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REVIEW OF THE COMMODITY MANAGEMENT SYSTEM OF THE LEMPA RIVER HYDROELECTRIC EXECUTIVE COMMISSION (CEL)

Public Services Improvement Project (PSIP)
Project No. 519-0320-I-00-1067-00
Delivery Order No. 10

Final Report
April 29, 1994

PD-ABJ-477

FINAL REPORT

REVIEW OF THE COMMODITY MANAGEMENT SYSTEM OF THE LEMPA RIVER HYDROELECTRIC EXECUTIVE COMMISSION (CEL)

PUBLIC SERVICES IMPROVEMENT PROJECT (PSIP)
PROJECT No. 519-0320

ENGLISH/APRIL 29, 1994

Prepared for:
U.S. Agency for International Development
Mission to El Salvador
Office of the Controller

Prepared by:
Price Waterhouse

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Office of Government Services
1801 K Street, N.W.
Washington, D.C. 20006

Telephone 202 296 0800

Price Waterhouse

April 29, 1994

Armand Lanier
Audit Management Officer
Office of the Controller
U.S. Agency for International Development
Mission to El Salvador
San Salvador, El Salvador

Dear Mr. Lanier:

Attached please find the Price Waterhouse final report on the Review of the Commodity Management System of the Lempa River Hydroelectric Executive Commission (CEL), for the Public Services Improvement Project (PSIP) (519-0320).

This review was performed in accordance with the Statement of Work Contract No. 519-0320-I-00-1-67-00, Delivery Order No. 10.

We would like to extend our appreciation to your office for the support provided during the performance of this engagement. Should you wish to contact us, please feel free to call Mr. Oscar Cordon in (503) 790 - 745, or Ms. Bettina Garcia Welsh at (202) 861 - 6263.

Sincerely yours,

Bettina Garcia-Welsh for O.C.

Oscar Cordon
Price Waterhouse

REVIEW OF THE COMMODITY MANAGEMENT SYSTEM
OF THE LEMPA RIVER HYDROELECTRIC EXECUTIVE COMMISSION (CEL)

PUBLIC SERVICES IMPROVEMENT PROJECT (PSIP)
PROJECT NO. 519-0320

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REVIEW OF THE COMMODITY MANAGEMENT SYSTEM OF THE LEMPA RIVER HYDROELECTRIC EXECUTIVE COMMISSION (CEL)

PUBLIC SERVICES IMPROVEMENT PROJECT (PSIP) PROJECT NO. 519-0320

I. Introduction

A. Program Background

On August 30, 1989, AID signed the Public Services Improvement Project No. 519-0320 with the Government of El Salvador's (GOES) Ministry of Planning and Coordination for Social and Economic Development (MIPLAN). The general purpose of the Project is to support the restoration of services interrupted and facilities damaged or destroyed as a result of the insurgent activity or natural disaster in El Salvador. The original amount of the Project was for US$ 75 Million in grant funds including US$28,900,000 for commodities to be purchased using host country procurement and fixed price contracting by Louis Berger International, Inc. (LBII). The agreement is effective for a period of five years, ending September 30, 1994.

The grant agreement established that the GOES would provide $60 Million in counterpart contribution including ESF and PL-480 Title I generated local currency.

USAID's Major Infrastructure Division supervises the activities of the PSIP program. On behalf of the GOES, eight entities are in charge of implementing project activities, which includes MIPLAN and the Secretaria Tecnica del Financiamiento Externo (SETEFE) as administrative entities and the following six executing entities:

- Machinery and Equipment Administration (AME)
- National Administration of Aqueducts and Sewage (ANDA)
- Lempa River Hydroelectric Executive Commission (CEL)
- Autonomous Ports Executive Commission (CEPA)
- Roads and Highways National Directorate (DGC)
- El Salvador National Railways (FENADESAL)

The three specific purposes of the project are to:

- Restore and preserve vital public services provided by the infrastructure agencies
- Improve and sustain access of rural populations to markets

- Increase access to potable water supply for rural populations, and increase the proper utilization of water and sanitation systems.

The project has four components each designed to achieve the purposes stated above, as follows:

Component I:	Public Services Restoration
Component II:	Secondary, Tertiary, and Lower Class Rural Road Deferred Maintenance and Repair
Component III:	Potable Water Supply, Sanitation, and Health
Component IV:	Institution Strengthening Technical Assistance, Project Support, and Monitoring and Evaluation
Component V:	Post War Maintenance, Repair, and Reconstruction

B. CEL's Participation

The GOES established CEL in 1948 as an independent public service entity with the objective of developing, conserving, administering, and using resources from the Lempa River to supply energy to El Salvador. It is responsible for the generation and distribution of electric energy under the authority and supervision of the Ministry of Economy.

CEL is composed of eight management units of which six (TECNICEL, GEOCEL, ELECTROCEL, DISCEL, ADMINICEL, and FINANCEL) maintain responsibility for 24 warehouses several of which stock Project 519-0320 commodities. Under the direction of TECHNICEL, the Grant Administrative Unit is responsible for the Project commodity purchases, receipts, warehousing, and distribution and agreed upon reporting to AID.

Within the Project's structure, CEL participates in Component I, Public Services Restoration, and Component V, Post War Maintenance, Repair, and Reconstruction. CEL's activities under these Components include restoration of damaged transmission and distribution lines and the repair of electric equipment. Commodity purchases under the Project include equipment and materials for the transmission and distribution of electricity, electric motors, and switch gears. As of November 30, 1993, commodity purchases totaled US$17.84 Million. Commodities purchased are maintained in different warehouses.

C. Objectives, Scope and Methodology

1. Objectives of Commodity Management System Review

The objective of the commodity management system review is to report on whether CEL's system in place is adequate and reliable to properly account for all commodity transactions such that the Controller's Office at USAID/El Salvador can issue a certification of the system. The specific objectives of this review were to:

- Obtain an understanding of CEL's commodity management system and assess the control risk.
- Perform tests of the systems and other procedures related to commodities purchasing, customs clearance, receiving and inspection, claims, warehousing, transfers, issuance accounting records, reporting, non-expendable property management, and end-use verification to determine whether 1) the actual procedures performed are the same as prescribed, and 2) the organization is complying with agreement terms and conditions.
- Complete the "Basic Standards for Evaluating Entity's Commodity Management System" checklist.
- Determine whether CEL has undergone previous commodity management system studies and whether it has taken adequate corrective actions on prior audit report recommendations related to commodities.

Our objective was not to audit, examine, and render an opinion on CEL's financial statements.

2. Scope of Commodity Management System Review

The review of CEL's Commodity Management System was performed in accordance with generally accepted auditing standards, the U.S. Comptroller General's "Government Auditing Standards" (Yellow Book, 1988 Revision), and the USAID/EL Salvador "Basic Standards for Evaluating Entity's Commodity Management System".

The scope of this review included the books and records, policies and procedures, organizational structure, and personnel and facilities of CEL's implementing units.

3. Methodology of Commodity Management System Review

The review procedures performed were designed to achieve the stated objectives, through reading the relevant documents, performing selective tests, conducting interviews, and conducting physical observations.

We reviewed the Project Paper, the Grant Agreement including all amendments, the contract between USAID/El Salvador and Louis Berger International, Inc., all Project Implementation Letters (PILs), the annual plans, budgets, action and procurement plans, applicable OMB Circulars, AID Handbooks (1B, 3, 11, 14, and 15), SETEFE Guide 1262, periodic project reports, all prior reviews of CEL's commodity management system, and CEL's purchasing, receiving and inspection, warehousing and issuance, and general operations policies and procedures. Based upon these documents, we identified the agreement terms and applicable laws and regulations where noncompliance could have a material effect.

We secured an understanding of the design and operation of CEL's commodity management system and its internal control structure through the review of CEL manuals and interviews with USAID/El Salvador and CEL personnel. To confirm our understanding of the design of the system and its operating procedures, we performed "walk-throughs" of transactions. Based upon the established policies and procedures, we assessed control risk.

In order to confirm that actual practices are in conformity with the prescribed procedures, we selectively tested transactions at CEL project offices, USAID/El Salvador, and the warehouses visited. (See Appendix I for a list of the warehouses physically inspected.)

The findings and recommendations of prior reviews of the CEL's commodity management system were discussed with both USAID/El Salvador and CEL to ascertain if these prior findings had been resolved and the recommendations addressed. CEL's comments to our draft report are included in Appendix VII.

D. Summary of Review Results

The findings and recommendations of CEL's commodity management system review are presented in three substantive areas: Internal Control Structure, Compliance with Agreement Terms and Applicable Laws and Regulations, and Status of Prior Recommendations. The detailed findings are presented in the corresponding sections of this report, and are summarized below.

1. Commodity Management System Internal Control Structure

The review of the Commodity Management System internal control structure identified five reportable conditions that impact CEL's capability to adequately manage project commodities. These reportable conditions relate to deficiencies in procedures manuals, warehousing organization and operations, accounting records, and information systems. The reportable conditions listed below are discussed in detail in Section II.B.:

- CEL has not completed its organization manuals to include the definition of specific roles and responsibilities of units in charge of Project 519-0320 commodities.

- CEL's warehouses do not have complete administrative guidelines that define the related policies and procedures and facilitate efficient and effective commodity warehouse management.

- The accounting control records that the Unidad de Control Patrimonial maintains are not current.

- No evidence was found of annual reconciliations of physical inventories of Project 519-0320 commodities in CEL's warehouses with accounting records.

- The physical conditions of CEL's warehouses do not ensure adequate warehousing and safeguards from materials loss.

