NMC</u>					
FY 1987					
Wheat	20,465	18,211	372,688,115		
	<u>4,409</u>	25,360	<u>111,812,240</u>		
	24,874		484,500,355	449,128,800	35,371,555
FY 1988					
Wheat	9,851.70	30,200	297,521,340	260,000,000	37,521,340
<u>Bizanie</u>					
FY 1988					
Rice	4,962.53	39,000	<u>193,538,670</u>	<u>189,988,000</u>	<u>3,550,670</u>
Total			<u>975,560,365</u>	<u>899,116,800</u>	<u>76,443,565</u>

Notes

1. Under the TA's, the consignees are to pay for the quantities delivered after sea, port and landing losses. The quantities noted above are based on survey reports provided by both the consignees and The Committee's surveyors.
2. Under TA 621-XXX-000-7628 NMC was entitled to claim for the costs of inland transport and storage of the commodities. As NMC has not provided adequate records for the costs of inland transport and storage, no account has been taken of actual or potential claims for these costs in calculating outstanding amounts owed by the consignee.
3. The prices at which NMC sold FY 87 wheat were provided by NMC. NMC does not have adequate accounting records to show the quantities of wheat sold at each price. The selling prices have been extracted from GOT agreed selling prices, and the split of quantities sold at each selling price is based on quantities in NMC stores at the date of the change in GOT prices.

Results

1. As at June 30, 1992, the following amounts are owed by the consignees to The Committee:-

	TShs.
NMC (35,371,555 + 37,521,340)	72,892,895
Bizanje	<u>3,550,670</u>
	<u><u>76,443,565</u></u>

Recommendation No.1

A formal letter should be sent to NMC by The Committee requesting a breakdown of transport and storage costs, supported by valid documents and, where appropriate, internal costings. NMC should be given 30 days to supply these figures. Following this period The Committee should formally request NMC to pay the outstanding balance of TShs.72,892,895 (US\$229,946 at current exchange rates, or US\$946,660 at exchange rates ruling at the time when the deposits should have been credited), less any valid transport and storage charges.

The Committee's Management Comments

The Committee's management advise that NMC did not maintain records for transport and storage costs on a job order cost accounting basis, and thus specific documentation for costs incurred is not available. Management advise that NMC propose to use total costs incurred and to allocate costs using the most reasonable basis available. The Committee will review the costs for reasonableness and negotiate an appropriate settlement with NMC.

Committee management advise that NMC is insolvent and the Tanzanian Government has assumed all of NMC's debts. The Committee has been working on how it can recover debts owing by NMC from the Treasury.

Recommendation No.2

The Committee should send a formal letter to Bizanje requesting immediate payment of the outstanding balance owing of TShs.3,550,670 (US\$11,200 at current exchange rates, or US\$27,104 at exchange rates ruling at the time when the deposits should have been credited).

The Committee's Management Comments

The Committee's management advise that Bizanje is reported to be insolvent, and that it is unlikely that Bizanje can pay the amounts due to The Committee. The Committee will send a bill of collection to Bizanje as recommended.

2.1.3 Interest Earned

Interest earned represents interest generated on excess funds placed on time deposit. For deposits with CRDB, it is not possible to allocate interest earned between deposits placed relating to FY 87 and FY 88. Thus all interest has been allocated to FY 87.

Verification

For interest earned, the following verification work was performed:

1. Interest earned on fixed deposits was recalculated and compared with actual amounts credited.
2. Dates of deposit and maturity were agreed to The Committee's records.

Result

1. Interest earned was correctly credited to the P.L. 480 Title II bank accounts.

2.1.4 Net movement on old P.L. 480 Fund

Funds generated by the TA's were placed in a bank account which had balances on hand from an earlier P.L. 480 emergency program. Throughout the period under audit, additional amounts were generated and disbursed under the emergency program. The net movement relating to the emergency program has been shown as a single line item. An analysis of this line item is as follows:-

	TShs.
Opening balance as at January 16, 1987	1,391,633
Further funds generated	83,150,003
Disbursements to projects	(83,485,214)
Balance as at June 30, 1992	<u>1,056,422</u>

The closing balance of TShs.1,056,422 is included in unutilized balances of TShs.130,942,147.

2.2 Fund Accountability Statement of The Committee under USAID/Tanzania Transfer Authorization No.621-XXX-000-7628 and 621-XXX-000-8629 for the period from January 16, 1987 to June 30, 1992 - Questioned costs

	<u>Total Disbursed</u> TShs.	<u>Disbursements Recommended For acceptance</u> TShs.	<u>----- Questioned costs -----</u> <u>Ineligible Disbursements</u> TShs.	<u>Unsupported Disbursements</u> TShs.	<u>Reference</u>
<u>Expenditures</u>					
<u>Disbursements to Sub-recipients</u>					
Transport	707,622,316	471,117,581	-	236,504,735	
Agriculture	124,429,545	82,765,457	-	41,664,088	
Health	38,023,725	30,446,028	-	7,577,697	
Emergency	<u>270,184,978</u>	<u>137,375,629</u>	<u>-</u>	<u>132,809,349</u>	
	1,140,260,564	721,704,695	-	418,555,869	2.3
<u>Others</u>					
Committee administration expenses	2,340,500	999,187	439,372	901,941	2.4
Bank charges	<u>18,532</u>	<u>18,532</u>	<u>-</u>	<u>-</u>	
	<u><u>1,142,619,596</u></u>	<u><u>722,722,414</u></u>	<u><u>439,372</u></u>	<u><u>419,457,810</u></u>	

2.3 Disbursements to sub-recipients

Disbursements to sub-recipients are disbursements to implementing agencies for projects agreed as eligible under Section 206 of Title II of P.L. 480, in the categories of transport, agriculture, health and funds for emergency projects. Initial project disbursements are made against action plans and budgets. Subsequent project disbursements are made following evidence in the form of progress reports that previous advances have been liquidated for the purposes of the project. The implementing agency is required to provide a final report at the completion of the project, liquidating outstanding advances and returning unutilized funds.

