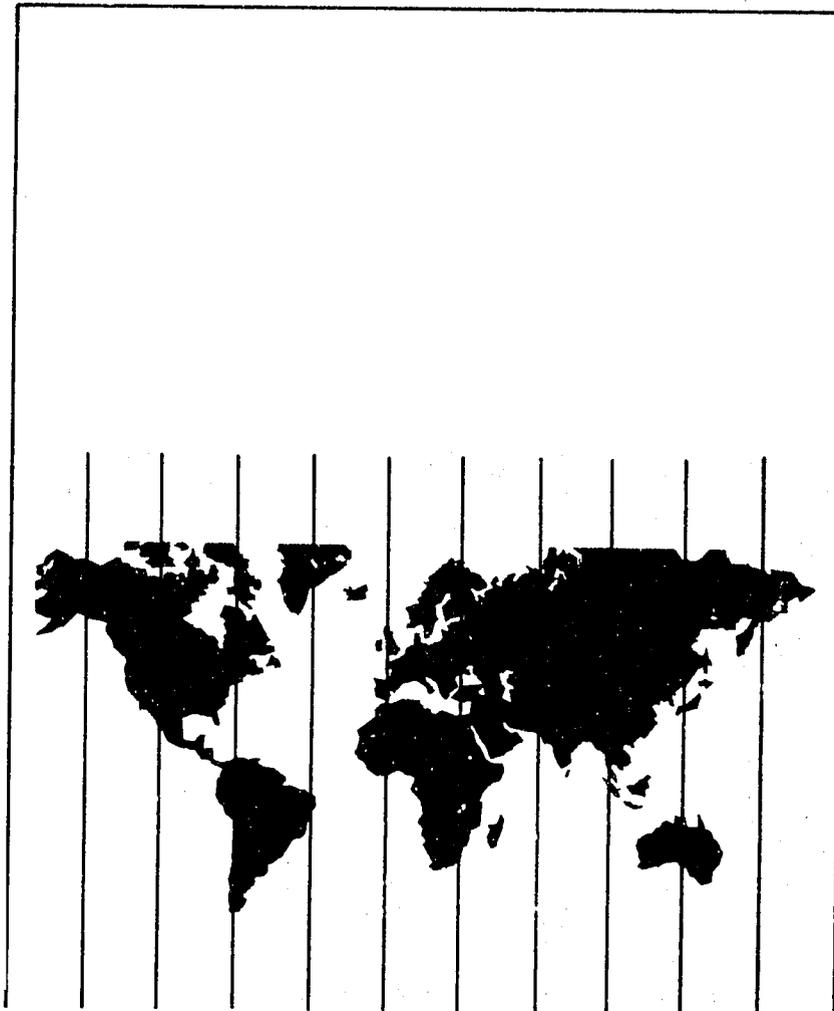


1501 9 1921
UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE
INSPECTOR
GENERAL



Regional Inspector General for Audit
NAIROBI

Audit of
The Educational Opportunities Council
Cooperative Agreement
No. 674-0230-A-00-5003-00

Audit Report No. 3-674-91-09-N
June 29, 1991

This audit determined that of \$2,055,481 claimed by the Economic Opportunities Council, the equivalent of \$2,205 was unsupported. The audit also resulted in a recovery of the equivalent of \$40,344 for interest due USAID. Further, improvements were needed in internal accounting controls and compliance with terms of the cooperative agreement.

FINANCIAL INFORMATION IN THIS REPORT MAY BE
PRIVILEGED. THE RESTRICTIONS OF 18 USC 1905
SHOULD BE CONSIDERED BEFORE ANY
INFORMATION IS RELEASED TO THE PUBLIC.

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
REGIONAL INSPECTOR GENERAL/AUDIT

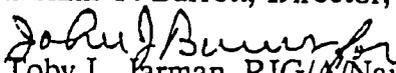
UNITED STATES POSTAL ADDRESS
BOX 232
APO N.Y. 09675

INTERNATIONAL POSTAL ADDRESS
POST OFFICE BOX 30261
NAIROBI, KENYA

June 29, 1991

MEMORANDUM

TO: Dennis P. Barrett, Director, USAID/South Africa

FROM: 
Toby L. Jarman, RIG/A/Nairobi

SUBJECT: Non-Federal Audit of the Educational Opportunities Council, Cooperative Agreement No. 674-0230-A-00-5003-00

Enclosed are five copies of a non-Federal financial audit of the Educational Opportunities Council (EOC), funded under USAID/South Africa's Internal Bursary Project. The accounting firm of Pema Lakha & Associates performed the audit.

EOC is a non-profit organization having the broad goal of providing an alternative education system in South Africa. EOC is to provide scholarships and seek to arrange associated bridging, support, and tutorial services for disadvantaged black South Africans to engage in university study in South Africa. From September 27, 1985 to June 30, 1989, EOC was paid \$2,055,481 for student expenses and administration expenses by USAID/South Africa.

The objectives of this non-Federal audit were to:

- Report on the fairness of EOC's Fund Accountability Statement;
- Evaluate EOC's system of internal accounting controls; and
- Determine EOC's compliance with applicable laws, regulations, and agreement terms.

The audit examined a statistical sample of \$281,593 (647,664 Rand) of student expenses and \$74,087 (170,399 Rand) of EOC's administration expenses claimed for the period September 27, 1985 to June 30, 1989.

Pema Lakha & Associates concluded that the EOC's Fund Accountability Statement fairly presented expenses claimed through June 30, 1989 except that \$2,205 (5,072 Rand) of administration costs were not properly supported (see Exhibit C of the audit report).

In its report on EOC's system of internal accounting controls, Pema Lakha & Associates made seventeen recommendations regarding accounting controls and other financial and administrative practices and procedures. Although all of these recommendations are important, three of them are especially noteworthy. These concern the establishment of a separate bank account for USAID funds (see page 5 of the audit report), the computation and repayment of the equivalent of \$40,344 interest earned on USAID funds (see page 6 of the audit report), and a comparison of budgeted and actual expenditures (see page 20 of the audit report).