2. Commodity Management System Compliance with Agreement Terms and Applicable Laws and Regulations

CEL's commodity management capability is affected by its lack of compliance with certain Agreement terms and applicable laws and regulations. In section II.B. of this report, we discuss in greater detail the one reportable condition identified and summarized below:

- The accounting control records that the Unidad de Control Patrimonial maintains are not current.

3. Status of Prior Recommendations for the Commodity Management System

As a component of the review of the MOD's commodity management system, we reviewed the status of recommendations made in prior reviews of the commodity management system. We have concluded that though CEL has taken substantial actions to correct some of the findings raised in previous studies, prior recommendations on CESS' commodity management systems have not been fully implemented. Section IV discusses in detail the prior recommendations that we believe remain to be implemented.

E. CEL Management Comments

In a final meeting on March 9, 1994 with AID and CEL officials, general comments on the draft report were revealed. CEL agreed with the general findings and recommendations of our review, but took exception to language used in the report as too strong and requested that the report recognize CEL's previous efforts in previous years to address deficiencies with AID's assistance and that specifically received as part of LBII's technical assistance. CEL written comments were received after this meeting and are included in Appendix VII.

F. Conclusions on CEL Commodity Management System

We have identified several significant reportable conditions in CEL's Commodity Management System internal control structure, non-compliance with agreement terms and applicable laws and regulations, as well as a number of prior reviews' recommendations which have not been implemented that indicate the CEL's existing commodity management system does not yet have the administrative tools and controls necessary to permit adequate management of project commodities from the "Public Services Strengthening Project", USAID/El Salvador No. 519-0320.

Therefore, the Office of the Controller <u>may</u> be able to award provisional certification to the CEL commodity management system once CEL, with supervision from USAID/El Salvador's Major Infrastructure Division, has written confirmation of specific action plan and has made <u>significant progress</u> in resolving the reportable conditions.

II. Internal Control Structure

A. Independent Consultant's Report on the Internal Control Structure

We conducted a review of the Lempa River Hydroelectric Executive Commission (CEL) commodity management system that we considered relevant to the criteria established by USAID, as set forth in the grant agreement for the Public Services Improvement Project (PSIP), USAID/El Salvador Project No. 519-0320, and in our statement of work effective November 8, 1993. Our review included tests of compliance with such procedures. Our review did not constitute an audit of any financial statements prepared by CEL.

We conducted our tests in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the tests to obtain reasonable assurance about the internal control structure of the Commodity Management System, and therefore, in planning and performing our tests of CEL's Commodity Management System for the PSIP Project, we considered its internal control structure.

The management of CEL is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements 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 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 purposes of this report, we have classified the significant internal control structure policies and procedures into the following categories: 1) planning and procurement of commodities, 2) receipt, customs clearance, and inspection of commodities 3) warehouse records and controls, 4) physical safeguards, and 5) distribution of commodities to end users.

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.

The following are the reportable conditions observed in our review according to this criteria:

1. CEL has not completed its organization manuals to include the definition of specific roles and responsibilities of units in charge of Project 519-0320 commodities.

2. CEL's warehouses do not have complete administrative guidelines that define the related policies and procedures and facilitate efficient and effective commodity warehouse management.

3. The accounting control records that the Unidad de Control Patrimonial maintains are not current.

4. No evidence was found of annual reconciliations of physical inventories of Project 519-0320 commodities in CEL's warehouses with accounting records.

5. The physical conditions of CEL's warehouses do not ensure adequate warehousing and safeguards from materials loss.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material

weaknesses as defined above. We believe, however, that the reportable conditions our review identified are deemed to be material weaknesses.

This report is intended solely for the use of CEL and the U.S. Agency for International Development.

Price Waterhouse

January 14, 1994
San Salvador

II. Internal Control Structure

B. Findings and Recommendations

1. CEL has not completed its organization manuals to include the definition of specific roles and responsibilities of units in charge of Project 519-0320 commodities.

Condition:

CEL does not have a formal document that defines its organization, the responsibilities of each of the Units involved in commodity management, and the relationships and coordinating procedures that must necessarily exist among CEL's and related (CAESS, CLESA, and others) warehouses.

CEL presently has different units: Control Patrimonial, Control de Inventarios, and Control de Donaciones, that are involved in managing commodities. Because each unit is involved with commodity management in a different and selective manner, we did not obtain sufficient assurances that physical inventories and reconciliations with kardex and accounting records are performed periodically, or at least annually, for Project 519-0320 and 519-0279 commodities.

Criteria:

OMB Circular A-123, Policy no. 4, of the internal control system, requires that an effective control environment in which the units involved in commodity management operate with clearly defined responsibilities and with effective coordination among themselves.

Cause:

Efforts CEL has undertaken to date have not provided the level of detail and definition necessary for its responsibilities and coordination activities that should exist among the units involved in its commodity management.

Effect:

It is possible that CEL has not conducted a complete physical inventory of its commodities on an annual basis. This weakens controls over commodities and reduces reliance on financial information related to project commodities.

Recommendation:

CEL's Board of Directors should define more clearly the roles and responsibilities of the units involved in the commodity management system. Because physical inventories and reconciliations with accounting records are important control procedures, CEL should coordinate and organize the necessary effort and resources to ensure and supervise complete physical inventories and reconcile the results with accounting records. In addition, the inventory records should contain the following information:

- Name of person responsible for material
- Minimum and maximum levels of materials
- Re-order points.

To facilitate the implementation of this recommendation, we suggest that CEL define a work program to perform physical inventories of all warehouses that store Project commodities to be performed by the group organized in May, 1993 while the Unit of Inventory Control focuses for the moment on the automation of the warehouse system.

2. CEL's warehouses do not have complete administrative guidelines that define the related policies and procedures and facilitate efficient and effective commodity warehouse management.

Condition:

Though CEL has a policies and procedures manual for the commodity management system, the manual has the following deficiencies:

- The manual was not distributed to all users.
- The manual does not contain complete and current policies and procedures for claims and transfers, for maintaining accounting records, for preparing reports on commodities, for reviewing and identifying obsolete commodities, for controlling issuance of tools for temporary use, and for maintaining expendable goods.
- The manual does not include organization charts and descriptions for the roles and responsibilities of warehouse personnel.
- The manual does not include the forms and related instructions.
- The manual does not consistently identify the personnel responsible for the preparation, review, and approval of receipts and issuance reports at the warehouses and the Unit of Control Patrimonial. In some cases, the manual indicates only the name of the department or unit.

- The manual is inconsistent in coordinating procedures with the Unit of Control Donaciones, the unit responsible for USAID financed commodities.
- The manual does not include guidelines or techniques for inspecting several types of commodities.

Criteria:

In accordance with OMB Circular A-123, Section 5(d) of the Internal Control System, an adequate internal control environment should provide sufficient documentation of control systems and should provide manuals that define related policies and procedures, organization charts, flow charts, and all relevant documentation necessary to describe the organizational structure of the entity. It should also include operational and administrative procedures that allow communication of responsibilities and levels of authority among the personnel so that they may accomplish programs and objectives and facilitate training of new personnel.

Cause:

We understand that CEL's manuals have not been completed because of lack of resources fully dedicated to this task. The Unit of Inventory Management has prepared this manual as well as the coding of commodities. At the time of our review, personnel in this Unit had changed its focus and was concentrating efforts on automating the commodity management system.

Effect:

The lack of administrative and operational guidelines such as manuals describing roles, responsibilities, policies, and procedures for CEL personnel, do not allow effective management of receipts and issuance of materials and timely record keeping of both accounting and kardex records.

Recommendation:

CEL's Board of Directors should assign specific responsibility for completing the commodity management system manual and ensure that it is distributed to all employees on a timely basis. The new manual should include all the important information that will contribute to the effectiveness of personnel.

We also recommend that the updated maunual be distributed to all applicable employees.

3. The accounting control records that the Unidad de Control Patrimonial maintains are not current.

Condition:

The Unit of Control Patrimonial has the responsibility to account for and maintain commodity balances of all warehouses. However, this unit does not maintain current accounting records of all warehouse materials and does not coordinate its activities with the Unit of Control Donaciones which also has responsibility for managing Project 519-0320 commodities.

Criteria:

In accordance with the General Provisions of the Grant Agreement, Section b.5, CEL should maintain an accurate and timely accounting information system (including kardex) for all USAID financed project commodities that allows for determining value of commodities maintained at the warehouses at any point in time.

Cause:

Most of the warehouses are located in different departments of the country and in many cases in locations with difficult access. For this reason, receipts and issuance reports are remitted to the Unit of Control Patrimonial with delays, which limits the preparation of timely reports. The following factors also contribute to this situation:

a) The Unit of Control Patrimonial does not have transportation means to facilitate the receipt of these commodities receipts and issuance reports and it does not coordinate with the Unit of Control Donaciones to obtain this information.

b) CEL's warehouses do not have computers that would facilitate the input and control of commodities.

c) The Unit of Control Patrimonial does not have a computer system that would facilitate the preparation of reports on the status of commodities.

d) The input and printing of accounting records is performed at CEL's computer center which limits the access to accounting information to PRODATOS. This limitation causes additional delays in obtaining financial information for the Unit of Control Patrimonial.

Effect:

CEL does not have complete and accurate financial information of USAID financed commodities stored in its warehouses. In addition, there is uncertainty that reported balances reflect most current transactions. This can adversely affect the procurement planning process and may result in unnecessary expenditures.

Recommendation:

The Unit of Control Patrimonial should coordinate efforts with the Unit of Control Donaciones to obtain more current information on USAID financed commodities stored in its warehouses for Project 519-0320 and 519-0279. In addition, CEL should identify financing alternatives to support the Unit of Control Patrimonial in acquiring additional computer resources needed to allow it to generate more timely reports for commodities receipts and issuance reports.