Verification

1. For each project disbursement made by The Committee, we performed the following work:
 - ensured that the disbursement was authorized by The Committee;
 - ensured that the disbursement was for projects allowable under Section 206 of Title II of P.L. 480;
 - ensured that disbursements were supported by evidence in the form of project write-ups, action plans and for second and subsequent project disbursements, evidence of liquidation of prior disbursements in the form of financial progress reports;
 - ensured receipt of disbursements by sub-recipients via formal confirmation.

Results

1. We compared total disbursements under the TA's with the value of progress reports received. As at June 30, 1992 the value of disbursements not liquidated by financial progress reports amounts to TShs 418,555,869 (approximately US\$ 1,320,365 at current exchange rates, or US\$2,491,404 at average exchange rates ruling throughout the program). An analysis of this figure is included in Appendix III and an analysis of the figure by project is included in Appendix IV.
2. Out of TShs 418,555,869 unsupported, TShs.311,570,287 (US\$982,871) has remained unliquidated for a period of one year or more, see Appendix V.
3. Out of TShs.418,555,869 unsupported, TShs.104,558,690 (US\$329,838) relates to projects where an initial disbursement was made and no subsequent progress reports received, see Appendix VI.

Recommendation No.3

The Committee should request reports to account for TShs.418,555,869 (US\$1,320,365 at current exchange rates, or US\$2,491,404 at average exchange rates ruling throughout the program) of unliquidated advances. Where reports are not forthcoming The Committee should request the sub-recipient to refund balances not accounted for.

The Committee's Management Comments

The Committee's management advise that they will undertake all possible measures to obtain final reports from the sub-recipients. Management advise that sub-recipients lack incentive to submit final reports because they do not expect to receive further financial assistance from The Committee. In addition, management advise that the problem is compounded due to the turnover in staff at the sub-recipients, and logistical problems in project follow up by Committee members due to the size of the country and constraints on Committee members time.

The Committee's management plan to send letters to all sub-recipients requesting them to submit final progress reports within two months. The Committee intend to hire an individual to visit unresponsive sub-recipients to ensure that they submit satisfactory final reports. Funds will be set aside out of balances remaining in The Committee administration expenses account to pay this individual.

2.4 Other costs: Committee administration expenses

This consists of expenditures incurred by the secretariat of The Committee. A budget for this line item of TShs 2,340,500 was approved by USAID/Tanzania as an amendment to TA No. 621-XXX-000-8629.

Verification

For Committee administration expenses we;

- ensured that expenditures were authorized, and supported by originating third party documents.
- ensured that expenditures were allowable, allocable and reasonable.

Results

1. In November 1989, TShs 2,340,500 was transferred from the P.L. 480 Title II account to a Ministry of Finance controlled administration expenses current account. Funds disbursed through this account for Committee expenses to June 30, 1992 amounted to TShs.1,438,559. Thus, the balance retained in the account of TShs.901,941 represents unsupported disbursements as at June 30, 1992.
2. The Committee's operations consist largely of meetings held in Dar es Salaam, and control of funds held at the bank accounts in Dar es Salaam and Zanzibar. Disbursements out of The Committee administration account includes TShs.439,372 for vehicle fuel. The level of expenditures on fuel appears excessive, given the nature of operations of The Committee. Thus fuel costs are questioned on the grounds of appearing excessive.

Recommendation No.4

We recommend that The Committee provide support for TShs.901,941 (US\$2,845 at current exchange rates, or US\$5,368 at average exchange rates ruling throughout the program) retained in the administration expenses current account, or refund the funds to the P.L. 480 Title II accounts for use on projects.

The Committee's Management Comments

The Committee's management note that as of June 30, 1992 expenditures of TShs.1,438,559 are fully accounted for and the balance of TShs.901,941 remains in The Committee bank account.

Recommendation No.5

The P.L. 480 Title II Committee should provide justification for the questioned costs of TShs.439,372 (US\$1,386 at current exchange rates, or US\$2,615 at average exchange rates ruling throughout the program) used to purchase fuel. Where usage cannot be shown to be for Committee administration purposes the questioned expenditures should be refunded to the P.L. 480 Title II bank accounts.

The Committee's Management Comments

The Committee's management advise that this expenditure is justified by the fact that The Committee Chairman, Secretary, and Accountant have been using a vehicle designated to The Committee Chairman by the Ministry of Finance in discharging P.L. 480 Title II Committee activities. In addition, management note that fuel prices have increased over the period of the program.

