

Regional Inspector General for Audit  
Nairobi, Kenya

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Audit of  
The Kenya Management Assistance Programme (KMAP)  
Cooperative Agreement No. 615-0238-A-00-7025-00  
Under USAID/Kenya Private Enterprise Development  
Project No. 615-0238

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Report No. 3-615-93-13-N  
February 22, 1993



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U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

February 22, 1993

**MEMORANDUM**

*Regional  
Inspector General  
for Audit/Nairobi*

**TO:** Director, USAID/Kenya, John R. Westley  
**FROM:** *Joe* RIG/A/Nairobi, Everette B. Orr *Joseph Faircliff*  
**SUBJECT:** Audit of the Kenya Management Assistance Programme (KMAP)  
Cooperative Agreement No. 615-0238-A-00-7025-00, Under  
USAID/Kenya Private Enterprise Development Project  
No. 615-0238, Audit Report No. 3-615-93-13-N

Attached are five copies of an agency-contracted financial audit report of the Kenya Management Assistance Programme (KMAP), Cooperative Agreement No. 615-0238-A-00-7025-00, under USAID/Kenya Private Enterprise Development Project No. 615-0238. The accounting firm of Bellhouse Mwangi Ernst & Young performed the audit.

On June 25, 1987, the United States Agency for International Development (USAID) signed Cooperative Agreement No. 615-0238-A-00-7025-00 with KMAP. The goal of the Cooperative Agreement is to assist KMAP in providing management counseling and management workshops to small businesses. KMAP would provide this assistance through the voluntary efforts of mid-level managers from large businesses in Kenya. Bellhouse Mwangi Ernst & Young audited \$435,219 which was \$53,423 less than the total amount reimbursed by USAID/Kenya. This \$53,423 difference was due to foreign exchange translation differences of \$48,279 and a timing difference of \$5,144 between a June 1992 payment by USAID/Kenya and its September 1992 receipt by KMAP.

The objectives of the audit were to:

- audit the KMAP 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;

- a

- consider the KMAP internal control structure in order to determine the auditing procedures for purposes of expressing an opinion on the Fund Accountability Statement and to report on significant internal control deficiencies and material weaknesses; and
- test KMAP'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.

There were no questioned costs, and the auditors expressed an unqualified opinion on the Fund Accountability Statement. The report on the internal control structure did not disclose any reportable conditions, but several insignificant weaknesses were mentioned. The report on compliance noted that with respect to the items tested, KMAP complied, in all material aspects, with laws, regulations, and the cooperative agreement.

The draft audit report was submitted to KMAP and USAID/Kenya for comment and their comments (Appendix I and Appendix II, respectively) were incorporated in the final report by Bellhouse Mwangi Ernst & Young. In summary, KMAP: (1) satisfactorily explained the \$202 of questioned costs that were included in the draft report but deleted from the final report, (2) explained the foreign exchange translation difference between the Fund Accountability Statement and USAID/Kenya's records, and (3) responded to the immaterial internal control and compliance recommendations that were included in the report. USAID/Kenya concurred in general with the auditor's report. This Office has no additional comments.

The audit report did not include any significant audit recommendations and, thus, we have not included any recommendations in the Office of the Inspector General audit recommendation follow-up system.

Thank you for the cooperation extended to Bellhouse Mwangi Ernst & Young and Regional Inspector General for Audit representatives during the audit.

Attachments: a/s

AUDIT OF  
THE KENYA MANAGEMENT ASSISTANCE PROGRAMME (KMAP)  
COOPERATIVE AGREEMENT NO. 615-0238-A-00-7025-00  
UNDER USAID/KENYA PRIVATE ENTERPRISE DEVELOPMENT PROJECT  
PROJECT NO. 615-0238

ATTACHMENTS

**NON FEDERAL AUDIT OF  
UNITED STATES AGENCY FOR INTERNATIONAL  
DEVELOPMENT KENYA MANAGEMENT  
ASSISTANCE PROGRAMME COOPERATIVE  
AGREEMENT NO.615-0238-00-A-7025-00**

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**KENYA MANAGEMENT ASSISTANCE PROGRAMME  
AUDIT REPORT FOR THE PERIOD JUNE 25,1987  
TO AUGUST 31, 1992**

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## **1. INTRODUCTION**

### **1.1 Background**

The Kenya Management Assistance Programme ("KMAP") is a non profit making organization created by large businesses in Kenya to provide assistance to small businesses. This assistance is provided by making available mid-level managers of large companies, on a voluntary basis, to provide counselling services to small businesses. The objectives of United States Agency for International Development (USAID) funding this program are to:-

- a) assist KMAP to mobilize experienced managers willing to provide management counseling to small businesses on a voluntary basis; and
- b) to help small businesses by the provisions of such counseling and workshops.

The co-operative agreement was signed on 25 June 1987 and has a Project Assistance Completion Date of 25 June 1992. This has since been extended by a "no-cost extension" until 30 November 1992. The agreement has obligations of \$560,238.

### **1.2 Pertinent Clauses in the Cooperative Agreement**

- a) Accounting records and documents must be maintained to support expenditures under the grant. Such records and documents must be made available for inspection by USAID representatives upon request.
- b) KMAP will operate in the Nairobi Metropolitan area, and when well established in this location, it plans additional chapters in the other major Kenyan towns, however, funding for this expansion has not been included under the cooperative agreement;
- c) Besides supporting a portion of KMAP operating and program expenses. USAID will also provide technical assistance; KMAP will be responsible for procurement of office equipment and furniture, training equipment and vehicles recruiting sponsor members and counsellors, soliciting clients, arranging counselling services, making logistic arrangements, issuing invitations to participants and conducting workshops.
- d) Counselors will be required to visit the client's premises. They will be reimbursed for actual expenses, primarily for transportation and lunch;
- e) KMAP will make contributions to the project amounting to \$469,170 (i.e 46% of USAID funding). This will represent both cash and in kind contributions. Cash contributions will include other donors funding, training fees, membership (registration) fees. In kind contributions will be made via volunteer consultancies by KMAP members to KMAP clients; and
- f) Establishment of a special account to be used solely for the USAID project funds.