4. No evidence was found of annual reconciliations of physical inventories of Project 519-0320 commodities in CEL's warehouses with accounting records.

Condition:

The following deficiencies in commodities' physical inventory controls were noted:

a) No certainty that complete physical inventories of USAID financed commodities stored in its warehouses are performed.

b) Physical inventories results are not reconciled with the accounting records that the Unit of Control Patrimonial maintains.

c) Accounting records are not adjusted for results of physical inventories.

Criteria:

The principles stated in OMB Circular A-110, Article N, require CEL to conduct annual physical inventories of Project commodities stored in its warehouses and reconcile any resulting differences with kardex and other warehouse accounting information records.

Cause:

Currently, CEL has different units -- Control Patrimonial, Control Inventarios, and Control de Donaciones -- that conduct inventories selectively of materials stored in warehouses without having a well integrated and coordinated set of policies and procedures.

Effect:

The lack of complete physical inventories of Project 519-0320 commodities stored in warehouses and the lack of adequate reconciliation with accounting records may result in material differences that can significantly affect kardex and other Project accounting records.

Recommendation:

We recommend that:

a) CEL make the Unit of Control Inventarios primarily responsible for the planning and execution of physical inventories for Project 519-0320 commodities stored in all of CEL's warehouses.

b) CEL undertake the necessary actions and obtain the necessary resources to allow the Unit of Control Patrimonial to maintain timely and accurate accounting records and perform periodic reconciliations with physical inventories.

c) The Unit of Control de Inventarios ensure that physical inventories are performed and that the results are reconciled with other CEL Units' records at a minimum on an annual basis.

5. The physical conditions of CEL's warehouses do not ensure adequate warehousing and safeguards from materials loss from project 519-0320.

Condition:

Warehouses visited were observed to lack sufficient security systems, maintenance and cleaning, and proper equipment for the storage and management of materials (shelving). In addition, obsolete equipment is stored along with current materials.

Appendix V contains findings from warehouse visits and Appendix VI describes conditions of selected CEL warehouses. This information is summarized from a Unit of Inventory Control report.

Criteria:

A.I.D. Handbook 1, Supplement B article 24 specifies that commodities financed by A.I.D. must be safeguarded in order to reach the end user on time, in usable condition, and must be used for the purpose intended. The proper safeguarding of commodities requires that storage facilities be appropriate.

Cause:

Because of inadequate budget resources for improving warehouse conditions and contracting of warehouse maintenance, cleaning, and space rental, warehouses are not in the proper condition and do not have the proper equipment (shelving, material management equipment, and computers) that allow them to meet USAID regulations.

Effect:

The conditions noted may precipitate an unnecessary deterioration or loss of the commodities before their end-use. The lack of appropriate equipment in the warehouse is causing loss of commodities in the warehouses and making their location and control difficult, there also exists the possibility of deterioration in those materials susceptible to the conditions of the environment.

Recommendation:

We recommend that:

a) The Unit of Control de Inventarios, in coordination with different CEL Units, should undertake the activities planned for in its work plan for cleaning, ordering, and identifying of materials in different warehouses.

b) CEL's senior management should continue to offer support to activities planned for the Unit of Control de Inventarios and should allow it to obtain the financial resources it requires to improve and ensure appropriate physical conditions of the warehouses.

III. Commodity Management System Compliance with Agreement Terms and Applicable Laws and Regulations

A. Independent Consultant's Report on Compliance with Agreement Terms and Applicable Laws and Regulations

We have applied procedures to test the Lempa River Hydroelectric Executive Commission's (CEL) compliance with requirements governing the Commodity Management System that are applicable to the Public Services Improvement Project (PSIP), USAID/El Salvador Project No. 519-0320.

We conducted our review in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the Comptroller General of the United States.

Compliance with laws, regulations, contracts and grants applicable to CEL and the PSIP project is the responsibility of that entity's management. As part of obtaining reasonable assurance about the compliance of the commodity management system, we performed tests of the CEL's compliance with the grant agreement for the PSIP project and its amendments, and the Project Grant Standard Provisions.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the commodity management system. The results of our tests of compliance disclosed the following instance of noncompliance that is described as finding number 3 in Section II of the report and is summarized as:

3. **The accounting control records that the Unidad de Control Patrimonial maintains are not current.**

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

This report is intended for the information of CEL and the U.S. Agency for International Development.

Price Waterhouse

January 14, 1994
San Salvador

IV. Status of Prior Review Recommendations for the Commodity Management System

Our review revealed that CEL has implemented several recommendations on its commodity management system that have resulted from prior reviews. In 1991, CEL's Board of Directors established the Inventory Control Unit, which, since 1993, has been assigned responsibility for implementing these recommendations. Actions CEL has taken include scheduling physical inventories, re-organizing the warehouses and their control and automation, preparing procedures manuals for the commodity management system, developing an asset coding system, initiating a computer system to electronically integrate warehouse records with purchasing department records, and the start of complete physical inventories in one warehouse (DISCEL), with a scheduled program to expand this to the remaining warehouses during 1994.

Despite these efforts, our review revealed several instances where the corrective policies and procedures implemented have not achieved sustainable solutions. The Inventory Administration Unit has the responsibility to implement the recommendations LBII, Devres, and Arthur Anderson issued on the commodity management system. This Unit has implemented changes in the central warehouse DISCEL, but has not prepared a plan that indicates when, how, and where it will continue to address these recommendations for CEL's other warehouses.

This section describes the status of recommendations issued under prior reviews (audits and assessments), actions CEL has taken with LBII assistance, and our observations on the status as of the date of our review. We believe the Inventory Administration Unit should continue to implement these prior recommendations on the commodity management system as soon as possible to improve the internal control environment. However, we recommend the following changes to the implementation approach:

- Begin with the development of an action plan that details all the recommendations and identifies the warehouse, date, actions, and resources directly responsible for the implementation of each.

- Continue with a training program for all warehouse personnel responsible for developing different activities required to modernize warehousing administrative systems.

- Prioritize the implementation of recommendations according to the relative significance of materials managed rather than focusing all efforts on one warehouse.

This section presents only those recommendations of prior reviews that we found have not been fully implemented. Where applicable, we also reference the related finding in earlier sections of our report.

A. Devres, Inc.: Review of Commodity Management System, August 1991

As a result of the Devres review, LBII, under a short-term task order, was requested by USAID to assist in improving the administrative procedures at the warehouses of CEL and other entities under the PSIP. The Commodity Management Specialist of LBII helped implement the Devres recommendations.

- *Recommendation No. 2:* Prepare comprehensive procedural manuals by function that can be updated as changes occur, contemplate existing internal and external control and reporting requirements, and specify who has responsibility for carrying out particular tasks and how the tasks are to be performed. The current manual dealing with commodity management is incomplete in certain aspects and has not been distributed to those responsible for the function."

  LBII Status: The Project Inventory Control Unit prepared a manual of procedures for the warehouses. The manual included modifications in forms that will control the receipts and issuances of materials. It also included a coding plan that identifies the end user of the materials. In June 1993, the CEL Executive Director submitted to USAID the following: manual of procedures for warehouses, implementation plan for the procedures at DISCEL, and procedures for warehousing (first phase). This recommendation was closed June, 1993.

  PW Comment: The warehouse manual was found to be adequate, except for certain areas of commodity management that were not covered. Refer to Finding No. 2 in Section II.

- *Recommendation No. 3:* Undertake as the first and main task of the newly centralized materials management function, the transformation of the inventory control system so that it:

  - Maintains an up-to-date and complete catalogue of inventory items with complete details of: identification numbers; generic and vendor ID nos.; unit of measure; packaging requirements; industry quality standards, if applicable; and descriptions in Spanish and, where necessary, English;

- Is on-line to warehouses, those responsible for purchasing and operating departments;

- Provides current balances (number and value) of all items in all warehouses;

- Is linked to systems for controlling the purchasing function and can, therefore, provide details not only of items that are in stock but also those that are on order;

- Can replace kardex and all other inventory recording systems in use in CEL."

The central computerized inventory control system does not presently provide the operational and management information which CEL needs for its commodities."

LBII Status: The Project Inventory Control Unit has encoded the materials and has prepared a complete catalogue of materials. Two technical staff from the Unit were trained about codification of materials at the Federal Electric Commission of Mexico. In June 1993, the Executive Director of CEL submitted the following documents to USAID:

- System of codification of materials, including methodology
- Catalogue of materials, DISCEL
- System is on-line with the warehouses, purchasing and operating units
- The system allows control over purchasing and can give information not only on the current inventory items but also items on order."

CEL has prepared a plan to coordinate the operating departments, purchasing, and warehousing, and was submitted to USAID by the Executive Director in June 1993. Also, the new computerized inventory control system will have the capacity to provide balances (quantity and value) of all items in the warehouses and can replace kardex and all other inventory records at CEL. This recommendation was closed in August, 1993

PW Comment: We visited the DISCEL warehouse where the new inventory control system is being test-implemented. We found the new system to be capable of replacing the manual Kardex system. The system is not yet on-line with the other warehouses, nor with purchasing and operating units. According to the chief of the Project Inventory Control Unit, their plan is to complete the cataloguing and test-implementation in all warehouses before integrating the inventory control system.

- *Recommendation No. 5:* Conduct a review in all warehouses to determine inactive, obsolete and unusable items, which should then, if possible, be consolidated in a single warehouse. An analysis should then be made as to whether or not items may be needed in the future and if not arrangements made for their disposal. Currently, warehouses contain many inactive items which are partly responsible for overcrowding in many of them.