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KPMG Peat Marwick

Certified Public Accountants

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3. INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE OF THE P.L. 480 TITLE II COMMITTEE UNDER THE USAID/TANZANIA TRANSFER AUTHORIZATIONS NO. 621-XXX-000-7628 AND 621-XXX-000-8629 (THE FINANCIAL STATEMENT)

We have audited the Fund Accountability Statement of The Committee for the period from January 16, 1987 to June 30, 1992 and have issued a report thereon dated October 16, 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

In planning and performing our audit of the financial statement of The Committee we considered The Committee's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control structure.

The management of The Committee is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that the assets are safeguarded against loss, from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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

- Controls over sub-recipient expenditures.
- Controls over disbursements.
- Controls over Committee administration expenses.
- Cash management.
- Control over receipt of funds from the commodity consignees.



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

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

A description of reportable conditions is set out on pages 22 to 25 immediately following this report.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure element does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. In our opinion the reportable conditions set out on pages 22 to 25 are all material weaknesses.

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 The Committee and the Agency for International Development but this is not intended to limit the distribution of the report, if a matter of public record.

Peat Marwick

CERTIFIED PUBLIC ACCOUNTANTS

NAIROBI

Date: October 16, 1992

3.1. Introduction

3.1.1 Definition

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

- . the control environment;
- . the accounting system;
- . control procedures.

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

We have classified the internal control structure of The Committee on a functional basis, relating to the administration of the Transfer Authorizations as follows:-

- Controls over sub-recipient expenditures.
- Controls over disbursements.
- Controls over Committee administration expenses.
- Cash management.
- Control over receipt of funds from the commodity consignees.

3.2 Findings

3.2.1 Controls over sub-recipient expenditures

Observation

Sub-recipients of P.L. 480 Title II funds are required to account for cash advances from The Committee before receipt of subsequent funds. As noted in Section 2.3 above, there is a high value of disbursements to sub-recipients which have not been liquidated by financial progress reports. In particular, a number of final reports for completed projects have not been received. In addition, a number of initial advances made to projects have not been accounted for. A schedule of these is included in Appendix V. While The Committee has satisfactorily acted to de-obligate funds from projects where sub-recipient accounting has been inadequate, there has been little effort to follow up or to recover funds which have not been satisfactorily accounted for. The Committee has neither the financial resources nor the manpower nor even a mechanism to ensure that advances are fully accounted for and excess funds in the hands of the recipients returned to The Committee.

Recommendation No.6

In designing a program of this nature, sufficient resources should be budgeted for a Committee secretariat to be able to perform project follow-up and review procedures on advances to sub-recipients. Resources would include manpower, and budget for such expenditures as project site visits and communications. However, as the P.L.480 Title II program is approaching completion, this recommendation may not be actionable. The recommendation should be noted in the design of future projects of a similar nature.

The Committee's Management Comments

The Committee's management support this recommendation.

Observation

While there is evidence that The Committee reviews disbursements against action reports and project progress reports, there is no formal system of review to ensure that action plans, and project progress reports are satisfactory.

Recommendation No.7

The Committee should implement a formal checklist for reviewing documentation prior to making disbursements. This should include checks for correctness of expenditures, review against available obligated funds and checks for correctness of additions.

The Committee's Management Comments

The Committee's management accept this recommendation.

Recommendation No.8

The Committee should maintain a ledger on a project-by-project basis which records the value of disbursements to sub-recipients against the value of project reports liquidating prior advances. This way, The Committee would be able to quickly identify potential problem sub-recipients and take appropriate action on a timely basis. A spreadsheet as set out in Appendix IV would be appropriate.

The Committee's Management Comments

The Committee's management accept this recommendation.

3.2.2 Controls over disbursements

Observation

The Committee cash books have not been reconciled satisfactorily with bank statements since project inception. As a result, a number of errors were noted in the cash books. These errors have been adjusted in the preparation of the Fund Accountability Statement.

Recommendation No.9

The Committee accountant should in future reconcile the cash books with bank statements monthly, on a timely basis.

The Committee's Management Comments

The Committee's management accept this recommendation and advise that The Committee accountant has acted upon it.

3.2.3 Control over Committee administration expenditures

Observation

The Committee accountant maintains a ledger to record liquidation of advances from the administration expense account. This ledger has not been written up since June 1990, and as a result it proved difficult to reconcile expenditure returns with expense vouchers.

Recommendation No.10

The Committee accountant should ensure that The Committee's administration expenditure ledger is brought up to date and reconciled with expenditure returns as soon as possible, and thereafter kept up to date.

The Committee's Management Comments

The Committee's management accept this recommendation.

3.2.4 Cash Management

Observation

It was noted that The Committee has failed to maximise interest earned on liquid funds for the following reasons:

- on occasion, where funds are placed on time deposits at maturity date they have not been rolled over. Thus the time deposit will be suspended without accruing interest until further instructions are received;
- in general, the level of funds kept in the current accounts are excessive. Funds would have been better utilized on time deposit.

Recommendation No.11

The Committee accountant should keep a record of the maturity date of all time deposits and should ensure that instructions are passed to the relevant banks to roll over or release the deposits as soon as they mature.

The Committee's Management Comments

The Committee's management accept this recommendation.