The auditors found that EOC complied with the provisions of the cooperative agreement and U.S. laws and regulations, except for the two items noted above regarding a separate bank account and interest earned on USAID funds.

The draft audit report was submitted to USAID/South Africa and the management of EOC for comment. Their comments (Appendix I) were taken into consideration in preparing the attached final report. Both USAID/South Africa and EOC generally agreed with the findings and indicated that corrective action would be taken with respect to implementing the recommendations. Based upon management comments, Recommendation Nos. 1 and 2.2 are closed upon report issuance and Recommendations Nos 2.1 and 2.3 are resolved.

We are including the following recommendations in the Office of the Inspector General audit recommendation follow-up system:

Recommendation No. 1: We recommend that the Director USAID/South Africa determine the allowability and recover, as appropriate, 5,072 Rand (\$2,205) of unsupported costs from the Educational Opportunities Council.

Recommendation No. 2: We recommend that the Director, USAID/South Africa:

- 2.1** verify that the Educational Opportunities Council has established a separate bank account for all funds received from USAID;

- 2.2 collect the equivalent of \$40,344 of interest due from the Educational Opportunities Council and establish procedures to calculate and repay interest earned in the future; and**
- 2.3 establish procedures to compare budgeted and actual expenditures.**

We consider Recommendation Nos. 1 and 2.2 to be closed and Recommendation Nos. 2.1 and 2.3 to be resolved and open pending receipt of documentation requested in a subsequent cable.

Thank you for the cooperation and courtesy extended to Pema Lakha & Associates and Regional Inspector General for Audit representatives during the audit.

EDUCATION OPPORTUNITIES COUNCIL

FINANCIAL AUDIT

FOR THE PERIOD SEPTEMBER 27, 1985

THROUGH JUNE 30, 1989

PEMA LAKHA & ASSOCIATES
CHARTERED ACCOUNTANTS (S.A.)

P.O. BOX 42864, FORDSBURG, 2033
TEL: (011) 331-8597

EDUCATION OPPORTUNITIES COUNCIL

FINANCIAL AUDIT

FOR THE PERIOD SEPTEMBER 27, 1985

THROUGH JUNE 30, 1989

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3. AUDIT OBJECTIVES AND SCOPE SELECTIONS
4. RESULTS OF THE AUDIT
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6. INTERNAL CONTROL AUDIT REPORT
7. AUDIT REPORT ON COMPLIANCE WITH GRANT AGREEMENT TERMS
AND APPLICABLE LAWS AND REGULATIONS
8. GENERAL REPRESENTATION LETTER
9. MINUTE REPRESENTATION LETTER

EDUCATION OPPORTUNITIES COUNCIL

FINANCIAL REPORT

FOR THE PERIOD SEPTEMBER 27, 1985

THROUGH JUNE 30, 1989

(1) INTRODUCTION AND BACKGROUND

A. The Educational Opportunities Council (EOC) was established in 1979 as a non-profit organization with the broad goal of providing an alternative education system in South Africa. Although its major operative function is the administration of the bursary programmes, its broader role includes:

- coordinating efforts on the part of organizations and individuals involved in black education and development;
- assessing the educational needs of black South Africans;
- assisting in the development of black-based, non-racial organizations in the field of education and training;
- promoting programs of non-formal compensatory education;
- directing students to further study in the U.S., Western Europe, South Africa and other countries;
- encouraging South Africans who have been educated outside South Africa to return home to participate in providing the needed leadership for the education, training and development of their fellow South Africans;
- working for a just allocation of resources and equitable educational opportunities for all South Africans; enabling black South Africans to discuss issues of concern to them and South Africa as a whole, and to share deliberations with all those concerned to build a democratic non-racial society.

The EOC has a National Council of twelve community leaders chaired by the Most Reverend Desmond Tutu. There are five regional boards : Natal, the Eastern Cape, the Western Cape, the Orange Free State, and the Transvaal. The head office is located in Johannesburg, with regional offices in Port Elizabeth and Durban.

B. USAID

The EOC is substantially and largely funded by USAID whose basic objectives in South Africa are to hasten peacefully the end of apartheid and to help blacks prepare for leadership roles in a post-apartheid, non-racial democracy. In support of these goals, the Internal Bursary Project was authorized in 1985 to provide higher educational opportunities to disadvantaged South Africans in South African institutions. Through this project, USAID attempts to assist black South Africans to overcome some of the financial and educational constraints placed upon them by the apartheid educational policy and to contribute to social and political changes through increased participation in the society. The project operates through non-governmental organizations in South Africa, which are responsive to the needs of the disadvantaged community.

C. NATURE OF OPERATIONS AND STATEMENT OF PRINCIPLES OF EOC

The major thrust of this program is to provide scholarships to academically qualified black South Africans to pursue degree programs at universities of their choice in South Africa.

C.1 SCHOLARSHIPS FOR GRADUATE ACADEMIC TRAINING

EOC undertakes to provide scholarships and seeks to arrange associated bridging, support and tutorial services, for disadvantaged black South Africans to engage in universities study of their choice in South Africa. Although the average period to obtain a bachelor's degree takes four years, the USAID scholarship is based on a six year support plan for two reasons; (1) to facilitate students undertaking a preparatory year to bridge the gap between schooling and university because of the deficiency in black schooling and (2) to allow for times of unrest and boycotts, when schools and universities are closed for a considerable period of time.