### **1.3 Audit Objectives and Scope**

#### **1.3.1 Objectives and Scope**

Bellhouse Mwangi Ernst & Young ("BMEY") were appointed under contract No. 623-0000-1-00-2006-00 to audit K-MAP's expenditures, as the cooperative agreement is approaching its anticipated completion date of 30 November 1992. Our audit has the following objectives:-

- a) audit the KMAP 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;
- b) consider KMAP'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
- c) test KMAP's compliance with the terms of the grant agreement, 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.

#### **1.3.2 Methodology**

On September 15, 1992 BMEY performed a preliminary survey of accounting records and documents maintained by Micro Registrars, who keep K-MAP's books. It revealed monthly advance requests and expenditures were submitted to USAID. These monthly reports are extracted from the quarterly budgets and cash book respectively.

The principal audit steps performed included:

- i) a review of terms and conditions of the cooperative grant agreement;
- ii) a review of the internal control structure of K-MAP;
- iii) detailed audit procedures to determine compliance with the grant terms, establish the existence of internal controls and detect errors or irregularities;
- iv) reconciliations of financial reports submitted to USAID to records maintained by K-MAP to determine their accuracy and compliance; and
- v) testing of expenditures in the Fund Accountability Statement to determine the extent of ineligible and unsupported costs under the terms of the grant agreement.

#### **1.4 Summary of Audit Results**

##### **1.4.1 Fund Accountability Statement**

Our audit revealed no questioned costs.

The Fund Accountability Statement is prepared on the basis of cash receipts and disbursements which is a comprehensive basis of accounting other than U.S. Generally Accepted Accounting Principles.

##### **1.4.2 Internal Control Structure**

The following internal control weaknesses were noted:-

- i) One cash book was maintained for the period June 25, 1987 to October 31, 1987, where transactions relating to member's and grant account were recorded.
- ii) Competitive bidding was not used in the selection of a garage to maintain the K-MAP motor vehicle.
- iii) Assets donated to K-MAP were not recorded in books of account.
- iv) K-MAP capitalization policy was not consistently applied.
- v) K-MAP creditors are not adequately analysed in the accounting records.
- vi) Reconciliations between the cashbook and reimbursement claims were missing for a number of months.

##### **1.4.3 Compliance with Grant Provisions and Applicable Laws and Regulation**

Our major findings on compliance were:

- i) A vehicle usage log book was not maintained up to April 1992, as required under the cooperative agreement.
- ii) A fixed asset register was not maintained..
- iii) A consolidated report of expenditures was not submitted as required under the cooperative agreement.

##### **1.4.4 Management comments**

The following are the management comments on the audit findings:-

- i) In order to minimise borrowings from the members account discussions are being held on how to speed up receipt of advances from USAID.
- ii) Although all transactions were recorded in one cashbook, those related to the grant were clearly marked.

- iii) Management concurs, no competitive bidding was used in awarding servicing contract to Waithaka Diesel Workshop.
- iv) Management agrees the typewriter, IBM 6746 donated by Kimani Kairu and Advocates was not recorded.
- v) Although a Casio Calculator value at Kshs 450 was not capitalized against the company's policy, this was the only case in the grant life.
- vi) Expense reimbursement claims from USAID are for specific costs and claims are expected to be settled expeditiously thus there is no need to maintain a creditors ledger or pending invoice file.
- vii) Management concurs, reimbursement claims and reconciliations for period March and June 1988, March 1989 to December 1989 and March 1990 to July 1990 are missing.
- viii) From April 1992, there is a vehicle usage log book.
- ix) There is a listing of assets that the program owns and this has now been transcribed into a fixed asset register.
- x) The consolidated report of expenditure format set up initially by the co-operative agreement, resulted into complications i.e: period's actual costs did not match with the period's advances. Also under and overexpenditure made reconciliations of the period's advances and costs difficult. However, it was agreed with USAID officer in charge, that advance for the period be offset against amounts spent as noted in the reimbursement request.

2. FUND ACCOUNTABILITY STATEMENT

2.1 Independent Auditor's Report

We have audited the Fund Accountability Statement for the USAID Grant to Kenya Management Assistance Programme Cooperative Agreement No. 615-238-A-00-7025-00 for the period June 25, 1987 through August 31, 1992. This statement is the responsibility of Kenya Management Assistance Programme. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General of the United States of America (1988 revision). For this audit Government Auditing Standard 3.46 regarding an external quality control review and 3.6 regarding continuing professional education were not met. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Fund Accountability Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Fund Accountability Statement is prepared on the basis of cash receipts and disbursements which is a comprehensive basis of accounting other than U.S. Generally Accepted Accounting Principles.

In our opinion, the Fund Accountability Statement referred to above presents fairly, in all material respects, the project income and expenditure received and disbursed by Kenya Management Assistance Programme for the period June 25, 1987 through August 31, 1992 in conformity with the basis of accounting described above.

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. The report is intended solely for the information of Kenya Management Assistance Programme and the United States Agency for International Development, but this is not intended to limit the distribution of the report, if a matter of public record.

  
BELLHOUSE MWANGI ERNST & YOUNG  
NAIROBI

  
..... 1992

## **2.2 Findings and Recommendations**

### **2.2.1 Introduction**

The Fund Accountability Statement was prepared from the records maintained by K-MAP, and is set out in paragraph 2.2.2. below.

The scope of the audit included sampling disbursements of the grant funds and payments therefrom, in the period June 25, 1987 through August 31, 1992.