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Recommendation No.12

The Committee accountant should prepare a liquidity position of the bank current account together with a forward analysis of payments to be made over the following three month period. This analysis should be used to ensure that all excess funds are placed on time deposit at the appropriate time.

The Committee's Management Comments

The Committee's management accept this recommendation.

KPMG Peat Marwick

Certified Public Accountants

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4. INDEPENDENT AUDITORS REPORT ON THE P.L. 480 TITLE II COMMITTEE'S COMPLIANCE WITH TRANSFER AUTHORIZATIONS

We have audited the Fund Accountability Statement of The Committee under USAID/Tanzania Transfer Authorizations nos. 621-XXX-000-7628 and 621-XXX-000-8629 for the period from January 16, 1987 to June 30, 1992 and have issued our report thereon dated October 16, 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

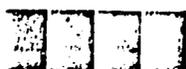
Compliance with the Transfer Authorizations is the responsibility of The Committee's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of The Committee's compliance with certain provisions of the Transfer Authorizations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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 these failures or violations is material to the financial statements. The results of our tests of compliance disclosed the following material instance of non-compliance.

As noted in Section 2.1.2, NMC and Bizanje owe, respectively, TShs.72,892,895 and TShs.3,550,670 to The Committee, representing under-deposits of funds generated by the sale of the commodities. Section 6.B of the TA's requires that upon delivery of the bills of lading to the consignees, the consignees will immediately deposit in the P.L. 480 Title II accounts agreed amounts of local currency for each metric ton of commodity listed on the bill of lading. We are of the opinion that The Committee has not complied with the terms of the TA's as The Committee has failed to ensure that the consignees deposit the full value of funds generated by sale of the commodities.

We considered this material instance of non-compliance in forming our opinion on whether The Committee's Fund Accountability Statement is presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated October 16, 1992 on the Fund Accountability Statement.

Except as described above, the results of our tests of compliance indicate that The Committee 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 The Committee had not complied, in all material respects, with those provisions.



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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 The Committee and the Agency for International Development but this is not intended to limit the distribution of the report, if a matter of public record.

Peat Marwick

CERTIFIED PUBLIC ACCOUNTANTS

NAIROBI

Date *October 16, 1992*

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APPENDIX I
-----THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCETelegrams: "TREASURY", DAR ES SALAAM.
Telephones: 21271.

(All Official communications should
be addressed to the Principal
Secretary to the Treasury and
NOT to individuals).
In reply please quote:

P.O. Box 9111,
DAR ES SALAAM.

17th November, 1992

Ref. No. TYC/E/550/7/15

The Auditors
Peat Marwick (CPA) (K)
P.O. Box 40612
NAIROBI KENYA

Dear Sir,

RE: PL 480 TITLE II S206 COMMITTEE'S MANAGEMENT
RESPONSES

Please find attached the Committees' Management Comments to Auditors' recommendations following their submission of the Audit findings of PL 480 Title II S206 Fund to the Committee.

We thank you for your continued cooperation.

Yours sincerely,


M.T. Kibwanafor PRINCIPAL SECRETARY

c.c. The Director,
USAID
Tanzania Office,
P.O. BOX 9130,
DAR ES SALAAM

APPENDIX I

(Cont'd)

PL 480 TITLE II COMMITTEE'S MANAGEMENT RESPONSE TO AUDIT
RECOMMENDATIONS

Recommendation No. 1.

Regrettably, NMC did not maintain records for transport and storage costs on a job order cost accounting basis. This means that specific documentation for costs incurred is not available. The cost accounting system for storage costs at NMC can only accumulate costs on a total basis. NMC proposes to use total costs incurred by NMC and allocate costs using the most reasonable basis available, in this case metric tons. The Committee will review the costs for reasonableness and negotiate an appropriate settlement with NMC.

In the past NMC was reminded of the money it owes to the PL 480 Title II Committee through written and verbal communications. On August 30, 1989 Treasury wrote a letter to NMC requesting it to pay a total of T.Shs. 165.9 million as money owing from the sale of wheat flour donated under FY 1987 and FY 1988 Food Aid Agreements. Because NMC is indebted to local financial institutions and other organizations, Treasury convened a meeting between NMC and the banks on February 20, 1991 to discuss means through which NMC can pay its debts including amount due to PL 480 Title II Committee. NMC was unable to implement any of the suggestions made during this meeting. Other International donor agencies operating food aid programs in the country generated a total of T.Shs. 2.6 billion during FY 1983/84 to FY 1989/90 which is still held by NMC. NMC also owes the Banks about T.Shs. 14 billion as loans it received to purchase farmers crops. Presently, NMC is insolvent and the Government has assumed all of its debts. The PL 480 Title II Committee has been working on how it can recover this money from Treasury now that it has assumed NMC debts.

Recommendation No. 2.

There were no previous requests for payments sent to BIZANJE for the amount owing to the PL 480 Title II Committee. BIZANJE, like NMC, is reported to be insolvent and with the Surveyors' Report lacking it is unlikely that BIZANJE can pay the amount due to the Committee without problems. The Committee will send a bill of collection to BIZANJE as recommended by the Auditors.

Recommendation No. 3.