C.2 SUPPLEMENTARY EDUCATION AND BRIDGING PROGRAMS :

There is an abnormally high attrition (failure) rate of first-year university students among black South Africans estimated at about 60 percent. Some of the black institutions as well as the intergrated white universities have already initiated "remedial bridging" programs to help first year students cope with transitional problems, whether purely academic or otherwise, in order to improve the students' chances moving into second year with prospects of keeping pace with the academic workload. These well structured programs may include: three or four weeks of intensive practical training before the beginning of the regular university year; through tutorial help for small groups during the year; or by individual help from upper classmates who acts as mentors.

1

The bridging program is seen as an integral part of the under graduate scholarship program. It helps the recipients move successfully up the ladder and provides assurance that project funds will be well-spent. In addition the student has added confidence knowing that there is a helping hand.

It is EOC's responsibility to evaluate whether the student requires the bridging or supplementary education assistance.

C.3 ASSISTANCE PROVIDED -----

The amount of funds provided to EOC for student expenditure and administration over the years was as follows:

	DOLLAR TOTAL -----	RAND TOTAL -----
1985	396 204,39	902 797,97
1986	739 128,36	1 521 414,86
1987	997 197,53	2 488 554,00
	-----	-----
	2 132 530,28	4 912 766,83
	=====	=====

The details of the advances above were provided to us by USAID /Pretoria. On a sample basis we traced the advances to the bank deposit slips at EOC and no exceptions were noted. We were however not able to reconcile these amounts to details provided by EOC.

(2) ACCOUNTING AND CONTRACT MONITORING SYSTEMS -----

The overall responsibility for accounting and financial monitoring is undertaken in-house at EOC.

Expenditure reports are prepared at EOC offices, where the accounting schedules and documentation are maintained. These expenditure reports / schedules are forwarded to USAID/Pretoria as requisitions for disbursement of expenses. USAID/Pretoria reviews these for acceptability and allowability before EOC is reimbursed. All supporting documentation is retained at EOC offices.

The financial statements of EOC are audited annually by the independent auditing firm of Ernst & Young.

(3) AUDIT OBJECTIVES AND SCOPE SELECTIONS -----

We performed a financial audit of the Statement of Revenue & Expenses of EOC for the period September 27, 1985 to June 30, 1989.

(B) COMPLIANCE WITH U.S. LAWS AND REGULATIONS

Generally we believe E.O.C. had complied with the standard provisions of the agreement laws and regulations, however non-compliance which we believe warrant the action of E.O.C. as described in the audit findings were:-

- they did not maintain a separate bank account for all USAID funds.
- no interest on USAID funds had been calculated nor submitted to the US Treasury.
- supporting documentation, especially in the earlier years, were not properly filed and easily retrievable.

(C) INTERNAL ACCOUNTING CONTROLS

We made a study and evaluation of the system of internal accounting controls to the extent we considered necessary and required by generally accepted auditing standards.

Our study and evaluation was designed to determine the nature, timing and extent of auditing procedures necessary for expressing an opinion on the organization's Statement of Revenue and Expenditures.

During the course of our audit, we identified several weaknesses which we have documented together with our suggestions and recommendations for improvement.

(D) ERRORS AND IRREGULARITIES

During the course of our audit work, nothing came to our attention that caused us to believe that there were any material errors or irregularities.

EDUCATIONAL OPPORTUNITIES COUNCIL

REPORT ON THE FUND ACCOUNTABILITY STATEMENT

INDEPENDENT AUDITORS' OPINION

We have examined the Fund Accountability Statement of Educational Opportunities Council for the period September 27, 1985 to June 30, 1989. The US Agency for International Development had the following lists of grants as described on Exhibit A with E.O.C. during this period. Our examination was made in accordance with generally accepted auditing standards and the U.S Comptroller General's "Standards for Audit of Governmental Organization Programs, Activities and Functions" (1981 Revision) and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Revenue and Expenditure is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Fund Accountability Statement. We believe that our audit provides a reasonable basis for our opinion.

It is the Educational Opportunities Council's accounting policy to prepare its Fund Accountability Statement on a basis outlined by the terms and the conditions of grant agreement with USAID and the applicable U.S Government laws and regulations. Accordingly, the accompanying Fund Accountability Statement of USAID is presented on the cash basis which is a comprehensive basis of accounting other than generally acceptable accounting principles.

In our opinion, the Statement of Agency for International Development Fund Accountability Statement of Educational Opportunities Council presents fairly the revenue and expenditures of Educational Opportunities Council attributed to USAID grants during the period September 27, 1985 to June 30, 1989 in accordance with the terms and conditions with the grants agreements with USAID and the applicable US Government laws and regulations.

Contractor information contained in this report may be privileged. The restrictions of 18 USC 1905 should be considered before any information is released to the public. This report is intended solely for the use of management of EOC or the Agency for International Development and should not be used for any other purpose.

Pema Lakha & Associates

PEMA LAKHA & ASSOCIATES

JOHANNESBURG
SOUTH AFRICA

MARCH 30, 1990

The objectives of this audit were to:

- review the Statement of Revenue and Expenses to assure the propriety, allocability and acceptability of charges to USAID.
- to determine whether EOC has complied with the applicable laws, regulations and terms of the contract agreement and U.S laws.
- identify, evaluate and compliance test internal controls.
- prepare audit reports analysing problem areas in need of improvement, proposing recommendations and itemizing costs as accepted, questioned and unsupported.

Our examination was performed in accordance with generally accepted auditing standards and generally accepted U.S. governments standards and accordingly included such tests of the Statement of Revenue and Expenses and other auditing procedure as were considered necessary in the circumstances.

The audit was performed under the supervision of the Regional Inspector General audit office based in Nairobi and was conducted in accordance with the "Non-Federal Audit Guide".

The terms of the grant agreements and the cost principles contained in the applicable US Government regulations were used as criteria in the determination of questioned and unsupported costs.