(Kenya Shillings)

**2.2.2 FUND ACCOUNTABILITY STATEMENT  
FOR THE PERIOD JUNE 25, 1987 TO AUGUST 31, 1992**

	<b>1988 KShs.</b>	<b>1989 KShs.</b>	<b>1990 KShs.</b>	<b>1991 KShs.</b>	<b>1992 KShs.</b>	<b>TOTAL KShs.</b>
<b>GRANT INCOME</b>	297,263 =====	1,767,551 =====	2,106,178 =====	2,416,110 =====	3,719,540 =====	10,306,642 =====
<b>EXPENDITURE</b>						
Salaries	(25,936)	628,998	794,777	881,485	1,341,951	3,618,795
Allowances	0	44,473	42,512	79,985	97,472	929,774
Operating expenses	85,250	507,813	617,909	633,898	967,062	2,811,932
Program Support	212,049	586,267	650,980	820,742	1,313,055	2,920,241
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	271,363 =====	1,767,551 =====	2,106,178 =====	2,416,110 =====	3,719,540 =====	10,280,742 =====
<b>Surplus</b>	25,900 =====	0 =====	0 =====	0 =====	0 =====	25,900 =====

2.2.3 FUND ACCOUNTABILITY STATEMENT  
FOR THE PERIOD JUNE 25, 1987 TO AUGUST 31,1992

(US Dollars)

	1988 U\$	1989 U\$	1990 U\$	1991 U\$	1992 U\$	TOTAL U\$
GRANT INCOME	17,578	91,869	99,677	103,607	122,488	435,219(A)
	=====	=====	=====	=====	=====	=====
EXPENDITURE						
Salaries	(1,535)	32,692	37,614	37,800	44,223	150,794
Allowances	0	2,312	2,012	3,430	25,339	33,093
Operating expenses	5,042	26,394	29,243	27,182	31,647	119,508
Program Support	12,540	30,471	30,808	35,195	21,279	130,293
	<u>16,047</u>	<u>91,869</u>	<u>99,677</u>	<u>103,607</u>	<u>122,488</u>	<u>433,688</u>
	=====	=====	=====	=====	=====	=====
Surplus	1,531	0	0	0	0	1,531
	=====	=====	=====	=====	=====	=====

The following is a reconciliation of the grant fund.

Funds received by KMAP (See A above)	435,219
Reimbursement for the month of June 1992 received in September 1992	5,144
Foreign Exchange translation Differences (Note 1)	48,279
Disbursements per USAID	<u>488,642</u>

Note 1: The exchange differences arose because K-MAP has used weighted average whereas USAID used prevailing rate on the transaction date.

#### **2.2.4 Sample Selection Criteria**

We verified all payments over \$ 1,300 and test checked a representative sample of 22 other payments. Our sample covered 72% of the expenditures.

#### **2.2.5 Audit Results**

The results from our audit indicate that receipts and expenditure were duly authorized and supported by original and approved documents.

As indicated in paragraph 2.2.6, no ineligible or unsupported costs were noted.

(US Dollars)

**2.2.6 EXPENDITURE FOR THE PERIOD JUNE 25,1987  
TO AUGUST 31, 1992**

**AMOUNT RECOMMENDED TO BE**

	Claimed \$	Accepted \$	Ineligible \$	Unsupported \$
Salaries	150,794	150,794	-	-
Allowance	33,093	33,093	-	-
Operating Expenses	119,508	119,508	-	-
Program Support	130,293	130,293	-	-
	<u>433,688</u>	<u>433,688</u>	<u>0</u>	<u>0</u>
	=====	=====	=====	=====

	KShs.	KShs.	KShs.	KShs.
Salaries	3,618,795	3,618,795	-	-
Allowances	929,774	929,774	-	-
Operating Expenses	2, 1,932	2,811,932	-	-
Program Support	2,920,241	2,920,241	-	-
	<u>10,280,742</u>	<u>10,280,742</u>	<u>0</u>	<u>0</u>
	=====	=====	=====	=====

## 2.2.7 Amounts due to Members Account from USAID Special Bank Account

Salaries and allowances are paid through the members account, due to lack of funds in the USAID special bank account. When reimbursements are received from USAID, payments out of members account are not refunded. As at August 31, 1992, the USAID bank account owed the members account KShs. 296,954.95 (\$12,029). Management believes this situation arose due to delays in receiving funds from USAID. This resulted in a revolving financing deficit (i.e. USAID bank account borrows from members account, receives the money late then repays members account, borrows again and the cycle continues)

The above produces reconciling items when an attempt is made to reconcile the cashbook payments to the amounts claimed from USAID, as these items are not reversed in the subsequent reconciliations. Therefore, total payments into cashbook were lower than total receipts from USAID by KShs. 322,579. This variation is wholly attributable to the reconciling items and can be analyzed as follows:

	KShs
Adjustments between cashbook payments and receipt from USAID	322,579
Less: Amounts claimed from USAID by KMAP but not paid in the month of August 1992	(25,922)
Under claimed amounts by KMAP from USAID	<u>298</u>
Amounts due to members account by USAID grant account	296,955
	=====

### Recommendation

We recommend K-MAP and the USAID mission agree the modalities of ensuring funds are available on timely basis. The amounts due to the members account should be refunded and reimbursement claims from USAID should be on actual expenditure.

### Management comments

In order to ensure sufficient funds are available in the USAID grant account discussions are being held on how to speed up receipt of advance from USAID.

### 3. INTERNAL CONTROL STRUCTURE

#### 3.1 Independent Auditor's Report

We have audited the Fund Accountability Statement for the USAID Grant to Kenya Management Assistance Programme Cooperative Agreement No. 615-0238-A-00-7025-00 for the period June 25, 1987 through August 31, 1992 and have issued our report thereon dated .....07.....December 1992

We conducted our audit in accordance with Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General of the United States (1988 revision). For this audit Government Auditing Standard 3.46 regarding an external quality control review and 3.6 regarding continuing professional education were not met. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the Fund Accountability Statement we considered the internal control structure established by Kenya Management Assistance Programme in so far as it relates to grant funds in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Kenya Management Assistance Programme is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs of the internal control structure, policies and procedures. The objectives of an internal control structure, are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with Kenya Management Assistance Programme'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, projections 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:

#### Control Environment

- written procedures
- personnel capabilities

Accounting system

- accounting records and USAID reporting
- reconciliations to independently generated information

Control Procedures

- disbursements
- cash management

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level, the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. However, we noted certain matters involving the internal control structure and its operation that we have reported in Section 3.3.