  LBII Status: CEL has modified the procedures for public bidding of goods to facilitate the process of disposal of obsolete and inactive materials, and contracted a person to undertake the sale. During the codification and physical inventory of materials, the materials for disposal were identified. CEL also decided to lease an additional warehouse with sufficient capacity for major materials and allow for control over the same. In June, the Executive Director of CEL submitted to USAID the following: Actions relating to the Disposal of Materials and Time Frame for each area. This recommendation was closed in August, 1993.

  PW Comment: The procedures manual for warehouses includes instructions for the disposition of obsolete materials and equipment. The obsolete materials have been segregated in each warehouse. Management plans to rent a warehouse to keep these materials. However, no definite action has been taken to implement the action plan.

- *Recommendation No. 7:* Review and change issue forms to accommodate a more specific identification of end use, possibly by referencing a job or project number, and establish standardized procedures to be followed for the return and control of unused material and recovered commodities. The present procedure for verification and control of the end use of commodities is weak.

  LBII Status: The Informe de Salidas includes columns for indicating the project codes. The Control Patrimonial which receives a copy of the form reviews the document to ensure that proper codes are used. The procedures manual for warehouses includes the instructions for return of materials to the warehouse. This recommendation was closed in May, 1993.

  PW Comment: In our review of the warehouse manual, we noted that there are no clear instructions on the proper monitoring to be performed by warehouse personnel to ensure return of tools. See Finding No. 2 in Section II.

- *Recommendation No. 8:* Review and complete records with all relevant information and undertake a complete physical inventory since fixed asset records are incomplete and not up-to-date."

  LBII Status: The Project Inventory Control Unit has conducted a physical inventory of the DISCEL warehouse. Other warehouses will be covered following the project unit's program of work. This recommendation was closed in May, 1993.

  PW Comment: There has been no complete physical inventory of materials and equipment for the last three years. It is advisable to perform the physical inventory before PACD for the USAID project (September 1994), rather than do the physical count simultaneously with the codification which takes a lot of time. See also Finding No. 4 in Section II.

B. Arthur Andersen & Co. (for RIG): Financial Audit of the Public Sector Restoration Project (519-0279), October 1, 1988 to September 30, 1990

Though the subject audit was performed on the USAID/El Salvador's Project No. 519-0279, according to the auditor's report, these recommendations carry-forward to USAID's PSIP, Project No. 519-0320.

Internal controls

- *Recommendation No. 1:* Establish written policies and procedures for the physical and accounting control, handling, safekeeping, identification, receipt and despatch of materials and supplies acquired by CEL under the AID grant agreement, and with any other source of financing, in order to avoid unauthorized despatches or loss of control on use and final destination.

  PW Comment: The Project Inventory Control Unit has prepared the manual of procedures for warehouses. However, please refer to our comments to Devres Recommendation No. 2 in Section IV and Finding No. 2 in Section II.

- *Recommendation No. 3:* AID Grant Coordination Unit should schedule time and resources necessary to develop activities for more direct control of warehouses handling and controlling stocks of materials and accessories acquired with AID financing.

PW Comment: The Control Unit for AID has a full-time staff who visits warehouses and perform selective physical counts. The special unit created by CEL, Project Inventory Control Unit, is also tasked with improving the inventory control system. See also Finding No. 1 in Section II.

Compliance with Agreement Terms and Regulations

- *Recommendation No. 1:* CEL should prepare a program for contracting independent audit and project evaluation services to comply with the terms of the agreement.

  PW Comment: Independent audit for CEL has not been contracted.

- *Recommendation No. 3:* CEL should prepare the necessary report to provide evidence that the counterpart funds were contributed in good time for implementation of the project.

  PW Comment: Counterpart funds under Project 519-0320 are not being used to procure commodities.

C. Louis Berger International, Inc.: Host Country Contracting Assessment, July 1991

- *Recommendation No. 5:* The Control Unit should maintain updated records of inventories and other equipment acquired under the project. These records should be reconciled on a monthly basis with the general ledger and periodically with physical inventories in the warehouse.

  USAID Comment: USAID believed that this issue was addressed by Devres, Inc. A MOM (Mission Operating Manual) on Monitoring of Receipt and End-Use of Program and Project commodities was issued in May 29, 1991, and was effective immediately. The Spanish version was sent to CEL with letter USAID-IRD-325 dated August 29, 1991.

  PW Comment: The Control Unit maintains and updates its inventory records based on documents sent by the warehouses. However, there appears to be insufficient coordination between CEL Control Patrimonial and Control Unit for AID. See Findings No. 1 and 3 in Section II.

D. Louis Berger International, Inc.: Verification of CEL's Inventories, May 25, 1992 - August 1992

- *Recommendation No. 2:* Control Patrimonial should assure that warehouses receive current inventory list on a monthly basis. Instructions should accompany the lists and warehouses should return the "Inventory Adjustment" form, with or without corrections. This will inform Control Patrimonial that the warehouse has reviewed the list as required.

  PW Comment: Inventory lists are sent by Control Patrimonial to the warehouses for reconciliation. However, this is exercise is not performed on a timely basis because some warehouses do not send the warehouse receiving and issuing documents on time that will help update records of Control Patrimonial. See Findings No. 3 and 4 in Section II.

- *Recommendation No. 3:* Warehouses should compare the lists provided by Control Patrimonial with their own Kardex records. Adjustments (for quantity, unit measures, value, inventory count) should be reported in the Inventory Adjustment form which is sent to Control Patrimonial.

  PW Comment: Same comment as no. 2 above.

- *Recommendation No. 4:* Control Patrimonial should check to assure warehouses are following the above procedures.

  PW Comment: There appears to be no consistent follow-up. Same comment as no. 2 above.

- *Recommendation No. 5:* Utilization of "cyclic inventories" should be implemented at all warehouses. Each month an inventory should be taken of approximately 1/12 of entire warehouse stock.

  PW Comment: The Control Unit for AID performs selective physical counts only.

- *Recommendation No. 6:* All differences found between Kardex quantities and physical count should be listed on the Inventory Adjustment form and forwarded to Control Patrimonial.

  PW Comment: See comments to recommendation nos. 2 to 4 above.

- *Recommendation No. 8:* Warehouse operating manuals should be prepared and distributed to all warehouses in order to assure that all warehouses follow the same procedures. "Proof of Delivery" receipts should be obtained from each warehouse manager.

  PW Comment: The Project Inventory Control Unit helped develop a manual of procedures for warehouses, but copies were not distributed to all warehouses. See Finding No. 2 in Section II.

- *Recommendation No. 10:* CEL should appoint someone to be responsible for visiting all CEL warehouses, to assure conformity to CEL's warehouse operating manual. The person should be knowledgeable in all aspects of warehouse operations.

  PW Comment: CEL has created a Project Inventory Control Unit to supervise improvement of the inventory control system. Since the unit's task is concentrated on implementing the automated system at the DISCEL warehouse, there is no one person responsible for monitoring warehouse operations at this time. See also Finding No. 1 in Section II.

- *Recommendation No. 13:* All materials in warehouses should be identified by clearly marked description and code numbers to avoid issuance of incorrect materials.

  PW Comment: Of the four warehouses visited, only the Miravalle warehouse was found to have no official bin cards or tags to properly identify project commodities.

- *Recommendation No. 14:* Overcrowding in warehouses should be alleviated by installing additional shelving and pallet racks, and additional material handling equipment (pallet jacks, fork lifts, and wood pallets).

  PW Comment: This was observed in all warehouses visited. See Finding No. 5 in Section II.

- *Recommendation No. 15:* Streamlined procedures should be implemented to remove obsolete, unusable, unneeded, and damaged materials from warehouses, and to transfer them to other locations.

  PW Comment: See discussion on Devres Recommendation No. 5.

- *Recommendation No. 16:* Additional warehouse space should be obtained to relieve severe overcrowding in most warehouses.

  PW Comment: This was included in the action plan for the disposal of obsolete materials. See Finding No. 5 in Section II.

- *Recommendation No. 17:* A "clean-up" program should be implemented in all warehouses to remove dust, scrap, and damaged materials.

  PW Comment: This was part of the plan by the Inventory Control Unit. However, the plan was not implemented. See Finding No. 5 in Section II.

APPENDIX I

DESCRIPTION OF THE COMMODITY MANAGEMENT SYSTEM

A. ORGANIZATION

The AID-funded commodities for CEL under Project 519-320 is managed and controlled by the Control Donacion AID (CEL/AID). The head of CEL/AID reports to the director of DISCEL. CEL/AID coordinates with other units within the CEL organization in processes of procurement planning, procurement, receiving, warehousing, and issuing of materials from the warehouses), and inventory control are fully automated ar CEL/AID.

Another Unit in CEL, Control Patrimonial which is under the division ADMINICEL, performs inventory control functions. The Control Patrimonial monitors inventory balances and costs in all warehouses.

B. PROCUREMENT PLANNING

Procurements for Project 519-0320 by CEL under Component I are planned based on the project's objective of restoring public services damaged by the insurgency attacks, and if required, by natural disaster. Amendment No. 7 to the Grant Agreement added Component V which aims to support the peace reconciliation process. At the start of the project, requirements for repair work cannot be accurately defied. As such, there was no formal procurement plan until 1993. Prior to 1993, procurement of materials was based on identified needs and justification provided by CEL.

USAID issues Project Implementation Letters (PILs) to approve the planned procurement. Grant Agreement Article C, Sec. c(1), Procurement under Component I has authorized the procurement by the implementation agency or A.I.D. of foreign commodities.

The section further provided that after an initial announcement in the Commerce Business Daily (CBD) soliciting expressions of interest, a list of potential suppliers will be compiled by USAID and the implementing agency. This was not performed neither by USAID nor CEL/AID.