The scope of the audit consisted of the following:-

- selective examination and testing of supporting documentation of student and administration expenses.
- a review of EOC's transactions for compliance with the grant agreements and applicable US laws and regulations.
- a study and evaluation of the internal controls and accounting practice of EOC to the extent necessary to render an opinion of the Statement of Revenue and Expenses.
- a review of the grant agreements, implementation letters, implementation reports, handbooks, relevant government regulations and other related documents.
- Our audit work did not cover the costs claimed by the Institute of International Development since the records pertaining to these costs were maintained in the United States.

Our scope selections and coverage of the audit work was as follows:

SCOPE: Admin. Expenses - amounts greater than R 50 000 -

ADMIN		
DATE	R	%
03/30/87	55 000,00	
07/11/88	54 812,06	
03/30/87	60 515,12	
04/10/87	57 333,80	
08/25/88	52 909,97	
03/31/87	59 239,23	
10/13/88	35 519,86	

Total Coverage	375 330,04	0,41
Total not tested	542 544,21	0,59

Total Amount	917 874,25	1,00
=====		

STUDENT EXPENSES

We used statistical sampling techniques to audit the student expenses to ensure that all students funded by the organization was properly approved and that the student expenses were legitimate and properly supported by the relevant supporting documentation.

Based on our audit tests we concluded that the student expenses of R3,7m can be accepted with 99% confidence that the estimated error rate is 3% as the error rate according to the sample falls within the precision limits of 2% to 4%. Accordingly, the population of student expenses audited were acceptable.

(4) RESULTS OF THE AUDIT

(A) STATEMENT OF REVENUE AND EXPENSES

We performed a financial audit for the Revenue and Expenditure statement of E.O.C. for the period September 27, 1985 to June 30, 1989.

As detailed on exhibit B and C we identified certain costs that, in our opinion were unsupported.

The unsupported costs amounted to three percent of items tested.

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INDEPENDANT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION
FOR EDUCATIONAL OPPORTUNITIES COUNCIL

We have examined the Statement of USAID Revenue and Expenditure of E.O.C for the period ended June 30, 1990. Our examination was made for the purpose of forming an opinion of the Statement of USAID Revenue and Expenditures and taken as a whole. Exhibits B and C are presented for the purpose of additional analysis and are not a required part of the basic statement of USAID Revenue and Expenditures and, in our opinion, is fairly stated in all material respects in relation to the basic Statement of USAID Revenue and Expenditures taken as a whole.

Pema Lakha & Associates

PEMA LAKHA & ASSOCIATES

JOHANNESBURG
MARCH 30, 1990

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EDUCATIONAL OPPORTUNITIES COUNCIL

FUND ACCOUNTABILITY STATEMENT

FOR THE PERIOD SEPTEMBER 27, 1985 TO JUNE 30, 1989

	U.S DOLLARS	RANDS
	-----	-----
Fund balance beginning of period	0,00	0,00
Revenue		
- Student bursaries	1 968 429,08	4 537 908,22
- Administration Expenses	164 101,20	374 858,61
	-----	-----
TOTAL	2 132 530,28	4 912 766,83
EXPENDITURES:		
- Student bursaries	(1 656 380,10)	(3 755 944,18)
- Administration Expenses	(399 101,31)	(917 874,25)
	-----	-----
FUNDS BALANCES AT END OF PERIOD	77 048,87	238 948,40
	=====	=====

EDUCATIONAL OPPORTUNITIES COUNCIL

RESULTS OF AUDIT WORK ON ADMINISTRATION EXPENSES

FOR THE PERIOD SEPTEMBER 27, 1985 TO JUNE 30, 1989

	CLAIMED	ACCEPTENCE	QUESTIONED	UNSUPPORTED
1. Postage	1 310,42	1310,42	0,00	0,00
2. Salaries	5 134,76	5 134,76	0,00	0,00
3. Printing & Stationery	2 701,22	2 175,72	0,00	525,50
4. Salaries	17 878,37	17 878,37	0,00	0,00
5. Printing & stationery	15 499,65	15 499,65	0,00	0,00
6. Audit/Professional fee	14 000,00	14 000,00	0,00	0,00
7. Salaries	5 929,21	5 929,21	0,00	0,00
8. Telephone	905,69	905,69	0,00	0,00
9. Salaries	18 499,32	18 499,32	0,00	0,00
10. Office Rental	5 734,32	5 734,32	0,00	0,00
11. Travel	2 910,85	2 910,85	0,00	0,00
12. Travel	3 928,90	3 928,90	0,00	0,00
13. Postage	921,92	921,92	0,00	0,00
14. Advertising	1 482,60	1 482,60	0,00	0,00
15. South African per diem	4 613,03	4 721,83	0,00	-108,80
16. Motor Vehicle expenses	285,71	285,71	0,00	0,00
17. Repairs & Maintenance	1 128,22	1 111,36	0,00	16,86
18. Consultations	162,23	162,23	0,00	0,00
19. Printing & stationery	2 866,28	2 866,28	0,00	0,00
20. Repairs & Maintenance	6 127,52	6 127,52	0,00	0,00
21. Telephone	767,98	767,98	0,00	0,00
22. Salaries	20 923,93	20 923,93	0,00	0,00
23. S.A travel	1 826,67	1 826,67	0,00	0,00
24. Advertising	806,40	806,40	0,00	0,00
25. Advertising	73,92	73,92	0,00	0,00
26. Casual Labour	2 542,40	0,00	0,00	2542,40
27. Printing & Stationery	1 034,85	0,00	0,00	1034,85
28. Equipment: Printer	3 295,00	3 295,00	0,00	0,00
29. Equipment: Franking	4 048,00	4 048,00	0,00	0,00
30. Salaries	9 123,64	8 523,26	0,00	600,38
31. Rent	1 396,61	1 396,61	0,00	0,00
32. Computer training	980,00	980,00	0,00	0,00
33. Salaries	6 657,81	6 196,92	0,00	460,89
34. Computer disk training	3 600,00	3 600,00	0,00	0,00
35. Travel	1 302,00	1 302,00	0,00	0,00
TOTAL	170 399,43	165 327,35	0,00	5072,08
PERCENTAGE	100,00	0,97	0,00	0,03