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. The report is intended solely for the information of Kenya Management Assistance Programme and the United States Agency for International Development but this is not intended to limit the distribution of the report, if a matter of public record.

*Bellhouse Mwangi Ernst & Young*  
BELLHOUSE MWANGI ERNST & YOUNG  
NAIROBI

*F. B. ...*  
..... 1992

### **3.2 Work Performed**

We reviewed the Internal Control Structure in relation to those elements which related to the USAID grant. We obtained an understanding of the design of relevant procedures and we assessed control risk. Our review considered the significant Internal Control Structure policies and procedures, categorized as follows:-

#### **Control Environment**

- written procedures
- personnel capabilities

#### **Accounting System**

- accounting records and USAID reporting
- reconciliations to independently generated information

#### **Control Procedures**

- disbursements
- cash management

### **3.3 Findings and Recommendations**

#### **3.3.1 Control Environment**

Our review indicated that established written procedures exist for the management of grant funds. Books of accounts are maintained by Micro Registrars, a firm of accountants. Also the capability of the personnel involved in the management of these funds was considered adequate.

#### **3.3.2 A Separate Cashbook not Initially Maintained**

Payments relating to the grant for the period June 25, 1987 to October 31, 1987 were recorded in one cashbook together with other transactions.

#### **Recommendation**

We recommend a separate cashbook should be maintained, and since October 31, 1987 K-MAP has introduced one.

#### **Management comments**

Although the transactions were recorded in one cashbook, those related to the grant were clearly marked.

#### **3.3.3 No Competitive - Bidding used in Awarding Servicing Contract**

The management has been using Waithaka Diesel Workshop to maintain company's vehicle since the dealer. D.T. Dobie and Co. was considered to be expensive and repairing delays were experienced. We noted competitive - bidding was not applied in awarding this servicing contract to Waithaka Diesel Workshop.

### **Recommendation**

A formal service contract should be prepared, after obtaining quotations from three workshops. This will ensure services are properly authorized.

### **Management comments**

Management concurs, no competitive bidding was used in awarding servicing contract to Waithaka Diesel Workshop.

### **3.3.4 Asset Donations Unrecorded**

A typewriter, IBM 6746 costing KShs. 22,705 (\$1,333) donated by a member, Kimani Kairu and Advocates, was not recorded in the accounting records. According to management, the omission was due to an oversight.

### **Recommendation**

We recommend all donations of capital nature should be recorded in the books of account. This will enhance the control over asset and ensure assets are fairly stated.

### **Management comments**

Management agrees the donated typewriter was not recorded.

### **3.3.5 Capitalization Policy Inconsistently Applied**

A Casio calculator valued at KShs. 450 was capitalised against the K-MAP capitalization policy of capitalising items over KShs. 1600.

### **Recommendation**

K-MAP's capitalization policy should be adhered to. A separate asset listing of items costing less than KShs. 1600 be maintained to ensure physical safeguards.

### **Management comments**

Although the calculator was not capitalised according to company's policy, this was the only case in the grant life.

### **3.3.6 Inadequate Recording of Creditors**

When reviewing the cashbook, we noted expenses are accrued at the time of submitting reimbursement claims to USAID. This current procedure does not ensure all creditors are recorded.

### **Recommendation**

We recommend as K-MAP introduces, a creditors ledger or a pending invoice file to enhance the control over creditors.

**Management comments**

Expense reimbursement claims from USAID are for specific costs and are expected to be settled expeditiously, thus there is no need to maintain a creditor's ledger and pending invoice file.

**3.3.7 Reimbursement Claims Reconciliation Missing**

Reconciliations between reimbursements claimed from USAID and the cashbook could not be traced for the months of March and June 1988, March 89 to December 89 and March 90 to July 90. Management believes these reconciliations were misplaced when moving documents from Micro Registrars to K-MAP. These reconciliations have been prepared after the exit conference with the Auditee, USAID and BMEY held on October 14, 1992

**Recommendations**

All reconciliations should be properly kept. This will facilitate their access when required.

**Management comments**

Management concurs the reconciliation are missing.

4. COMPLIANCE WITH GRANT PROVISIONS AND APPLICABLE LAWS AND REGULATIONS

4.1 Independent Auditor's Report

We have audited the Fund Accountability Statement for the USAID Grant to Kenya Management Assistance Programme Cooperative agreement No. 615-0238-A-00-7025-00 for the period June 25, 1987 through August 31, 1992 and have issued our report thereon dated 07 December 1992

We conducted our audit in accordance with Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General of the United States (1988 revision). For this audit, Government Auditing Standard 3.46 regarding an external quality control review and 3.6 regarding continuing professional education were not met. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, grants, and binding policies and procedures applicable to the program funds is the responsibility of Kenya Management Assistance Programme's management. As part of our audit, we performed tests of Kenya Management Assistance Programme's compliance with the grant agreement and related laws and regulations. However, it should be noted that we performed those tests of compliance as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, our objective was not to provide an opinion on compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that with respect to the items tested, Kenya Management Assistance Programme complied, in all material aspects, with the provisions referred to in the third paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Kenya Management Assistance Programme had not complied, in all material respects, with those provisions.

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. The report is intended for the information of Kenya Management Assistance Programme and the United States Agency for International Development but this is not intended to limit the distribution of the report, if a matter of public record.



BELLHOUSE MWANGI ERNST & YOUNG  
NAIROBI

07 December 1992

## **4.2 Introduction**

Our audit of USAID project assistance to K-MAP included obtaining assurances that the K-MAP complied with grant provisions and applicable laws and regulations.

Procedures performed to test such compliance included the following:-

- i) a review of grant provisions and related regulations to identify those provisions and regulations which could have a material effect on the Fund Accountability Statement; and
- ii) detailed testing to confirm K-MAP's compliance with those provisions and regulations.

## **4.3 Findings and Recommendations**

In the course of our audit, we noted the following instances of noncompliance:-

- i) From the grant inception up to April 1992 a vehicle usage log book for the Nissan Sunny KZN 867 was not maintained as required by the cooperative agreement.