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C. PROCUREMENT OF COMMODITIES

Procurement of commodities under host country contracting followed the guidelines issued by USAID in its letter (AID-IRD-503) to CEL. The annual procurement plan is submitted to USAID and approval is given through a PIL. Advertisements to CBD are reviewed and approved by USAID. Invitation for BID(IFB) prepared by CEL/AID is likewise reviewed and approved by USAID prior to finalization. IFBs are sent to suppliers who expressed their interest to supply the commodities. Offers from interested suppliers are received by CEL/AID and are not opened until the appointed bid opening date.

An evaluation committee is constituted to open and review bids received. The committee is composed of representatives from CEL/AID technical/end-user office, and CEL legal office. A USAID representative is always present in the bid process. Evaluation of bids are properly documented in the files and members of the evaluation committee affix their signature on the bid evaluation form.

The recommendation of the evaluation committee is forwarded to the bid award committee which is separately constituted. After review of the recommendation, CEL/AID forwards bid documents to USAID for approval. USAID issues a PIL to approve the procurement. CEL/AID sends fax to the winning bidder after USAID approval. Non-winning bidders are kept informed of the status of their offer.

USAID prepares a letter of commitment (L/Com) to the supplier after receipt of request from CEL/AID. The L/Com number is the control number for the procurement.

The CEL/AID analyst keeps track of the entire process of procurement (until actual delivery to the warehouse) on a spreadsheet.

D. RECEIVING AT CUSTOMS AND WAREHOUSES

The Importations Section under ADMINICEL is informed of the procurement action. The CEL/AID analyst coordinates with the supplier for the shipment of commodities. The supplier sends to CEL/AID copies of the airway bill or bill of lading (depending on the mode of shipment) and invoice. Copies of these documents are given to the Importations Section in order to clear the commodities from Customs. All commodities are exempt from duties and taxes.

Identification of receiving warehouse is not documented in the files nor included in the procurement planning. According to the chief of CEL/AID, the decision is based on the determination of either TECNICEL or DISCEL.

CEL/AID coordinates with the technical unit/end-user for the inspection of commodities. Inspection is performed by representatives from CEL/AID, warehouse, technical unit, and USAID. Inspection includes testing for such material as electric meters. After inspection, an Acuse de Recibo is prepared by the warehouseman. The Acuse de Recibo is numbered as used. A copy is sent to CEL/AID and CEL/Control Patrimonial.

The Informe de Entradas is prepared after inspection. This form is also numbered as used. It is signed by the warehouseman and noted by the chief of the warehouse. A copy of the Informe de Entradas is sent to CEL/AID and CEL/Control Patrimonial.

Kardex is prepared/updated based on the Informe de Entradas. CEL/AID uses the form as input document to update its inventory control system. The record is maintained for each warehouse and by grant amendment. Inventory codes are assigned by CEL/Control Patrimonial and a listing of the codes is maintained by CEL/AID. The warehouse does not have a copy of the inventory codes, so the information on the Informe de Entradas is left blank.

E. TRANSFERS AND ISSUANCES OF WAREHOUSES

Issuances and transfers of commodities are documented via the Informe de Salidas. This form is likewise not prenumbered. Requisition forms are used to request material from the warehouse. The Informe de Salidas is prepared after release of materials. A copy of the form is sent to CEL/AID and Control Patrimonial. CEL/AID updates its inventory control system based on the form.

F. PAYMENT OF IMPORTED COMMODITIES

After inspection and acceptance, CEL/AID prepares a Certificate of Acceptance and gives a copy to USAID. Other documents specified in the Bid/Award/Contract document are forwarded to USAID by the supplier in order to process payment to the supplier. If the supplier makes partial deliveries, the supplier is paid at least 85% of the commodities delivered and final payment is made after delivery is completed.

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G. RECORDKEEPING SYSTEM

CEL/AID maintains an automated record of inventories funded by USAID based on documents received from various warehouses. The warehouse maintains two sets of Kardex, one for the Court of Accounts and another for the project. CEL/Control Patrimonial maintains an automated record of inventories with cost data.

In the case of the DISCEL warehouse, under the new system, the kardex is computer-generated and copies are printed for the Court of Accounts and for the project.

APPENDIX II

LIST OF WAREHOUSES VISITED

Warehouse	Date	Inventory Type
DISCEL	18 Nov. 93	Codes 950105, 950106 & JC4290-6063
Miravalle	25 Nov. 93	Item 26, 30, 61 y 105
Mtto. Subestaciones	26 Nov. 93	Item 04, 05, y 013
CAESS	30 Nov. 93	Codes 990061, 990062, 990063 & sample residential meters

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APPENDIX III

LIST OF PERSONS INTERVIEWED

DEPT/ORGANIZATION	NAME	TITLE
USAID	Raúl González	
Grant Control	Roberto A. Funes	Unit Chief
	Jorge Vargas	Assistant - Inventories
Inventory Admin.	Herbert Portillo	Unit Chief
Project Control	Eduardo Blanco	Unit Chief
Project Control	Eduardo S. Ramírez	Unit Assistant
Control Patrimonial	Ricardo Doñan	Unit Chief
Import Unit	Beatriz Ch. López	Unit Chief
	Oscar R. Franco	Unit Assistant
Discel Warehouse	Nelson A. Valencia	Dept Chief, Services & Warehouses
Miravalle Warehouse	Raúl Corado	Dept Chief, Miravalle Unit
Mtto. de Subestaciones Warehouse	Francisco González	Superintendent
	José A. Ardón	Warehouse Guard
	Miguel A. Soriano	Warehouse Assistant
	Jorge A. Carranza	Warehouse Assistant

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DEPT/ORGANIZATION	NAME	TITLE
CAESS Warehouse	Jorge Meléndez	Dept Chief, Warehouse
	Carlos A. Aguilar	Warehouse Guard

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APPENDX IV

LIST OF DOCUMENTS REVIEWED AND REFERENCED

- Grant Agreement
- Project Paper for the Public Services Improvement Project
- A.I.D. HANDBOOK 1B, Procurement Policy
- A.I.D. HANDBOOK 11, Host Country Contracting
- A.I.D. HANDBOOK 14, FAR Regulations
- A.I.D. HANDBOOK 15, A.I.D.-Financed Commodities
- CIRCULAR A-110 y A-123
- SAS Nos. 55, 60 Y 68
- PIL Nos. 3, 47, 55, 67, 76, 79
- Louis Berger International, August 1992 Report
- DEVRES, August 1991 Report
- Arthur Andersen and Co., September 1990 Report
- Procedures manuals, Materials Codes, Diagnositic of Warehouses and Implementation, prepared by CEL

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APPENDIX V

FINDINGS FROM WAREHOUSE VISITS

Miravalle Warehouse

a) Insufficient equipment such as shelving. Found materials from Mirrlees Blackstone piled on top of each other.

b) Insufficient security access restrictions for personnel not authorized in warehouses.

c) Insufficient computer equipment to facilitate accounting and control of materials.

CAESS General Warehouse

a) Lack of proper installations and equipment to allow proper warehousing of materials.

b) Lack of proper warehousing of recently procured commodities (meter bases stored outside warehouse) are exposed to inclement weather and conditions.

c) No warehouse cleaning program is in place to keep commodities clean and in proper order.

d) Insufficient computer equipment to facilitate accounting and control of materials.

e) Insufficient security access restrictions for personnel not authorized in warehouses.

General Warehouses

a) Insufficient space between shelves, disorderly materials, little security to safeguard from unauthorized use/distribution of commodities.

b) Warehoused commodities lack proper identification, storage and room, and segregation of quality vs. damaged commodities.

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APPENDIX VI

CONDITIONS OF SELECTED CEL WAREHOUSES

Warehouse	Aisles Accessible	Organization of Commodities	Security	Load on Shelves
Geotermica Ahauachapan	Acceptable	Disorderly	Secure	Excessive
Termica Acajutla	Acceptable	Disorderly	Secure	Excessive
Miravalle	Unacceptable	Disorderly	Secure	Excessive
15 of September	Unacceptable	Orderly	Secure	Normal
Guajoyo	Unacceptable	Orderly	Secure	Normal
5 of November	Unacceptable	Disorderly	Secure	Normal
Cerron Grande	Unacceptable	Disorderly	Secure	Normal
Technical Services	Unacceptable	Disorderly	Not secure	Normal
GEOCEL Substations	Unacceptable	Disorderly	Not secure	Normal
Ahuachapan	Unacceptable	Disorderly	Not secure	Normal
DISCEL General Warehouse:				
NIVEL 1	Acceptable	Orderly	Secure	Excessive
NIVEL 2	Unacceptable	Orderly	Not secure	Excessive
NIVEL 3	Unacceptable	Orderly	Not secure	Excessive

APPENDIX VII

CEL MANAGEMENT COMMENTS

In a final meeting on March 9, 1994 with AID and CEL officials, general comments on the draft report were revealed. CEL agreed with the general findings and recommendations of our review, but took exception to language used in the report as too strong and requested that the report recognize CEL's previous efforts in previous years to address deficiencies with AID's assistance and that specifically received as part of LBII's technical assistance. CEL written comments were received after this meeting and are included in this Appendix. We have maintained the original presentation and language (Spanish) of CEL's comments.

COMISION EJECUTIVA HIDROELECTRICA DEL RIO LEMPA C.E.L.