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EDUCATIONAL OPPORTUNITIES COUNCIL

EXHIBIT C

REASONS FOR UNSUPPORTED ADMINISTRATION EXPENSES
 FOR THE PERIOD SEPTEMBER 27, 1985 TO JUNE 30, 1989

	QUESTIONED	UNSUPPORTED	REASONS
3. Printing & stationery	0,00	525,50	Copies of returned checks were not found
15. South African per diem	0,00	(108,80)	No supporting documentation found
17. Repairs & Maintenance	0,00	16,86	No supporting petty cash vouchers found
26. Casual Labour	0,00	2542,40	No supporting documentation found
27. Printing & Stationery	0,00	1034,85	No supporting documentation found
30. Salaries	0,00	600,38	No supporting documents were found for payroll related expenses
33. Salaries	0,00	460,89	No supporting documents were found for payroll related expenses
TOTAL	0,00	5072,08	

EDUCATION OPPORTUNITIES COUNCIL

REPORT ON THE SYSTEM OF INTERNAL ACCOUNTING CONTROLS

INDEPENDENT AUDITORS' OPINION

We have examined the Fund Accountability Statement of the Educational Opportunities Council for a period ended June 30, 1989 and have issued our report thereon dated March 30, 1990. As part of our examination, we made a study and evaluation of the organization's internal accounting control to the extent that we considered necessary to evaluate the system as required by generally accepted auditing standards and the U.S Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions 1981 Revision)." Accordingly, we performed such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. For the purpose of this report, we have identified the significant internal accounting controls in the following two categories.

- student fees
- administration expenses

Our study included both the above expense categories. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Educational Opportunities Council Fund Accountability Statement.

The management of Educational Opportunities Council is responsible for establishing and maintaining a system of internal accounting controls. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected and related costs of control procedures. The objectives of a system 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 financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur or not be detected. Also, projection of any evaluation of the system to future periods is subjected to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation, made for the limited purpose described in the first paragraph, would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of EOC taken as a whole or any of the categories of controls identified. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

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Contractor information contained in this report may be privileged. The restrictions of 18 USC 1905 should be considered before any information is released to the public. This report is intended solely for the use of management of EDC and for Agency for International Development and should not be used for any other purpose.

Pema Lakha & Associates

PEMA LAKHA & ASSOCIATES

JOHANNESBURG
SOUTH AFRICA

MARCH 30, 1990

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EDUCATIONAL OPPORTUNITIES COUNCIL

MEMORANDUM ON FINANCIAL MATTERS, ACCOUNTING PROCEDURES

AND INTERNAL CONTROLS

JUNE 30, 1989

MARCH 30, 1990

REGIONAL INSPECTOR GENERAL FOR AUDIT-NAIROBI
P.O. BOX 30261
NAIROBI
KENYA

DEAR SIRs:

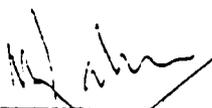
RE: AUDIT OF EDUCATIONAL OPPORTUNITIES COUNCIL (EOC)

The accompanying memorandum includes suggestions for improvement of accounting procedures and internal accounting control measures that came to our attention during our audit of the organization for the period September 27, 1985 to June 30, 1989.

In accordance with generally accepted auditing standards, we performed a review and evaluation of existing internal accounting controls for the purpose of providing a basis for reliance thereon in determining the nature, timing and extent of the audit tests applied in connection with our examination of the organization's Statement of Revenue and Expenses. While certain matters which came to our attention during the review are presented in the accompanying memorandum for the consideration of management, such a review was not designed for the purpose of making detailed recommendations and would not necessarily disclose all weaknesses in the existing system.

The accompanying memorandum also includes comments and suggestions with respect to other matters which came to our attention during the course of our audit. These matters are offered as constructive suggestions for the consideration of management as part of the on-going process of modifying and improving accounting controls and other financial and administrative practices and procedures.

Yours sincerely



N.R. LAKHA
FOR PEMA LAKHA & ASSOCIATES

EDUCATIONAL OPPORTUNITIES COUNCIL

MEMORANDUM ON FINANCIAL MATTERS, ACCOUNTING

PROCEDURES AND INTERNAL CONTROLS

JUNE 30, 1989

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The organization does not have a policy manual covering approval and authority levels for financial transactions and no guidelines for controlling expenditures.

We recommend that management formulate a formal policy manual which will cover ;

- approval and authority levels for financial transactions across the board.
- guidelines for controlling expenditures.
- guidelines to monitor adherence to these policies.

Once formulated it will be imperative that these policies are communicated to the relevant key employees and monitored.

MANAGEMENT COMMENTS-

We confirm that a manual will be developed and implemented within six months of completion of the audit.

22

The organization has no accounting procedures documenting the recording of transactions.

We believe that in an organization the size of E.O.C., where there is a substantial amount of activity, it would be imperative that management formulate objectives and operating criteria. This should be communicated to operating staff who should monitor adherence thereto through the introduction of formal, documented, systems of accounting procedures and internal controls. These procedures should be bound in a manual.

MANAGEMENT COMMENTS-

Procedures do exist but are not documented. The documentation of these procedures will be done on completion of the audit.

27

We noticed that there were inadequate job descriptions for key employees, and these were not properly filed and utilized.

We recommend that formal job descriptions be prepared for all key personnel which must be dated and signed by top management indicating acceptability. We also emphasize the importance of filing these appropriately for easy access. They should be utilized by the applicable staff person and the personnel manager, who will monitor compliance review and upgrade it on an annual basis.

MANAGEMENT COMMENTS-

Job descriptions have since been drafted and filed.

24

Budgets are prepared annually which provide for accumulating and recording expenditure by grant and by cost category.