### **Recommendation**

A vehicle usage log book should always be maintained. This will ensure the vehicle is exclusively utilized in carrying out K-MAP operations.

### **Management comments**

From April 1992, there is a vehicle usage log book.

### **Finding**

- ii) Fixed asset register was not maintained, as stipulated by the cooperative agreement. Without a fixed asset register controls over the K-MAP assets cannot be effectively implemented.

### **Recommendation**

We recommend that a fixed asset register be maintained showing all particulars of the company's assets including description, cost, date of purchase, location, condition. After the exit conference the auditee has prepared a fixed asset register as requested during the meeting.

### **Management comments**

While noting the recommendation, there is a listing of assets that the programme owns and this has now been transcribed into a fixed asset register.

**Finding**

- iii) A consolidated report of expenditure, showing budgeted amount, expenditure for the month, cumulative expenditure and next month's estimated expenditure was not submitted monthly to RFMC, with a copy to the office of projects, as required by the cooperative agreement. According to management the attempt to prepare such reports were unsuccessful.

**Recommendation**

We recommend a consolidated report be prepared, and the responsible officer in charge of maintaining the accounting records be trained on how to prepare the report.

**Management comments**

The consolidated report of expenditure formed set up initially by the co-operative agreement resulted into complications i.e; the period's actual costs did not match with the period advance. Also under and over expenditure made the reconciliation of the period's advances and costs difficult. However, it was agreed with the USAID officer in charge that advances for the period be offset against amounts spent as noted in the reimbursement request.



**Kenya Management Assistance Programme**  
2nd floor • Standard Chartered Chambers • Kimathi Street  
Box 59400 • Nairobi Kenya • Phone 220853/220590.

5 November 1992

Ernest and Young  
P.O. Box 44286  
NAIROBI



Dear Sirs,

RE : K-MAP AUDIT

Enclosed please find our response on the above audit report.

Thank you.

Yours sincerely,

H V Gohil  
Ag. PROGRAMME ADMINISTRATOR

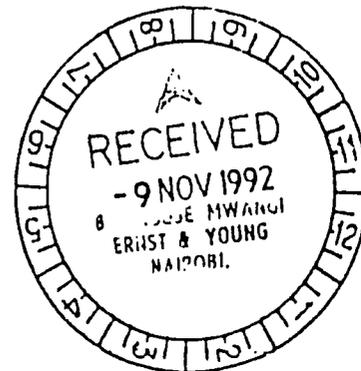
Encls.



**Kenya Management Assistance Programme**  
 2nd floor • Standard Chartered Chambers • Kimathi Street  
 Box 59400 • Nairobi Kenya • Phone 220853/220690

9 November 1992

The Director  
 Bellhouse Mwangi Ernst & Young  
 P O Box 44286  
NAIROBI.



Dear Sir,

RE: USAID/K-MAP CO-OPERATIVE AGREEMENT  
NO. 615-0238-00-A-7025-00

We have been through the draft report under the above Co-operative Agreement. Our comments on the audit findings have already been dealt with under separate cover. We, however, wish to reiterate on finding 2.2.3 that the table as presented is misleading. The \$202 in Kenya shillings equivalent paid to Mrs. Kathleen Kinyua has never been claimed from USAID. This amount was shown on the balance sheet as a recoverable amount from the members' account as it is known that the members account is owed over Kshs.12,000/= by the aid account. This, therefore, does not make the \$202 an ineligible cost as shown on that table.

Secondly, it should be noted on page 15 that in K-MAP, all the funds received are in Kenya shillings and are accounted for back to USAID by K-MAP in Kenya shillings. No foreign exchange difference is therefore expected on these transactions. We do understand that USAID translates this into dollars in their own books. An area where an exchange difference may arise are those instances where items have been bought duty free and paid for directly by USAID and we do believe in instances like those, the exchange rate in which these transactions are brought into the K-MAP account would be the same exchange rates that would be translated back, but as for USAID, they pay directly in U.S. dollars, they will account for them in U.S. dollars, together with the other disbursements to K-MAP already converted.

Yours faithfully

M. Gohil  
 Ag. PROGRAMME ADMINISTRATOR

## K-MAP'S RESPONSE TO AUDIT FINDINGS

- 1.1 The reason why the salary advance paid to Mrs. Kathleen Kinyua from the USAID account has not been refunded to the members account is as a result of the circumstances described in 1.2 below. It should, however, be noted that this is NOT an ineligible expenditure as it has not been claimed from USAID. It has been reported as a recoverable cost in the Balance Sheet. It has been given the same treatment the deposit of Oshwal Service Station has been given, i.e. this cost has not been requested for reimbursement from USAID.
- 1.2 Noted. Discussions are being held on how to speed up receipt of advances from USAID.
- 2.1 Noted. Although other transactions were recorded in one cash book with those related to the grant, they were completely separated in that cash book, which were clearly marked, effectively making it two cash books. It is not as if transactions were mixed up, but rather on two different sections of the cash book. There resulted in no confusion in doing this. Another reason for this was that this was a grant that was only running for six months.
- 2.2 Noted.
- 2.3 Noted.
- 2.4 While noting the recommendation, we wish to point out that this happened in August, 1992 and is the only case in the life of K-MAP.
- 2.5 All expenses incurred are supposed to be paid for immediately in accordance with USAID terms because advances are asked for for specific costs so when these are incurred they have to be paid for immediately hence giving no necessity of having creditors. We, however, note that occasionally, there are delays in clients submitting their invoices resulting in payments not being made at the time the expenses are being incurred, but these are very, very minimal, not giving necessity in maintaining separate creditors' ledger or of opening a pending invoices file, but the situation will be reviewed as time goes by and if found necessary the recommendation will be implemented.

2.6 Noted.

3.1 There is a vehicle usage log book maintained from April 1992.

3.2 While noting the recommendation, kindly note that for assets that the programme owns, there is a listing. This listing is what has now been transcribed into the Fixed Assets Register.