The Committee's management will undertake all possible measures and efforts to obtain final reports from the recipients. Most of these recipients lack incentive to submit final reports because they do not expect to receive further financial assistance from the Committee. Another possible problem is that in some cases the recipients experienced staff changes due to transfers and/or laying off and the new staff are unaware or are too busy to make any follow-up and compile reports to satisfy the PL 480 Title II Committee. Close follow-up by the Committee members to get the recipients to provide final reports will be difficult to implement due to vastness of the country over which the recipients are spread. This will require ample time which the committee members lack as they are Government officials with responsibilities at their respective offices.

The Committee's management plans to send letters to all the recipients requesting them to submit final progress (physical and financial) reports within two months period. The recipients who did not respond will then be visited by a person, to be hired on temporary basis, who will be empowered to get recipients prepare and submit the final reports satisfactory to the Committee. This person will be paid using the balances in the administrative account and in the main PL 480 Title II account.

The lack of incentives to report and the lack of resources for monitoring were noted by the Committee to be design flaws that will be addressed in any future similar programs.

Recommendation No. 4.

The amount of T.Shs. 2,340,500 was released to Treasury by the PL 480 Title II Committee on October 30, 1989 to be used by the Committee Secretariat to meet administrative expenses of the PL 480 Title II Committee. Budget breakdown was provided and approved by the Mission. The PL 480 Title II Committee Accountant operated the account under the Authority of the PL 480 Title II Committee Chairman. This money was deposited into a separate account at CRDB.

As of June 30, 1992, cumulative expenditure amounted to T.Shs. 1,438,559, leaving T.Shs. 901,941 unspent. The spent money was fully accounted for while the balance remains in our account.

Recommendation No. 5.

A total of T.Shs. 439,372 out of the total expenditure of T.Shs. 1,438,559 was used to purchase fuel for a vehicle designated to the PL 480 Title II Committee Chairman. This fuel expenditure is over two years and eight months. This expenditure is justified

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APPENDIX I

(Cont'd)

by the fact that the chairman, the Secretary and Accountant have been using Land-Rover 110 in discharging PL 480 Title II Committee activities and also over the period fuel costs have increased.

Recommendation No. 6.

not actionable now that the PL 480 Title II activities are being completed. The recommendation is appropriate for future project activities of similar nature.

Recommendation No. 7.

The Committee's management agrees with the recommendation that a checklist be drawn on a formal basis as a standard way of reviewing project write-ups, action plans and progress reports. This recommendation will be implemented for the few projects that might be funded with the balance in the account.

Recommendation No. 8.

The Committee's management agrees with the recommendation. Amounts liquidated in the progress reports should be adjusted to those shown as disbursements in the project ledger. The accountant will take necessary action after completing action on recommendation NO. 10.

Recommendation No. 9.

The Committee's management agrees with the recommendation and the accountant has acted on this.

Recommendation No. 10.

The Committee's management agrees with the recommendation and the accountant is now working on this recommendation.

Recommendation No. 11.

The Committee's management agrees with the recommendation and requests the Accountant to comply with it.

Recommendation No. 12.

The Committee's management agrees with the recommendation and urges the Accountant to comply with it.

UNITED STATES GOVERNMENT
M E M O R A N D U M

DATE: December 8, 1992

FROM: John Hepp, Controller *JWH*

SUBJECT: Mission Response to Audit Report on the Fund Accountability Statement of the P.L. 480 Title II Committee

TO: KPMG Peat Marwick, Certified Public Accountants

USAID/Tanzania agrees with the Committee. We note that this project was implemented with a very low administrative budget, yet suffered from no major accountability problems. Many of the administrative findings noted in the report reflect situations that could be prevented with minor modifications to the project design. For example, a small portion of the grant funds could be withheld from recipients pending receipt of the final reports. The Committee was held to a very strict standard by the Mission in that no compensation of any type was provided for in the grant, nor was a Secretariat provided for. The Committee managed the project well and we wish to point out that the exceptions noted are generally in the area of follow-up. There were no instances where funds were diverted to unauthorized uses or disbursed without proper authorization. We consider this project to be a success, although this audit has highlighted some technical details that should be corrected if we ever initiate a similar program in the future.

SUMMARY OF UNLIQUIDATED DISBURSEMENTS

<u>Sector</u>	<u>CRDB</u> <u>FY 87</u>	<u>CRDB</u> <u>FY 88</u>	<u>PBZ</u> <u>FY 88</u>	<u>Total</u>
	<u>TShs.</u>	<u>TShs.</u>	<u>TShs.</u>	<u>TShs.</u>
Transport	202,798,115	22,181,905	11,524,715	236,504,735
Agriculture	36,222,543	5,441,545	-	41,664,088
Health	-	4,078,391	3,499,306	7,577,697
Emergency	<u>74,487,161</u>	<u>58,322,188</u>	<u>-</u>	<u>132,809,349</u>
	<u>313,507,819</u>	<u>90,024,029</u>	<u>15,024,021</u>	<u>418,555,869</u>

Note

For detailed analysis of unliquidated disbursements by Project see Appendix IV.