Our overall review and discussions on budgetary controls and reporting formalities indicated that actual results are not compared to budgets and variances arising have never been questioned or approved by top management. We also noted that there is no monthly and quaterly management accounts prepared to facilitate such comparisons and accordingly no controls to ensure whether sponsors funds are over or under utilized.

We recommend that management emphasise the importance of producing monthly management accounts which will incorporate budget, actual and variances by month and cumulative to date. All material fluctuations between actual and budget should be questioned, reported, explained and approved at management meetings. Special emphasis should be placed upon control of administrative expenses.

MANAGEMENT COMMENTS-

The accounting department is working on budgetary controls and the system is being discussed with management.

25

The organization has not maintained a separate bank account to control the funds received from USAID.

We recommend that the organization maintain a separate bank account for all funds received from USAID. In terms of the agreement all USAID funds shall not be combined with other geantee controlled funds. The organization shall deposit all USAID cash advances and reimbursements in a seperate bank account and shall make all disbursements for goods and services from account. The above will ensure responsibility and the accountability owned all for all funds provided by USAID.

MANAGEMENT COMMENTS-

The organization has opened up several bank accounts including one for USAID funds during January 1990. These accounts have been operative from March 1990.

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As a result of the organization not maintaining a separate bank account, the interest on USAID funds were not calculated nor easily quantifiable on the funds received from USAID. In view of the above, the interest earned on USAID funds were not remitted to USAID - Pretoria to be returned to the U.S Treasury.

As a result of the regulation, that interest earned on all USAID monies be returned to the U.S. Treasury, we recommend that the interest owing be quantified from inception of this contract and be remitted to the U.S Treasury so as not to contravene any US laws.

MANAGEMENT COMMENTS-

The financial manager indicated that the interest for the calendar year 1988 has been quantified but not returned. However, all interest will be calculated from the date of inception to date and returned to USAID on completion of the audit.

During our audit work on vouching of expenses on the monthly administration bills prepared by EOC we noted that there were inadequate audit trails and vouching became cumbersome in certain instances, as documented in our audit work papers.

We recommend that the organization together with outside consultants implement certain recording and filing systems to ensure the smooth flow of documentation easier recording of transactions and efficient retrieval of information.

MANAGEMENT COMMENTS-

Management indicated that an Audit Committee would be formed and this activity would be tied to the responsibilities of the committee. This would be implemented on completion of the audit.



The organization has been in existence since 1979 and has grown rapidly both in staff complement as well as general activity i.e. granting of student bursaries and administration expenses.

Whilst the full complement of staff in the administration and financial areas under the financial manager may have been achieved, there are concerns as to the quality of the staff. Some lack ability, knowledge and competence. There is evidence that laid down procedures are not being complied with in certain instances, eg, preparation of monthly bank reconciliations that are done by the financial manager instead of assistant finance manager.

We strongly believe and recommend the following;

- employ higher quality staff in the administration and financial areas
- build up a proper infrastructure to respond to the work load and to enable the staff to manage the present funding, and
- provide adequate training to staff both on the accounting technical side and in the computer area, to become more proficient and computer literate.

MANAGEMENT COMMENTS-

Agreed, the problem of the quality and compliment of the staff has been addressed and accordingly three new staff persons of reasonable quality have been employed in the administration and financial department during February 1990.

We had noticed that the organization does not presently have a computerized general ledger system to capture daily transactions, and accordingly, does not produce periodic trial balances, general ledgers and management accounts.

The organization currently uses a system devised on the LOTUS 1-2-3 spread schedule to capture daily transactions which we believe will be adequate only for the short term. It may have been tedious and time consuming to set up and will certainly have shortcomings in the future.

We strongly believe and recommend that an organization the size of E.O.C. must investigate the feasibility of introducing a general ledger computer system, either an off-the-shelf package or employ outside consultants to guide and prepare a tailor made-package to suit their requirements.

A package can be devised that would enable E.O.C. to report timeously and proficiently and assist them in the management of grant grant funds.

Staff will need to be given thorough training on any new systems systems and procedures introduced, but will also need to be monitored on their performance and ability to ensure they are effective in their duties. Staff should also be given a full overview of the activity in which they are involved, so that they are fully aware of the part their particular function plays in their overall activity.

MANAGEMENT COMMENTS-

The financial manager confirmed that an off the shelve package has been acquired from a company called Tetra, and the system will be operative before the completion of the audit.

Due to the present inadequate accounting system (LOTUS) the organization is only capable of capturing transactions as and when there is a movement of cash. Accordingly, reporting (if any) can only be done on a cash basis, and accruals are only raised at year end by the organization's external auditors.

We recommend that a proper general ledger system be acquired or implemented (as stated previously) that would allow the organization to capture accruals and accordingly prepare proper management accounts in accordance with generally accepted accounting practice.

MANAGEMENT COMMENTS-

Agreed, from a management point of view, however sponsors require their reports and reimbursements schedules to be done on a cash basis. However, the new general ledger system will enable EOC to capture accruals.

We have found there to be a limited segregation of accounting duties. Whilst we recognise that this is generally unavoidable with the small number of accounting staff we emphasize the need for the management to monitor, check and critically review the organizations results and to ensure that assets are regularly substantiated.

Inadequate segregation of duties were specifically noted in the following areas:-

- Journal entry preparation and authorization
- Preparation and approving of monthly bank reconciliations
- Data capture and review of results produced.

MANAGEMENT COMMENTS-

Agreed, however, the above weakness will be minimized with the employment of the three new staff members mentioned previously.

Discussions indicated that year end journal entries raised were not kept at EDC offices. These were only documented by the organization's external auditors.

We recommend that copies of all journal entries be retained at EDC offices.

MANAGEMENT COMMENTS-

Agreed.

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We recommend that check requisitions reflect a section for coding of all payments.

This can then be used as a source to input directly into the computer to ensure that all allocations are properly approved by the cheque signatories.