3.3 We do not agree that the management attempt to prepare a consolidated report of expenditure was unsuccessful. In fact, there are such reports for the period from inception of the grant to December, 1989. The reporting format set up initially by the co-operative agreement resulted in complications of requesting for advances and accounting for those advances through reimbursement requests. Under that system, actual expenditure was taken into account together with the anticipated expenditure for which an advance was being requested. Then off this, all cash advances, were recovered. This:-

i) Did not match the period's actual costs with the period's advance (see samples annexed).

ii) Any under or over-expenditure was dealt within this global figure and made reconciliation of a particular period's advances with the costs very difficult. (see sample).

After discussion with the USAID Officer In Charge of the programme, it was agreed to simplify the system in that on reimbursement request, the advances granted for the period in which the reporting is being done, be knocked off the amount spent. If consolidated expenditure report is required, all it entails is the adding of all the monthly reimbursement request, which we do understand that USAID has in their computers, hence there being no necessity for us to prepare such a report.

U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION  
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, NAIROBI, KENYA

DATE VOUCHER PREPARED  
9/11/89

CONTRACT NUMBER AND DATE  
615-0238-A-00-7025 6/25/87

REQUISITION NUMBER AND DATE

SCHEDULE NO. \_\_\_\_\_  
PAID BY \_\_\_\_\_

**PAYEE'S NAME AND ADDRESS**

Kenya Management Assistance Programme  
Standard Chartered Bank of Kenya Ltd.  
Kenyaatta Venue Branch  
Account No. 570613  
P.O. Box 30001  
NAIROBI

DATE INVOICE RECEIVED \_\_\_\_\_  
DISCOUNT TERMS \_\_\_\_\_  
PAYEE'S ACCOUNT NUMBER \_\_\_\_\_

SHIPPED FROM \_\_\_\_\_ TO \_\_\_\_\_ WEIGHT \_\_\_\_\_ GOVERNMENT B/L NUMBER \_\_\_\_\_

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <small>(Enter description, item number of contract of Federal supply schedule, and other information deemed necessary)</small>	QUANTITY	UNIT PRICE		AMOUNT
				COST	PER	
RR- 09	10/01/89  Thru 10/31/89	Advance Request for the period October 01, 1989 through October 31, 1989 as per attached Financial Report and Advance Request				KSHS.  36,944.80
 VICTOR PRATT						
<b>TOTAL</b>						36,944.80

(Use continuation sheets if necessary) **(Payee must NOT use the space below)**

<b>PAYMENT:</b> <input type="checkbox"/> PROVISIONAL <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL <input type="checkbox"/> PROGRESS <input type="checkbox"/> ADVANCE	<b>APPROVED FOR</b> = \$ _____	<b>EXCHANGE RATE</b> = \$1.00	<b>DIFFERENCES</b> _____	
	<b>BY</b> _____			
	<b>TITLE</b> _____			<small>Amount verified, correct for</small>
				<small>(Signature or initials)</small> _____

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Authorized Certifying Officer)<sup>1</sup>

\_\_\_\_\_  
(Title)

ACCOUNTING CLASSIFICATION

<b>PAID BY</b>	CHECK NUMBER _____	ON ACCOUNT OF U.S. TREASURY	CHECK NUMBER _____	ON (Name of bank)
	CASH	DATE _____	PAYEE <sup>2</sup>	

<sup>1</sup>When stated in foreign currency, insert name of currency.  
<sup>2</sup>If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title.  
<sup>3</sup>When a voucher is received in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.

PER \_\_\_\_\_  
TITLE \_\_\_\_\_

**PRIVACY ACT STATEMENT**

The information requested on this form is required under the provisions of 31 U.S.C. 82b and 82c, for the purpose of disbursing federal money. The information requested is to identify the particular creditor and the amounts to be paid. Failure to furnish this information will hinder discharge of the payment obligation.

DETAILED FINANCIAL REPORT

KENYA MANAGEMENT ASSISTANCE PROGRAMME  
GRANT AID 615-0238-A-00-7025-00

The following is detailed expenditure report related to the referenced Co-operative Agreement for the period October 1, 1989 through October 31, 1989.

OCTOBER  
SHS

OPERATIONAL SUPPORT

1. Salaries:

Programme Administrator	35,000.00
Deputy Executive Director	25,000.00
Accountancy	4,400.00
Secretary	6,500.00
Executive Secretary	11,500.00
Cleaner	1,600.00
Messenger	3,500.00
Programme Analyst	14,000.00
Allowances	8,000.00
Sub Total Salaries	<u>109,500.00</u>

2. Operating Expenses:

Newsletter/Booklets	10,000.00
Rent	24,000.00
Office Operating & Maint.	4,000.00
Stationery	10,000.00
Communications	5,000.00
Word Processor O & M	6,000.00
Photocopier O & M	2,000.00
Sub Total Operating Exp.	<u>61,000.00</u>

Sub-Total Operational Support 170,500.00  
=====

3. Program Expenses:

Training Materials	5,000.00
Media	10,000.00
Travel (in Country)	4,000.00
Vehicle O & M	4,000.00
Volunteer Expense Claims	3,000.00
Sub Total Program Expen.	<u>26,000.00</u>

GRAND TOTALS 196,500.00  
=====

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AFRICA PRIVATE ENTERPRISE DEVELOPMENT FUND  
COOPERATIVE AGREEMENT 615-0238-A-00-7025-00

KENYA MANAGEMENT ASSISTANCE PROGRAMME  
FINANCIAL REPORT AND ADVANCE REQUEST

PROJECT ELEMENT	Total Project Budget \$ 1	Cumulative Expenditures Thru Previous Report Period KShs. 2	Current Expenditure for Period Aug. 1- Sept 30 KShs. 3	Cumulative Expenditure To-date KShs. 4	Anticipated Expenditure Next One Month KShs. 5
1. Operational Support	74,610	2,213,986.35	371,520.00	2,585,506.35	170,500.00
2. Program Support	31,840	180,683.75	40,154.75	220,838.50	26,000.00
3. Technical Assistance	81,950	-	-	-	-
	<u>188,400</u>	<u>2,394,670.10</u>	<u>411,674.75</u>	<u>2,806,344.85</u>	<u>196,500.00</u>
ESTIMATED TOTAL DISBURSEMENTS (COLS. 4 & 5) THROUGH: OCTOBER, 1989					3,002,844.85
LESS: TOTAL CASH ADVANCES THROUGH SEPTEMBER 30, 1989					2,965,900.05
<u>CASH ADVANCE REQUESTED</u>					<u>36,944.80</u>