PROYECTO ADMINISTRACION DE INVENTARIOS

CONSIDERACIONES GENERALES AL BORRADOR DEL INFORME SOBRE EL SISTEMA DE ADMINISTRACION DE BIENES MUEBLES DE CEL, PRESENTADO POR PRICE WATERHOUSE

(Versión Final)

San Salvador, Marzo de 1994

CONSIDERACIONES GENERALES AL BORRADOR DEL INFORME SOBRE EL SISTEMA DE ADMISTRACION DE BIENES MUEBLES DE CEL, PRESENTADO POR PRICE WATERHOUSE

REFERENCIA	OBSERVACION
Sección I Introducción B. Participación de CEL (pag. 3 Parrafo 1)	Las Gerencias de GEOCEL, ADMINICEL Y FINANCEL no administran materiales del Proyecto Nº 519-0320. Las Gerencias mencionadas en el referido párrafo, no tienen responsabilidad sobre las bodegas de CAESS, CLESA, CLES y CLEA. CEL únicamente mantiene registros de las entregas de bienes realizadas a las Compañías Distribuidoras, por medio de la Unidad de Control Donación AID. A CLESA, CLES y CLEA se les ha entregado únicamente medidores para su instalación, los cuales corresponden a financiamiento del Proyecto Nº 519-0320. A CAESS además de los medidores se le ha entregado otros materiales, de los cuales se les ha solicitado remitan una copia de los informes de salida al Departamento de Control Donación AID.
F. Conclusiones sobre el Sistema de Administración de Bienes Muebles de CEL (pag. 8)	
Los Procedimientos de evaluación aplicados revelaron condiciones reportables importantes en la estructura de control interno, situaciones significativas de incumplimiento, así como recomendaciones de revisiones anteriores que aún no se han resuelto, **todo lo cual parece indicar que CEL no cuenta con las herramientas administrativas y de control indispensables y suficientes en la práctica que permitan asegurar la adecuada administración de los bienes y recursos provenientes del proyecto de donación "Mejoramiento de Servicios Públicos", proyecto USAID/El Salvador Nº 519-0320.** Considerando los posibles efectos de lo antes señalado, podemos concluir que la Oficina del Contralor de USAID/El Salvador podría emitir una certificación provisional sobre el sistema de administración de bienes de CEL **una vez que, bajo la supervisión de la División de Infraestructura Mayor de USAID/El Salvador, CEL haya ejercido substanciales esfuerzos respecto a las observaciones anotadas y haya alcanzado un progreso significativo en la corrección de las condiciones imperantes.**	La Administración Superior de la Comisión, ha tomado con profunda preocupación las conclusiones que sobre el Sistema de Administración de Bienes Muebles de CEL emite la Firma Price Waterhouse en lo referente a **que no se cuenta con las herramientas administrativas y de control indispensables y suficientes que permitan asegurar la adecuada administración de los bienes de la donación.** Como es del conocimiento de funcionarios, tanto de la División de Infraestructura Mayor como de la Oficina del Contralor de USAID/El Salvador, CEL ha desarrollado una serie de actividades orientadas a fortalecer el manejo y control de uso final de los bienes, tanto de la donación como de los adquiridos por medio de fondos propios. Para muchas de estas actividades se ha contado con el apoyo de AID, como es el caso de la asistencia proporcionada por medio de la firma Louis Berger International Inc. contratada para verificar el cierre de las observaciones pendientes del Informe DEVRES, las cuales de acuerdo con carta GG 157/L-332 dirigida al Sr. Ministro de Economía por parte de la referida empresa, en la que se manifiesta que la última de las observaciones fué cerrada por USAID durante el mes de Agosto de 1993.

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Sección II - Observaciones y Recomendaciones.

1. CEL carece de un Manual de Organización que defina por escrito las responsabilidades y funciones de las unidades involucradas en el control de los bienes muebles del Proyecto 519-0320 en las bodegas de CEL. (Pag. 4, 5)

CONDICION:
CEL carece de una organización formal que defina por escrito la responsabilidad de las unidades involucradas en realizar y controlar los bienes muebles, y que integren al sistema de control de las bodegas de CEL las otras bodegas relacionadas (CAESS, CLESA, etc.)

Actualmente en CEL existen diferentes unidades: Control Patrimonial, Control de Inventarios y Control Donaciones, que efectúan inventario de los materiales existentes en las bodegas. Como estas bodegas efectúan selectivamente los inventarios, no se logró obtener suficiente certeza de que se realizan inventarios físicos y conciliaciones con los registros de kárdex y registros contables, por lo menos una véz al año de todas las existencias de materiales de los Proyectos Nº 519-0320 y 519-0279.

RECOMENDACION:
La Junta Directiva de CEL debe definir en forma más clara las responsabilidades y funciones de las unidades que participan en el sistema de administración de bienes. Como los inventarios físicos y conciliaciones con registros contables son controles importantes, CEL debe coordinar y organizar los esfuerzos necesarios para supervisar los inventarios físicos totales y conciliar los resultados con los registros. Además los registros deben incluir:
- Nombre del suministrante de los materiales.
- Existencia de máximos y mínimos de materiales por cada artículo.
- Niveles de existencias establecidos que originan un pedido por nuevos materiales para cada uno.

Para facilitar la implantación de esta recomendación sugerimos que se organice un grupo de trabajo ("task force") con un programa definido para realizar inventarios de los materiales en todas las bodegas, mientras que la Unidad de Control de Inventario se concentre en la mecanización del sistema en las bodegas.

CEL cuenta con un Manual de Organización, en el cual se especifican las funciones y responsabilidades de cada una de las áreas relacionadas con las actividades de administración de bienes.

A continuación se plantean los objetivos de cada una de esas Unidades:

1. Proyecto Administración de Inventarios (puesta en marcha):
- Codificación de todos los bienes en los almacenes de Comisión.
- Diseño de Catálogos de Bienes típicos.
- Implantación del Manual de Procedimientos de Almacenes.
- Desarrollo de Inventarios Físicos en todos los Almacenes.
- Implantación del sistema mecanizado de control de Inventarios.

2. Departamento de Control Patrimonial:
- Organizar, dirigir, supervisar y controlar la ejecución de las actividades de control interno relacionadas con: Activos Fijos e inventario de almacenes.

3. Departamento Control Donación AID:
- Coordinar, controlar y supervisar el Proceso de Compras, a través del cuál se adquieren con fondos de donación, los bienes del Proyecto AID Nº 519-0320, para restaurar y mejorar el Sistema Eléctrico.
- Lograr una ejecución precisa de los eventos programados dentro del Proceso de Donación, por parte de las diferentes dependencias de la Comisión involucradas en los Proyectos.

El sistema de control de las bodegas de CEL no puede ser integrado con las bodegas de las Compañías Distribuidoras, ya que éstas son entes jurídicos diferentes, aún cuando se encuentren bajo la administración de CEL. Lo que sí es posible y se está realizando, es que las Compañías Distribuidoras que reciben bienes financiados con fondos del Proyecto Nº 519-0320 envíen información de sus existencias y uso final al Departamento Control Donación AID.

La Unidad de Control Donación AID realiza inventarios físicos selectivos y conciliaciones contra kárdex en las diferentes bodegas que mantienen bienes provenientes del Proyecto 519-0320. Los registros de estas revisiones fueron mostrados al personal de P.W. que realizó el análisis.

Las funciones y responsabilidades de las diferentes unidades están claramente definidas en el Manual de Organización. Lo que no existe de manera separada es un documento que plantee estas funciones y responsabilidades de cada unidad de manera específica para los bienes del Proyecto Nº 519-0320, ya que CEL las tiene definidas para el manejo de todos sus bienes. El Proyecto de Administración de Inventarios ha desarrollado durante 1993 un programa de levantamiento de inventario físico completo en los 14 almacenes y bodegas de la Gerencia de DISCEL y para 1994 cuenta con un Programa para cubrir el resto de Gerencias, (copia preliminar del mismo fué entregada a P.W.) éste ha sido modificado en función de la manera en que se han asignado recursos y ha iniciado su ejecución.

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(Continuación) Sección II - Observaciones y Recomendaciones. 1. CEL carece de un Manual de Organización que defina por escrito las responsabilidades y funciones de las unidades involucradas en el control de los bienes muebles del Proyecto 519-0320 en las bodegas de CEL. (Pag. 4, 5)	Desde el inicio de la fase de Puesta en Marcha (Abril de 1993) se cuenta con un grupo de trabajo que realiza sus actividades de acuerdo a la Organización aprobada para dicha fase. Copia de esa información fué entregada al personal de P.W. que realizó la evaluación. En relación con el control de valores máximos y mínimos de existencias para cada material, así como los niveles de reabastecimiento, esto es posible y razonable hacerlo únicamente con aquellos bienes destinados para la operación y mantenimiento del Sistema de Generación, Transmisión y Distribución, pero no para los que han sido adquiridos para la ejecución de proyectos específicos. Para cumplir con esta recomendación se ha incluido en el nuevo sistema la opción de considerar estos valores, los cuáles serán establecidos del estudio del comportamiento histórico de la demanda de los mismos. Como podrá comprenderse, los valores que serán tomados para realizar el análisis del comportamiento de la demanda, deben ser los datos obtenidos después de finalizado el conflicto armado ya que todos los anteriores corresponden a un comportamiento atípico.

2. Los almacenes de CEL no cuentan con instrumentos administrativos completos que les permitan conocer las políticas y procedimientos y faciliten realizar sus actividades con eficiencia y efectividad sobre la administración de materiales en bodegas.
(Pag. 5)

CONDICION:
Aunque existe un Manual de políticas y procedimientos para la administración de bienes, el mismo presenta las siguientes deficiencias:

El manual no fué distribuido a los usuarios. El manual no contiene políticas y procedimientos para reclamos, transferencias a las otras ubicaciones, mantenimiento de registros contables, preparación de informes sobre los bienes, revision e identificación de los bienes obsoletos, control sobre salidas de herramientas para uso temporal, y mantenimiento de los bienes perdurables.

El manual no contiene los organigramas y la descripción de las funciones del personal en todas las bodegas.