MANAGEMENT COMMENTS-

Agreed.



It appears that reporting requirements laid down by USAID are not always complied with by EOC. Reports are being prepared and despatched to USAID, however these do not appear to be done on a timely basis.

Reporting requirements amongst others are:-

- Monthly administration bills - not done timeously
- Quaterly financial reports - not done timeously
- Cash advance status report - was not done previously, however, done from May onwards.
- Semi-annual student progress report. - not done timeously
December 1989, was not done at date of field work

We had also noted that the organization has not been submitting the quarterly financial and performance reports for the Institute of International Education.

We recommend that the above reporting requirements be attended to timeously.

MANAGEMENT COMMENTS-

Agreed.

35

Although not material to the organization, we believe that petty cash should be maintained on an imprest system and that the petty cash book should make provision for coding the accounts for the general ledger and reporting system. Petty cash books were not properly maintained in the past, but appear to be adequate now.

MANAGEMENT COMMENTS-

The recommendation has since been put into practice.

Our audit work on the expenditure cycle indicated that the organization does not indicate that the suppliers invoices were checked for clerical accuracy and none of these invoices were cancelled as paid to avoid re-use.

We recommend that a rubber stamp be introduced, which will reflect:-

- check number
- amount verified/checked

Once initialed by the appropriate staff member this will ensure validity and avoid any fraud.

MANAGEMENT COMMENTS-

The recommendation has since been put into practice.

For the reasons outlined below, we believe that a substantial benefit can be derived in an organization the size and structure of the EOC by appointing an audit committee.

This audit committee could be utilized extensively in the beginning however, as the systems within the accounting function are streamlined and improved. Over time the involvement of the audit committee will be reduced and its costs contained.

We therefore recommend that the organization's executive appoint an audit committee to perform various functions relating to its reporting system, year end financial statements and monthly management accounts as well as the following:-

- 1) Discuss with the independent auditors the scopes of their audits.
- 2) Discuss with the auditors and management the accounting principles, policies and reporting practices followed, and the impact of alternative accounting policies and procedures.
- 3) Discuss the creation of a database for students and the possibility of integrating it into the general ledger system.
- 4) Discuss with the auditors and management consultants on an ongoing basis the adequacy of accounting and financial system and internal controls, and review and determine what action is required as a result of the recommendations arising from the examinations of these systems and controls.
- 5) Discuss whether all expenses claimed from the various grantees are allowable, allocable and reasonable.
- 6) The above recommendations should cover the two regions as well.

We strongly believe that the above recommendation will put EOC on a more sound financial footing and enable them to provide a service which will enhance their credibility as an agency for donor funds, help maintain their current growth rate and reduce their dependence on USAID financial support.

MANAGEMENT COMMENTS-

Management has agreed that an outside consultant who understands the functions of the organization will be considered. However, the committee should not become a permanent function.

In certain instances, especially in the earlier years, we were unable to vouch expenses to supporting documentation as these could not be found. We had also noted that procedures of reporting and filing of documentation had changed over the years.

We recommend that the organization endeavour to implement adequate accounting systems and controls to ensure proper audit trails are maintained and that supporting documentation and vouchers are properly filed and easily retrievable.

MANAGEMENT COMMENTS-

Agreed, and related to the general ledger system mentioned previously.

34

The E.O.C. has experienced a rapid growth in its activities in a relatively short period of time. Unfortunately the infrastructure has not developed in line with this growth. The systems and procedures that could cope with relatively low key activities, have evolved into complex and manually intensive applications in an attempt to meet these needs. Adequate resources have not been applied to the training needs and improvement of skills of financial staff, and relied on the accounting procedures adopted rather than formal accounting instructions. No formal budgeting procedures or control have been introduced. The E.O.C. was and is aware of the need to improve its systems and introduced a general ledger system to assist in its financial recording and student ledger application to assist the administration of its bursary program. Unfortunately these developments have fallen short of meeting the needs of E.O.C..

The entire accounting system is based on cash transactions. The lack of financial discipline has resulted in an unhealthy reliance on USAID financial support. Further evidence of inadequate accounting inadequate accounting skills is that previously the expenditure for Petty Cash had not been properly recorded in E.O.C.'s books. The lack of formal accounting instructions led to inconsistencies in the accounting treatment of expenditures. These problems affect E.O.C.'s ability to fully comply with USAID requirements without assistance. The current situation if not addressed and improved will impact detrimentally E.O.C.'s creditability as an agent for the dispensing of donor aid.

Our recommendations are aimed at providing an infrastructure at E.O.C. that is supported by streamlined intergrated systems, that allows the provision of both financial and other required information more cost effectively and are maintained and serviced by well trained staff, supported by formal accounting and financial procedures. These recommendations will involve a hold in the operation whilst the organisational structure and systems are agreed and developed, with input and assistance from external agencies. The development of an intergrated financial and student ledger system would be based on a system specification, which would determine the cost involved. We believe our recommendations will put E.O.C. on a more sound financial footing and enable them to provide a service which will enhance their credibility as a agency for donor funds, help maintain their current growth rate and reduce their dependence on USAID financial support.

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Presently the organization does not compare actual expenditures to the budgets by line items and do not monitor the favourable or unfavourable variances. The organization does not also monitor the ratio of administrative costs to student fees.

We recommend that the organization set up systems and schedules to incorporate the above retrospectively and on a continuous basis.

MANAGEMENT COMMENTS-

Agreed.

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EDUCATION OPPORTUNITIES COUNCIL

REPORT ON THE COMPLIANCE WITH THE GRANT AGREEMENT AND APPLICABLE

US LAWS AND REGULATIONS

INDEPENDANT AUDITORS' OPINION

We have examined the Fund Accountability Statement of the Educational Opportunities Council for the period ended June 30, 1989 and have issued our report thereon dated March 30, 1990. Our examination was made in accordance with generally accepted auditing standards and the U.S Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (1981 Revision) as they pertained to financial audits; and, accordingly, included such tests of the accounting records and such other auditing procedures to be considered necessary in the circumstances. The management of E.O.C is responsible for E.O.C.'s compliance with laws, regulations and terms and conditions of the award agreements.