The undersigned certifies (1) that current expenditures detailed herein for which reimbursement is requested have not been previously reimbursed to the KENYA MANAGEMENT ASSISTANCE PROGRAMME; (2) that the above request for an advance of funds represents that best estimate of the funds required to cover projected expenditures over the next one month; (3) that appropriate refund or credit to the Cooperative Agreement will be made in the event funds are not expended; (4) that appropriate refund will be made in the event of disallowance in accordance with the terms of the Cooperative Agreement; and (5) that such detailed information for actual expenditure reported will be furnished to A.I.D. upon request.

BY:  VICTOR PRATT

TITLE: CHAIRMAN, EXECUTIVE COMMITTEE

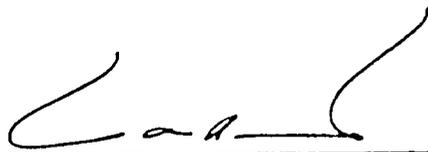
DATE: 23rd October, 1989

26

The undersigned hereby certifies:

1. That the above requested amount represents the best estimate of funds needed for disbursements to be incurred over the period described.
2. That appropriate refund or credit to the Cooperative Agreement will be made in the event of disallowance in accordance with the terms of the Cooperative Agreement.
3. That appropriate refund or credit to the Cooperative Agreement will be made in the event funds are not expended. and
4. That any interest accrued on the funds made available herein will be refunded to AID.

BY :

  
\_\_\_\_\_  
VICTOR ROY PRATT

TITLE: CHAIRMAN - EXECUTIVE COMMITTEE

DATE: 23rd October, 1989

Standard Form 1014 Revised January 1990 Department of the Treasury FORM 4 7000 1014-118	<b>PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL</b>		VOUCHER NO
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION <b>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, NAIROBI, KENYA</b>		DATE VOUCHER PREPARED <b>2/13/90</b>	SCHEDULE NO
		CONTRACT NUMBER AND DATE <b>615/0238/A-00-7025 6/25/87</b>	PAID BY
		REQUISITION NUMBER AND DATE	
PAYEE'S NAME AND ADDRESS <input type="checkbox"/> Kenya Management Assistance Programme <input checked="" type="checkbox"/> Standard Chartered Bank of Kenya Ltd. Kenyatta Avenue Branch Account No. 570613 P.O. Box 30001 NAIROBI			DATE INVOICE RECEIVED
			DISCOUNT TERMS
			PAYEE'S ACCOUNT NUMBER
SHIPPED FROM		TO	WEIGHT
			GOVERNMENT B/L NUMBER

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <i>(Enter description, item number of contract of Federal supply schedule, and other information deemed necessary)</i>	QUANTITY	UNIT PRICE		AMOUNT
				COST	PER	
RR - 17	1/01/90 Thru 1/31/90	Reimbursement claimed for the period January 01, 1990 through January 31, 1990 as per detailed Fiscal Report Less Advance Received				KSHS 168,935.20 (161,000.00)
(The continuation sheet(s) if necessary) <b>VICTOR PRATI</b> (Payee must NOT use the space below)						TOTAL
PAYMENT: <input type="checkbox"/> PROVISIONAL <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL <input type="checkbox"/> PROGRESS <input type="checkbox"/> ADVANCE		APPROVED FOR	EXCHANGE RATE	DIFFERENCES		7,935.00
		BY	\$	\$1.00	Amount verified, correct for	
		TITLE	(Signature or initials)			

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

(Date) \_\_\_\_\_ (Authorized Certifying Officer) \_\_\_\_\_ (Title) \_\_\_\_\_

ACCOUNTING CLASSIFICATION \_\_\_\_\_

PAID BY	CHECK NUMBER	ON ACCOUNT OF U.S. TREASURY	CHECK NUMBER	ON (Name of bank)
	CASH	DATE	PAYEE'S	

\*When stated in foreign currency, insert name of currency.  
 \*If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title.  
 \*When a voucher is received in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example, "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.

**PRIVACY ACT STATEMENT**

The information requested on this form is required under the provisions of 31 U.S.C. 82b and 82c, for the purpose of disbursing Federal money. The information requested is to identify the particular creditor and the amounts to be paid. Failure to furnish this information will hinder discharge of the payment obligation.

DETAILED FINANCIAL REPORT

KENYA MANAGEMENT ASSISTANCE PROGRAMME  
GRANT AID 615-0238-A-00-7025-00

The following is detailed expenditure report related to the referenced Co-operative Agreement for the period January 1, 1990 through January 31, 1990.

JANUARY  
SHE

OPERATIONAL SUPPORT

1. Salaries:

Programme Administrator	35,000.00
Deputy Programme Administrator	25,000.00
Accountancy	-
Secretary	6,000.00
Executive Secretary	11,500.00
Cleaner	1,600.00
Messenger	3,500.00
Programme Analyst	14,000.00
Casual	4,800.00
Allowances	4,197.30
Sub Total Salaries	<u>105,597.30</u>

2. Operating Expenses:

Office Furniture	5,000.00
Rent	23,053.35
Office Operating & Maint.	1,147.90
Photocopier O & M	9,985.00
Word Processor O & M	186.00
Stationery	160.00
Communications	9,348.40
Service Charge	300.00
Bank Charges	78.25
Sub Total Operating Exp.	<u>49,518.90</u>

Sub-Total Operational Support 155,116.20  
=====

3. Program Expenses:

Workshop Expenses	500.00
Media	8,856.00
Vehicle O & M	4,460.00
Travel (in country)	3.00
Sub Total Program Expen.	<u>13,819.00</u>