El manual no incluye los modelos de los formularios y las instrucciones para su preparación.

El manual no es consistente en la identificación de las personas responsables de la preparación, revisión y aprobación de los informes de salidas y entradas en las bodegas y Unidad Control Patrimonial. En algunos casos, sólo se indica el nombre del departamento o unidad.

El manual no es consistente en la coordinación de los procedimientos con la Unidad de Donaciones, que es la unidad responsable por los bienes financiados por USAID.

El manual no incluye las normas ni los métodos para inspeccionar los varios tipos de bienes.

El manual no contiene las políticas ni los procedimientos para mantener los bienes financiados por USAID.

RECOMENDACION:
La Junta Directiva de CEL debe asignar específicamente la responsabilidad por completar el manual para la administración de los bienes y asegurar su oportuna distribución a los usuarios. El nuevo manual debe incluir todos los aspectos importantes que contribuyan efectivamente a la labor del personal.

Recomendamos también que se programe la capacitación que sobre el uso y contenido del manual debe recibir el personal usuario.

El Manual preparado por el Proyecto de Administración de Inventarios, es un Manual de Procedimientos para Almacenes, el cuál ha sido revisado y validado tanto por la Unidad Control Donación AID como por las demas Unidades que intervienen en el proceso. Comprendemos que este Manual puede perfectamente ser complementado con la preparación de otros manuales, tales como:
- Manual de Políticas
- Manual de Normas y Métodos de Inspeccion de bienes recibidos.
- Manual de Actuación del Guardalmacén.
- Manual de Organización y Funciones para una bodega típica.

Es de tomar en cuenta que debido a las características técnicas de los bienes que maneja la Comisión, la preparación de un Manual de Normas y Métodos de inspección de bienes requiere una gran cantidad de horas-especialista, a fin de que éste sea realmente funcional.

Los formularios asociados a cada procedimiento no se han incluido en el Manual, en vista de que con la implantación del Nuevo Sistema de Contabilidad Gubernamental, muchos de ellos deberán ser modificados. Cuando esto suceda, se procederá a incluirlos en el Manual, con su correspondiente instructivo de llenado. A la fecha se continúan utilizando todos los formularios actuales, y en vista que no se dispone de una fecha exacta a partir de la cual se tendrá en vigencia el Sistema de Contabilidad Gubernamental, se procederá a incluir en el Manual los formularios de uso actual con sus correspondientes instructivos.

Los Procedimientos siguientes, sí están incluidos en el Manual:

"Reclamo por daños y faltantes de mercaderia proveniente del Exterior"
Fondo CEL Pag. 83 del Manual
Fondo AID Pag. 87 del Manual

"Traslado de bienes" Pag. 74 del Manual

"Clasificación y depuración de Existencias" Pag. 79 del Manual

"Herramientas usadas y equipo para mantenimiento" Pag. 71 del Manual

"Equipo para Rehabilitar" Pag. 44 del Manual

Los Procedimientos para el mantenimiento de los registros contables los realiza el Departamento de Control Patrimonial, el cuál dispone de las herramientas necesarias para tal función.

El enfoque de trabajo del Proyecto de Administración de Inventarios ha sido siempre hacia la solución de los problemas existentes en el Sistema de Control Interno en las bodegas de la Comisión.

(Continuación) 2. Los almacenes de CEL no cuentan con instrumentos administrativos completos que les permitan conocer las politicas y procedimientos y faciliten realizar sus actividades con eficiencia y efectividad sobre la administración de materiales en bodegas. (Pag. 5)	No en todos los procedimientos del Manual existe uniformidad respecto a la identificación de personas o unidades responsables de ejecutar una determinada actividad, ya que al momento de ejecutarla ésta puede ser realizada por una de las varias personas que pertenecen al centro de responsabilidad involucrado. Algunas actividades, sin embargo, no pueden ser delegadas a otros miembros. Es posible uniformizar la identificación de unidades e incluir las notas correspondientes en cada uno de los procedimientos que así lo requiera. Durante 1993 se capacitó a los Guardalmacenes de las Gerencias de DISCEL Y TECNICEL en el uso de los nuevos Procedimientos incluidos en el Manual y se realizó visitas de supervisión sobre su aplicación . Capacitación: Fase I - 14 y 15 de Julio de 1993 Fase II - 27 de Octubre de 1993 Supervisión: Fase I - Agosto - Septiembre 1993 Fase II - Noviembre - Diciembre 1993 La inspección de bienes adquiridos por medio de suministrantes extranjeros, se realiza coordinando eventos de recepción en los cuales participan personal técnico de la Gerencia receptora, personal del Almacén que recibe; y en caso de bienes de donación AID, participa personal del Depto. Control Donación AID y un representante del Organismo donante.

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3. Los registros de control contable de materiales que mantiene la Unidad de Control Patrimonial de CEL no se encuentran actualizados. (Pag. 7) CONDICION: La Unidad de Control Patrimonial tiene la función de registrar contablemente y actualizar las existencias de materiales de todas las bodegas. Sin embargo, esta unidad no mantiene registros contables actualizados de los materiales para todas las bodegas, y no coordina sus actividades con la Unidad de Control de Donaciones, la cual también maneja las existencias de materiales del Proyecto 519-0320.	En la fecha que los funcionarios de Price Waterhouse, se hicieron presentes al Departamento de Control Patrimonial con el fin de revisar los registros contables de materiales provenientes del Proyecto 519-0320, este tenía un atraso de un mes aproximadamente en lo que respecta a la contabilización de dichos materiales, generalmente esto se debe al proceso de digitación e impresión de los movimientos de materiales. No obstante, el Departamento de Control Patrimonial se compromete agilizar dicho proceso.
RECOMENDACION: La Unidad de Control Patrimonial debe coordinar esfuerzos con la Unidad de Control de Donaciones para obtener información oportuna de los materiales de los Proyectos 519-0279 y 519-0320. Por otro lado, CEL debe buscar alternativas de financiamiento para que la Unidad de Control Patrimonial cuente con el equipo de cómputo necesario que le permita generar los informes de entrada y salida de materiales en forma oportuna para todas las bodegas.	La información que maneja el departamento de Control Donación AID es la misma que se envía al Departamento de Control Patrimonial.

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4. No hay evidencia de que todas las existencias físicas de materiales del Proyecto 519-0320, de todas las bodegas de CEL, hayan sido conciliadas anualmente con los registros. (Pag. 9) CONDICION: Se observaron las siguientes deficiencias en lo relativo al control de existencias físicas de los bienes muebles: a) Falta de inventarios físicos completos de los bienes adquiridos por los proyectos financiados con fondos de USAID. b) No se concilian los resultados de los inventarios físicos con los registros de kárdex y otros registros contables en forma mensual o anual. c) No se ajustan los registros contables a los resultados de los recuentos físicos de existencias. d) Falta de informes que segreguen los activos fijos adquiridos con fondos del Proyecto 519-0320 de los adquiridos con otros fondos.	
	El Departamento de Control Donación AID efectúa inventarios físicos selectivos y conciliaciones contra kardex en las diferentes bodegas que mantienen bienes del Proyecto Nº 519-0320. Los registros de estas revisiones fueron mostrados al personal de Price Waterhouse. El Departamento de Control Patrimonial concilia su registro contra el listado Alma-07 saldo de existencias y valores por artículo, las diferencias que resultan son ajustadas al registro contable o kardex, según sea el caso. En el Almacén General de DISCEL se ha realizado un inventario completo y su correspondiente conciliación para los bienes del Proyecto Nº 519-0320. A la fecha de la evaluación no se había adquirido ningún bien considerado como Activo Fijo, por lo cual no existía registro; cuando se adquieran bienes bajo esa categoría se tendrá un registro por separado.
RECOMENDACION: a) CEL asigne a la Unidad de Control de Inventarios la responsabilidad principal por la planificación y ejecución de los inventarios físicos de los materiales en todas las bodegas del Proyecto 519-0320. b) CEL efectúe las gestiones necesarias y obtenga los recursos que permitan que la Unidad de Control Patrimonial mantenga registros contables oportunos y efectúe conciliaciones periódicas con los inventarios físicos. c) La Unidad de Control de Inventarios asegure que se realicen inventarios físicos y se concilien con sus registros a través de otras unidades de CEL por lo menos una vez al año.	El Proyecto de Administración de Inventarios ya tiene como responsabilidad la planificación y ejecución de inventarios completos de los bienes en todos los almacenes de la Comisión y está ejecutando las actividades consideradas en su Plan de Trabajo. Al finalizar el inventario físico en cada Gerencia y bodega se procede a realizar el proceso de conciliación de las existencias físicas con los correspondientes registros.