ANALYSIS OF UNLIQUIDATED DISBURSEMENTS BY PROJECT

APPENDIX IV

CEDB FY 87

PROJECT	USE	LOCATION	TOTAL	PROGRESS	UNSUPPORTED
			DISBURSED	REPORTS	CGST;
				RECEIVED	UNLIQUIDATED
					DISBURSEMENTS
			TSHS	TSHS	TSHS
TRANSPORT					
BANGATA					
BANGATA BRIDGE III	REHAB.	BANGATA ARUMERO	4,667,030	4,667,030	-
BANGATA BRIDGE II	REHAB.	BANGATA ARUMERO	4,273,791	4,273,791	-
			8,940,821	8,940,821	-
MINISTRY OF COMMUNICATIONS AND WORKS					
RD. EQUIPMENT REHAB	REPAIR	KOMOGORO-NOSHI	12,900,000	-	12,900,000
TRANSPORT SECTOR	BIBLIOGRAPHY	NATIONAL	624,690	-	624,690
DODONA-SINGIDA RD.	DESIGN	DODONA-SINGIDA	20,000,000	-	20,000,000
PYRETHRON FEEDER ROADS.	REHAB.	NBYA-IRINGA	43,534,200	36,043,402	7,490,798
DISTRICT ROADS	REHAB.	NZEGA-SHIYANGA	15,500,000	4,284,673	11,215,327
DISTRICT ROADS	REHAB.	DODONA-SINGIDA	15,500,000	6,184,000	9,316,000
DISTRICT ROADS	REHAB.	KOMBO-NEOMOZI	6,000,000	2,400,000	3,600,000
TEA FEEDER ROADS	REHAB.	BUKOBA, LUPEMBE	36,350,000	28,736,962	7,613,038
			150,408,890	77,649,037	72,759,853
MINISTRY OF LOCAL GOVERNMENT AND COOPERATIVES					
SERENGETI DISTRICT I	REHAB.	SERENGETI	14,908,200	14,908,200	-
SERENGETI DISTRICT II	REHAB.	SERENGETI	36,232,920	29,981,357	6,251,563
DISTRICT FEEDER ROAD	REHAB.	MPANDA	15,000,000	15,000,000	-
DISTRICT FEEDER ROAD	REHAB.	NBINGA	2,300,000	686,146	1,613,854
DISTRICT FEEDER ROAD	REHAB.	NGORONGORO	2,116,000	752,790	1,363,210
DISTRICT FEEDER ROAD	REHAB.	MUFINDI	4,100,000	2,455,502	1,644,498
DISTRICT FEEDER ROAD	REHAB.	LINDI	4,800,000	1,708,179	3,091,821
DISTRICT FEEDER ROAD	REHAB.	MWARA	5,100,000	1,971,949	3,128,051
DISTRICT FEEDER ROAD	REHAB.	BAGAMOYO	8,500,000	2,277,903	6,222,097
DISTRICT FEEDER ROAD	REHAB.	ROMBO	14,359,000	14,359,000	-
DISTRICT FEEDER ROAD	REHAB.	MUSOMA	2,000,000	2,000,000	-
DISTRICT FEEDER ROAD	REHAB.	BABATI	3,000,000	1,514,574	1,485,426
DISTRICT FEEDER ROAD	REHAB.	SONGEA	17,697,000	13,913,130	3,783,870
COTTON FEEDER ROAD	REHAB.	KILOSA	7,095,000	2,391,590	4,703,410
COTTON FEEDER ROAD	REHAB.	IRAMBA	24,474,000	9,999,548	14,474,452
COTTON FEEDER ROAD	REHAB.	BUNDA	57,990,000	43,287,723	14,702,277
COTTON FEEDER ROAD	REHAB.	ZWINGA	17,200,000	12,044,367	5,155,633
COTTON FEEDER ROAD	REHAB.	MAGU	6,580,000	-	6,580,000

ANALYSIS OF UNLIQUIDATED DISBURSEMENTS BY PROJECT

APPENDIX IV
(cont)

CRDB FY 87

PROJECT	USE	LOCATION	TOTAL	PROGRESS	UNSUPPORTED
			DISBURSED	REPORTS RECEIVED	COST: UNLIQUIDATED DISBURSEMENTS
			TSHS	TSHS	TSHS
COTTON FEEDER ROAD	REHAB.	BIHARANULO	8,700,000	4,000,000	4,700,000
COTTON FEEDER ROAD	REHAB.	NZEGA	5,000,000	4,653,728	346,272
COTTON FEEDER ROAD	REHAB.	TABORA	3,700,000	-	3,700,000
COTTON FEEDER ROAD	REHAB.	NASWA	6,000,000	-	6,000,000
COTTON FEEDER ROAD	REHAB.	IGUNGA	7,500,000	6,757,461	742,539
COTTON FEEDER ROAD	REHAB.	BARIADI	4,000,000	-	4,000,000
NWANGA WEST CIRCUIT RD.	REHAB.	NWANGA	6,000,000	5,873,000	127,000
NULEBA PERRY	PERRY RECONS.	NULEBA	10,000,000	4,000,000	6,000,000
NULEBA PERRY II	PERRY RECONS.	NULEBA	19,000,000	-	19,000,000
TARINE	REHAB.	TARINE	11,000,000	9,232,138	1,767,862
			324,762,120	204,768,375	119,993,245
ROLENGE DISTRICT					
KANDEGESHO FARM ROAD	REHAB.	KARAGWE	5,000,000	-	5,000,000
ZANIBAR MINISTRY OF COMMUNICATION AND WORKS					
ZANIBAR CLOVE ROAD	REHAB.	PUMI ROAD	10,856,572	5,811,556	5,045,016
TOTAL TRANSPORT			499,968,403	297,170,288	202,798,115
AGRICULTURE					
DAPCO					
IBAGA BRIFER UNIT	DAIRY PRODUC.	NAKETE	6,380,000	5,185,000	1,195,000
MINISTRY OF AGRICULTURE AND LIVESTOCK DEVELOPMENT					
PEST CONTROL	PLANT PROT.	NATION-WIDE	13,874,795	2,542,368	11,332,427
PRIME MINISTERS OFFICE					
VILLAGE GODOWNS	VILLAGE CROP	66 VILLAGES	86,000,000	62,304,884	23,695,116
TOTAL AGRICULTURE			106,254,795	70,032,252	36,222,545