GRAND TOTALS 168,935.20  
=====

Standard Form 1034  
Revised January 1980  
Department of the Treasury  
FORM 4-7000  
1034-118

**PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL**

U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION <b>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, NAIROBI, KENYA</b>	DATE VOUCHER PREPARED <b>11/01/88</b>	VENUE (SEE 110)	
	CONTRACT NUMBER AND DATE <b>111-0238-A-111-7025 11/01/88</b>		PAID BY
	REQUISITION NUMBER AND DATE		

**PAYEE'S NAME AND ADDRESS**

Kenya Management Assistance Programme  
Standard Chartered Bank Kenya Limited  
Kenyatta Avenue Branch  
Account No. 570613  
P.O. Box 30001,  
NAIROBI

SHIPPED FROM \_\_\_\_\_ TO \_\_\_\_\_ WEIGHT \_\_\_\_\_

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <i>(Enter description, item number of contract of Federal supply schedule, and other information deemed necessary)</i>	QUANTITY	UNIT PRICE		AMOUNT
				UNIT	PRICE	
RR - 02	04/01/88  THRU 06/30/88	Reimbursement claimed for the period April 1, 1988 through June 30, 1988 per detailed Fiscal Report. (Less advance received)				K.S.S.  514,582.90  (373,577.60)

(Use continuation sheet(s) if necessary) (Payee must NOT use the space below)

PAYMENT: <input type="checkbox"/> PROVISIONAL <input checked="" type="checkbox"/> COMPLETE RIAL <input type="checkbox"/> FINAL <input type="checkbox"/> PROGRESS <input type="checkbox"/> ADVANCE	APPROVED FOR	EXCHANGE RATE	TOTAL	DIFFERENCES
	BY:	-\$	-\$1.00	
	TITLE	Amount verified, correct for		
	(Signature or initials)			

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Authorized Certifying Officer)

\_\_\_\_\_  
(Date)

ACCOUNTING CLASSIFICATION

PAID BY	CHECK NUMBER	ON ACCOUNT OF U.S. TREASURY	CHECK NUMBER	OFF (Name of bank)
	CASH	DATE	PAYEE	

\*When stated in foreign currency, insert name of currency.  
 \*If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title.  
 \*When a voucher is received in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.

Previous edition obsolete

**PRIVACY ACT STATEMENT**  
 The information requested on this form is required under the provisions of 31 U.S.C. 826 and 827, for the purpose of disbursing Federal money. The information requested is to identify the particular creditor and the amounts to be paid. Failure to furnish this information will result in a check stop of the payment obligation.

DETAILED FINANCIAL REPORT  
 KENYA MANAGEMENT ASSISTANCE PROGRAMME  
 COOPERATIVE AGREEMENT 614/0008-A-000-7029/000

The following is a detailed expenditure report related to the referenced Cooperative Agreement for the period April 1 1988 through June 30 1988.

A. <u>OPERATIONAL SUPPORT</u>	SHS.
1. <u>Salaries</u>	
Executive Director	89,940.00
Deputy Executive Director	71,330.00
Secretarial Services	27,700.00
Executive Secretary	32,780.00
Messenger/Driver	8,780.00
Accounting	20,976.00
Cleaner	4,280.00
Program Analyst	21,800.00
Other Allowances	16,778.05
Sub total	<u>294,404.65</u>
2. <u>Operating Expenses</u>	
Office Rent	87,160.05
Office Furniture	3,702.00
Office Operating and Maintenance	14,346.30
Bank Charges	380.00
Stationery	2,834.00
Photocopier operating & Maintenance	4,461.00
Communications	21,664.00
Sub total	<u>134,547.35</u>
Sub total Operational Support	<u>428,952.00</u>
B. <u>PROGRAM SUPPORT</u>	
1. <u>Program Expenses</u>	
Media	79,571.90
Travel	156.00
Consultor/sponsor meeting	5,903.00
Sub total	<u>85,630.90</u>
TOTAL	<u><u>514,582.90</u></u>
C. <u>ADJ DIRECT PAYMENTS</u>	
a) <u>Operational Support</u>	
Office Partitioning	86,600.00
Office Furnishings	40,018.00
Typewriter	19,000.00
Photocopier	56,300.00
Computer	96,883.00
Sub total	<u>298,801.00</u>
b) <u>Program Support</u>	
Motor vehicle	192,389.00
TOTAL	<u><u>491,190.00</u></u>



UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
U.S.A.I.D. MISSION TO KENYA

UNITED STATES POSTAL ADDRESS  
US AID MISSION TO KENYA  
UNIT 64102  
APO AE 09831 - 4102

INTERNATIONAL POSTAL ADDRESS  
POST OFFICE BOX 30261  
NAIROBI, KENYA

November 20, 1992

Mr. C. A. Otolo  
Bellhouse Mwangi Ernst & Young  
Certified Public Accountants  
P.O. Box 44286  
Nairobi

Dear Mr. Otolo:

The Private Enterprise Office of USAID/Kenya has reviewed the K-MAP draft audit report dated October 30, 1992 and concurs with it. We look forward to receiving the final copy.

Sincerely,

Alfreda Brewer  
Deputy Chief  
Private Enterprise Office

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REPORT DISTRIBUTION

U.S. Ambassador to Kenya	1
Director, USAID/Kenya	5
AA/AFR	2
AFR/EA/K	1
AFR/CONT	1
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LEG	1
GC	1
AA/FA	1
AA/OPS	1
FA/FM	1
POL/CDIE/DI	1
FA/MCS	1
RCO/REDSO/ESA	1
REDSO/ESA	1
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IG	1
AIG/A	1
D/AIG/A	1
IG/A/PPO	2
IG/LC	1
IG/RM/C&R	5
IG/RM/GS (U..bound)	1
AIG/I	1
IG/I/NFO	1
IG/A/PSA	1
IG/A/FA	1
RIG/A/Cairo	1
RIG/A/Dakar	1
RIG/EUR/W	1
RAO/Manila	1
RIG/A/Singapore	1
RIG/A/Tegucigalpa	1
RIG/A/Bonn	1