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5. Las condiciones físicas de las bodegas de CEL no aseguran un adecuado almacenamiento para manejar y proteger contra pérdidas los materiales del Proyecto 519-0320. (Pag. 10) CONDICION: Se observó en la bodegas que se visitaron, que éstas no cuentan con un sistema de seguridad, mantenimiento y limpieza, así como con equipo apropiado para el almacenamiento de materiales (tarimas y estantes suficientes). Además, los equipos obsoletos están almacenados junto a los demás materiales de uso corriente. En el Anexo V se resumen las situaciones observadas en cada una de las bodegas que visitamos. El Anexo V muestra el estado de algunas bodegas de CEL. Esta información fue tomada del informe de la Unidad de Control de Inventarios.	El Anexo VI al que hace referencia el informe forma parte del documento de las Condiciones Físicas de los Almacenes de CEL preparado durante 1992 y que sirvió de base para la planificación del trabajo del Proyecto y para la realización de una serie de recomendaciones referentes al espacio. Como podrá notarse, de 1992 a la fecha las condiciones en los almacenes han mejorado sustancialmente, como es el caso del Almacén General de DISCEL, el cuál presenta mayor accesibilidad en los pasillos, mayor orden y mejores condiciones de seguridad. La Dirección Superior de CEL en el afán de mejorar las condiciones de almacenamiento de los bienes ha autorizado las gestiones de obtención de nuevas facilidades de almacenamiento y la realización de una licitación pública para el equipamiento de la misma.
RECOMENDACION: a) La Unidad de Administración de Inventarios, en coordinación con las diferentes gerencias de CEL, adopte las acciones establecidas en su plan de trabajo en lo relativo a la limpieza, ordenamiento e identificación de bienes y materiales existentes en las diferentes bodegas. b) La Administración Superior de CEL apoye las acciones planteadas por parte de la Unidad de Administración de Inventarios, obteniendo los recursos financieros que permitan mejorar y asegurar las condiciones físicas de las bodegas.	El Plan de Trabajo del Proyecto de Administración de Inventarios está en ejecución desde 1993 y a partir de Marzo de 1994 se incrementó el número de personas, a fin de cumplir con las metas propuestas. Como se manifesto al personal de Price Waterhouse que realizó la evaluación, el Proyecto de Administración de Inventarios ha tenido todo el apoyo de la Administración Superior de la Comisión.

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6. CEL no ha implantado un adecuado control y registro de la recepción y entrega de materiales en la bodega. **(Pag. 12)** CONDICION: Observamos las siguientes deficiencias sobre el control de entrega y salida de los bienes en las bodegas:	
<u>Bodega Miravalle</u> a) Los formularios (informes de Salida) para los materiales suministrados por Mirrlees Blackstone (en particular, para los artículos nos. 26,3,61, y 105) no fueron preparados, lo cual no permite conciliar existencias físicas con los registros de kárdex. b) Los materiales recibidos de Mirrlees Blackstone, articulo 30, elemento K4857, fueron registrados en el kárdex en conjunto; sin embargo, las piezas del conjunto fueron combinadas lo que hace imposible conciliar el saldo del kárdex con la existencia actual.	Las deficiencias que se señalan en la bodega de Miravalle a esta fecha ya fueron superadas, ya que estas deficiencias como es del conocimiento de los funcionarios de Price Waterhouse, se debía a una situación particular que ocurría en ese momento en dicha bodega. Además, la bodega de esta planta se consideraba como parte de las de la Central Térmica Acajutla, pero debido al proyecto de expansión de 1993 se ha considerado como una bodega independiente.
c) La requisiciones para el uso de materiales no se encuentran prenumeradas, lo que dificulta su identificación con el informe de salidas y en los registros de kardex.	Las requisiciones de materiales no son premuneradas con caracters de imprenta, sino que se numeran correlativamente en máquina de escribir.
<u>Bodega CAESS</u> a) Los informes de salidas de materiales preparados por CAESS no se remiten a CEL, lo que no permite controlar adecuadamente las existencias por falta de información oportuna sobre los movimientos por consumo.	Actualmente el Departamento de Control Donación AID, está recibiendo los informes de CAESS y se está actualizando el kárdex.
RECOMENDACION: a) Los supervisores de las bodegas aseguren que los registros kárdex se mantengan actualizados con base en los documentos que amparan la recepción y entrega y los resultados de los recuentos físicos.	
b) Los formularios de requisición sean prenumerados y hagan referencia al Informe de Salidas para facilitar cualquier revisión posterior.	Unicamente son prenumerados con caracteres de imprenta los informes de Entrada y Salida de bienes, no asi las requisiciones y los envíos de materiales, los que se numeran correlativamente a máquina de escribir.
7. CEL no cuenta con un directorio de suministrantes o proveedores, el cuál es requerido por el convenio suscrito para realizar con más efectividad las licitaciones. **(Pag. 13)** CONDICION: CEL no cuenta con un directorio de proveedores o suministrantes de materiales dentro del Proyecto 519-0320 que facilite realizar las invitaciones de cotización privada con más eficiencia.	CEL cuenta con un Directorio de Suministrantes por clase de suministro, que se conformó durante el proceso de compras del convenio 519-0279. En lo relativo al Proyecto Nº 519-0320 debido a que los IFB se distribuyen a las firmas que lo solicitan en base a las publicaciones en el CBD y dos periódicos locales no se cuenta con el directorio de suministrantes, pero se tiene registro de las empresas que han participado en cada IFB.
RECOMENDACION: Aún cuando CEL está ejecutando la última fase del Proyecto 519-0320, la Unidad de Control de Donaciones debe preparar un directorio de suministrantes o de proveedores que le faciliten realizar las invitaciones respectivas, el cual puede ser útil también para licitaciones futuras financiadas con fondos de USAID.	

Sección IV - Observaciones sobre Recomendaciones Formuladas por Revisiones Anteriores. (pag. 2)	El Proyecto de Administración de Inventarios, inició la Fase de Puesta en Marcha a partir de abril de 1993, pero había desarrollado la Fase de Diseño desde 1992. La implantación de las diferentes recomendaciones, así como de los sistemas diseñados se está realizando por Gerencia, habiéndose iniciado con DISCEL durante 1993 y durante 1994 se deberá completar el trabajo en las Gerencias de ELECTROCEL, TECNICEL y GEOCEL. La Gerencia de DISCEL cuenta con 14 bodegas y almacenes y es donde se ha realizado el inventario físico. El Plan de Trabajo del Proyecto para 1994 considera las principales acciones ha realizar, pero no a un nivel sumamente detallado. El Plan de Trabajo considera la realización de las actividades para cada una de las bodegas en cada Gerencia.
Recomendaciones DEVRES INC. Recomendación Nº 1 (Pag. 4)	El proyecto Administración de Inventarios inició su fase de puesta en marcha en abril de 1993 en la Gerencia de DISCEL como prueba piloto, de acuerdo con la recomendación del Ing. Roger Valle. Las actividades de éste están orientadas a resolver los problemas de control interno en todas las bodegas y almacenes de la Comisión, lo que lógicamente contempla también las recomendaciones de Auditorías anteriores.
Recomendación Nº 2 (Pag. 5)	La codificación de los materiales y la creación de catálogos de bienes son sólo algunos de los componentes del Proyecto.
Recomendación Nº 3 (Pag. 5)	El actual manual de Procedimientos podría complementarse con los manuales mencionados en las observaciones planteadas al Numeral II.
Recomendación Nº 4 (Pag. 7)	El montar un Sistema de Inventarios "En-Línea" en todas las bodegas, es un objetivo de mediano plazo, que requiere haber completado la codificación de todos los bienes, haber realizado el inventario físico, depurado las existencias y realizado las conciliaciones correspondiente. Además, implica inversiones en equipos, sistemas de comunicación y capacitación de los recursos humanos, lo cual en el caso de CEL deberá ser realizado por etapas.
Recomendación Nº 5 (Pag. 7)	Personal del Proyecto de Administración de Inventarios prepara (traduce y codifica los bienes) el "Informe de Bienes en Tránsito" de los materiales provenientes del exterior y los envía a las bodegas que los recibirán, a fin de que se registre el código y la descripción adecuada.
Recomendación Nº 6 (Pag. 8) Recomendación Nº 7 (Pag. 8)	Los bienes obsoletos, inservibles y a promover han sido identificados en cada una de las bodegas de la Gerencia de DISCEL y algunas de ELECTROCEL. Se pretende que el gestor de ventas continue promoviendo los bienes del fondo CEL que ya no se utilizarán. La condición señalada para la bodega de Miravalle, a esta fecha ya fué superada, ya que esta deficiencia se debió a una situación particular que ocurría en ese momento en dicha bodega. En el Manual de Procedimientos se plantéa un proceso para el control de herramientas usadas y equipos de

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Anexo I Descripción del Sistema de Administración de Bienes Muebles	
A. Organización (Pag. A-1)	El jefe del Departamento Control Donación AID no se reporta al Director de DISCEL, sino al Gerente de TECNICEL. El Departamento de Control Patrimonial no está bajo la División de ADMINICEL, sino que de FINANCEL.
B. Planeamiento de Compras (Pag. A-1)	El Convenio 519-0320 inició con la firma del documento el 30 de Agosto de 1989, los fondos asignados inicialmente fueron de U.S. $ 5.0 millones, para los cuales se presentó un Plan de Compras y sobre el cual se realizaron las compras. Durante el período de Julio de 1990 al 2 de Mayo de 1991, se enmendó el convenio en 3 oportunidades, adicionando fondos por U.S. $ 7.82 millones, para estos fondos se hicieron solicitudes para la adquisición de suministros de emergencia. Mediante la enmienda 7 suscrita el 7 de Septiembre de 1992 y Carta de Implementación se adicionaron fondos por un total de U.S. $ 4.56 millones, los que se manejaron por medio de un Plan de Compras autorizado por AID.
D. Recepción en Aduanas y en Bodegas (Pag. A-3)	Los registros que se llevan en el Departamento de Control Donación AID reflejan claramente las dependencias receptoras de los bienes. La oficina del Proyecto de Administración de Inventarios prepara un Informe de Bienes en Tránsito, con la información proporcionada por el departamento Control Donación AID, el que remite de manera anticipada a las bodegas receptoras de los bienes.
E. Transferencia y Emisión de los Bienes Muebles. (Pag. A-4)	Todas las bodegas disponen de un listado de bienes con su respectivo código (Listado Alma-07). Tanto el Informe de Entrada como de Salida de Bienes son prenumerados con caracteres de imprenta. Los envíos de materiales que acompañan a los informes de salida de bienes no son prenumerados con caracteres de imprenta, sino que se numeran de manera correlativa a máquina de escribir.

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