ANALYSIS OF UNLIQUIDATED DISBURSEMENTS BY PROJECT

APPENDIX IV
(cont)

CRDB FY 87

PROJECT	USE	LOCATION	TOTAL DISBURSED	PROGRESS REPORTS RECEIVED	UNSUPPORTED COST; UNLIQUIDATED DISBURSEMENTS
			TSHS	TSHS	TSHS
EMERGENCY FUNDS					
CARITAS					
TANGA TABORA & KAGERA DROUGHT	BELIEF	TANGA TABORA & KAGERA	15,000,000	-	15,000,000
MTWARA AND LINDI FLOODS	BELIEF	MTWARA	6,952,570	6,264,227	688,343
			21,952,570	6,264,227	15,688,343
C.C.T					
KILIMANJARO, DODOMA & MOROGORO DROUGHT	BELIEF	KILI'BO, DODOMA & MOROGORO	20,000,000	-	20,000,000
			20,000,000	-	20,000,000
CONCERN					
IRINGA DROUGHT	BELIEF	IRINGA REGION	11,063,750	-	11,063,750
			11,063,750	-	11,063,750
CATHOLIC RELIEF SERVICES					
DROUGHT	BELIEF	ARUSHA, MWANZA & MUSOMA REGIONS	9,147,197	2,998,949	6,148,248
			9,147,197	2,998,949	6,148,248
PRIME MINISTERS OFFICE					
MTWARA AND LINDI FLOODS	FOOD	MTWARA, LINDI	10,900,000	10,000,000	-
RED CROSS					
LINDI & MTWARA DROUGHT	BELIEF	LINDI & MTWARA	21,586,820	-	21,586,820
TOTAL EMERGENCY FUNDS			93,750,337	19,253,175	74,487,161
GRAND TOTAL : CRDB FY 1987			699,373,535	386,465,716	313,507,819

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ANALYSIS OF UNLIQUIDATED DISBURSEMENTS BY PROJECT

APPENDIX IV
(cont)

CRDB FY 88

PROJECT	USE	LOCATION	TOTAL DISBURSED	PROGRESS REPORTS RECEIVED	UNSUPPORTED COST; UNLIQUIDATED DISBURSEMENTS
			TSHS	TSHS	TSHS
TRANSPORT					
BANGATA					
BANGATA BRIDGE I	BRIDGE REHAB.	ABOMERO	3,037,959	3,037,959	-
LUTINDI HOSPITAL					
TANGA FLOODS	ROAD REHAB	KOBOGWE	6,431,425	1,430,875	5,000,550
MINISTRY OF COMMUNICATIONS AND WORKS					
MTWARA AND LINDI FLOODS	ROAD REHAB	MTWARA/LINDI	16,000,000	-	16,000,000
MINISTRY OF LOCAL GOVERNMENT					
TANGA FLOODS	ROAD REHAB	HANDEWI	6,588,000	5,406,645	1,181,355
TOTAL TRANSPORT			32,057,384	9,875,479	22,181,905
AGRICULTURE					
MINISTRY OF AGRICULTURE AND LIVESTOCK DEVELOPMENT					
AG. STATISTICS	AG. MARKETING	NATIONAL	7,000,000	4,125,700	2,874,300
MARKETING DEVELOPMENT BUREAU					
MARKET INFO SYSTEM	AGRICULTURAL	NATION WIDE	872,000	427,850	444,150
MARKET INFO SYSTEM	AGRICULTURAL	NATION WIDE	1,352,000	-	1,352,000
			2,224,000	427,850	1,796,150
MINISTRY OF LOCAL GOVERNMENT AND COOPERATIVES					
NGERAYANI IRRIGATION	AGRICULTURAL	MUSOULI	2,315,750	1,544,655	771,095
SMALL INDUSTRIES DEVELOPMENT ORGANIZATION					
VILLAGE OIL PRESS	OIL PROCESSING	NGA REGIONS	6,400,000	6,400,000	-
SOHOKO UNIVERSITY OF AGRICULTURE					
AG. POLICY WORKSHOP	WORKSHOP	NATIONAL	235,000	235,000	-
TOTAL AGRICULTURE			18,174,750	12,733,205	5,441,545

ANALYSIS OF UNLIQUIDATED DISBURSEMENTS BY PROJECT

APPENDIX IV
(cont)

CRDB FY 88

PROJECT -----	USE ---	LOCATION -----	TOTAL DISBURSED -----	PROGRESS REPORTS RECEIVED -----	UNSUPPORTED COST; UNLIQUIDATED DISBURSEMENTS -----
			TSHS ---	TSHS ---	TSHS ---
HEALTH =====					
MINISTRY OF HEALTH -----					
AIDS CONTROL	AIDS CONTROL	NATION WIDE	30,992,725	26,914,334	4,078,391
EMERGENCY =====					
CARITAS -----					
MTWARA AND LINDI FLOODS	BELIEF	MTWARA	7,417,150	7,417,150	-
CATHOLIC RELIEF SERVICES -----					
ABUSEA, NWANZA, MUSOMA DRO	BELIEF	NWANZA &	7,202,225	-	7,202,225
NWANZA/MARA FOOD EMER.	FOOD	REGIONS	24,350,000	13,793,482	10,556,518
MARA DROUGHT RELIEF	FOOD	MARA REGION	25,893,000	-	25,893,000
MTWARA AND LINDI FLOODS	BELIEF	LINDI REGION	14,089,266	3,279,821	10,809,445
			71,534,491	17,073,303	54,461,188
PRIME MINISTERS OFFICE -----					
LINDI DROUGHT RELIEF	FOOD	LINDI REGION	33,922,000	33,922,000	-
RED CROSS -----					
MTWARA AND LINDI FLOODS	BELIEF	MTWARA	29,700,000	29,700,000	-
EYELA FLOODS	FOOD	KYELA	3,861,000	-	3,861,000
LINDI DROUGHT RELIEF	FOOD	LIWALE-	30,000,000	30,000,000	-
			63,561,000	59,700,000	3,861,000
TOTAL EMERGENCY FUNDS -----					
			176,434,641	118,112,453	58,322,188
GRAND TOTAL : CRDB FY 1988 -----					
			257,659,500	167,635,471	90,024,029

ANALYSIS OF UNLIQUIDATED DISBURSEMENTS BY PROJECT

APPENDIX IV
(cont)

PBZ PY 88

PROJECT -----	USE ---	LOCATION -----	TOTAL DISBURSED -----	PROGRESS REPORTS RECEIVED -----	UNSUPPORTED COST; UNLIQUIDATED DISBURSEMENTS -----
			TSHS ---	TSHS ---	TSHS ---
TRANSPORT =====					
MINISTRY OF COMMUNICATIONS AND WORKS -----					
ROAD REHABILITATION	REHAB.	UNGUJA - KITOGANI	82,935,600	80,388,199	2,547,401
	REHAB.	UNGUJA - BUMBWINI	30,368,700	28,723,752	1,644,948
	REHAB.	PENBA - WESHA	3,937,700	2,329,894	1,607,806
	REHAB.	PENBA - WAMBAA	12,625,100	6,900,540	5,724,560
	REHAB.	UNGUJA - CHOMBONI	31,586,000	31,536,000	-
ZANZIBAR CLOVE ROAD	REHAB.	PUCHI ROAD	14,143,429	14,143,429	-
TOTAL TRANSPORT =====			175,596,529	164,071,814	11,524,715
HEALTH =====					
MINISTRY OF HEALTH -----					
AIDS CONTROL	AIDS CONTROL	NATION WIDE	7,031,000	3,531,694	3,499,306
GRAND TOTAL : PBZ PY 1988 =====			182,627,529	167,603,508	15,024,021

AGEING OF UNLIQUIDATED DISBURSEMENTS

	FY 87 <u>NMC</u>	FY 88 <u>NMC</u>	FY 88 <u>BIZANJE</u>	<u>TOTAL</u>
	TShs.	TShs.	TShs.	TShs.
< 6 months	73,798,819	11,875,892	7,408,901	93,083,612
6 months - 1 year	6,644,498	756,724	6,500,748	13,901,970
1 - 2 years	34,104,454	42,827,689	1,114,372	78,046,515
2 - 3 years	130,214,375	8,662,574	-	138,876,949
3 - 4 years	62,239,288	25,901,150	-	88,140,438
4 - 5 years	<u>6,506,385</u>	<u>-</u>	<u>-</u>	<u>6,506,385</u>
	<u>313,507,819</u>	<u>90,024,029</u>	<u>15,024,021</u>	<u>418,555,869</u>

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SUMMARY OF PROJECTS WHERE
FIRST DISBURSEMENT HAS NOT BEEN LIQUIDATED

<u>Sub-recipient/Project</u>	<u>Disbursement Date</u>	<u>TShs.</u>
MOW - Equipment Rehab	8/89	12,900,000
MCT - Annotated Bibliography	10/89	624,690
MCW - Dodoma/Singida Rd.	10/89	20,000,000
Tabora DC - Feeder Rd.	10/89	3,700,000
Magu DC " "	6/89	6,580,000
Maswa DC " "	6/89	6,000,000
Kandegesho Farm	6/89	5,000,000
CRS - Mara drought	4/89	25,893,000
MOW - Mtwara Lindi	8/90	16,000,000
Red Cross - Kyela	11/89	<u>3,861,000</u>
Total		<u><u>100,558,690</u></u>

Notes

1. The above excludes unliquidated disbursements under 6 months old.
2. MOW - Ministry of Works
MCT - Ministry of Communication and Transport
MCW - Ministry of Communication and Works
DC - District Council
CRS - Catholic Relief Services

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ATTACHMENT II

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