In connection with our examination, we found that the EOC complied with laws, regulations, and the conditions of the Federal Award Agreements, except for;

- no seperate bank account was opened for USAID funds and,
- no interest earned on U.S. funds were calculated nor remitted to the U.S. Treasury.

Further with respect to the items not tested by us, nothing came to our attention to indicate that EOC had not complied with laws, regulations, and the terms and conditions of the Federal Award Agreements. However, it should be noted that our examination was not directed primarily towards obtaining knowledge of non compliance with such requirements, terms and conditions.

Contractor information contained in this report may be priviledged The restrictions of 18 USC 1905 should be considered before any information is released to the public. This report is intended solely for the use of management of Educational Opportunites Council or the Agency for International Development and should not be used for any other purpose.

Pema Lakha & Associates

PEMA LAKHA & ASSOCIATES

JOHANNESBURG
SOUTH AFRICA

MARCH 30, 1990



EDUCATIONAL OPPORTUNITIES COUNCIL

Study and Research Opportunities for a new South Africa

Hunts Corner, 2nd Floor, 20 New Street South, Johannesburg 2001
P.O. Box 3323, Johannesburg 2000, Tel: 833-1510/3, Telex: 4-86848

30 March 1990

PEMA LAKHA & ASSOCIATES
P O Box 42864
FORDSBURG
2033

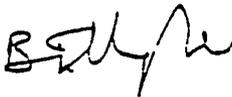
Dear Sirs

We confirm, to the best of our knowledge and belief, the following representation made to you during your audit of the Statement of The Agency for International Development Revenues and Expenditures of the E.O.C. for the period September 27, 1985 to June 30, 1989 for the purpose of determining the validity and propriety of charges to USAID, determining compliance with applicable laws, regulations and terms of the contract agreement, evaluating the project's accounting system, internal controls, and its capability to properly identify and account for costs in accordance with USAID regulations.

1. We acknowledge management's responsibility for the fair presentation in the financial statement of The Agency for International Development Revenues and Expenditures.
2. All minutes of the meetings of Sectional Representation and Executives have been prepared and all financial and accounting records and related data have been made available to you. We are not aware of any accounts, transactions or material financial and accounting records underlying the Statement of Revenue and Expenses.
3. We are not aware of:-
 - a) any irregularities involving management or employees who have significant roles in the system of internal accounting control, or any irregularities involving other employees that could have a material effect on the financial statement, or
 - b) any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the reports. There have been no communications from regulatory agencies or government representatives concerning investigation of non-compliance with laws and regulations in any jurisdiction, or deficiencies in the financial reporting practices that could have material effect on the Statement of Revenue and Expenses. The organisation has complied with all

aspects of contractual agreements that would have a material effect on the Statement of Revenue and Expenses in the event of non-compliance.

- c) any accounts, transactions or agreements not fairly described and properly recorded in the accounting records, having any material effect on the Statement of Revenue and Expenses supplied by USAID - Pretoria.
4. We have complied with all provisions of OBM's Circulars A - 100 and A - 122 as noted in our report on compliance and all other contractual agreements that would have a material impact on the Statement of Revenue and Expenditures.
 5. All charges applied against the Agency for International Development Cooperative Agreement (Agreement No. 674-0510-1-0-0003-0, represents costs that have conditions set forth in the agreement.
 6. The Statement of Revenue and Expenses and appended notes include all disclosures necessary for a fair presentation of revenues and expenditures of the organisation in accordance with USAID regulations.
 7. No matters or occurrences have come to our attention up to the date of this letter which would materially affect the Statement of Revenue and Expenses and related disclosures for the period September 27, 1985 to June 30, 1989.



DIRECTOR
FR. BUTI TLAGAALÉ



FINANCIAL MANAGER
MS THEBI NGIJA

cn/



EDUCATIONAL OPPORTUNITIES COUNCIL

Study and Research Opportunities for a new South Africa

Hunts Corner, 2nd Floor, 20 New Street South, Johannesburg 2001
P.O. Box 3323, Johannesburg 2000. Tel: 833-1510/3. Telex: 4-86848

30 March 1990

FEMA LAKHA & ASSOCIATES
P O Box 42864
FORDSBURG
2033

Dear Sirs

In connection with your examination of our Statement of Revenue and Expenses Statement for the period ended June 30, 1989, we have submitted to your representative minutes covering meetings of Sectional Representatives and Executive meetings held on the dates stated on appendix 1. These minutes constitute a full complete record of all meetings held during the period from September 27, 1985 to June 30, 1989.

DIRECTOR
FR. BUTI TLHAGALE

FINANCIAL MANAGER
MS THEBI MOJA

cn/

APPENDIX 1

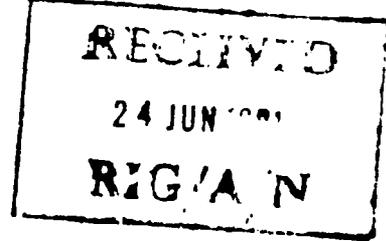
MINUTES REPRESENTATION LETTER

NUMBER	DATE	TYPE
1	01/22/1990	SECTIONAL REPRESENTATIVE
2	07/24/1989	SECTIONAL REPRESENTATIVE
3	07/17/1989	SECTIONAL REPRESENTATIVE
4	07/03/1989	SECTIONAL REPRESENTATIVE
5	06/19/1989	SECTIONAL REPRESENTATIVE
6	06/12/1989	SECTIONAL REPRESENTATIVE
7	03/20/1989	SECTIONAL REPRESENTATIVE
8	03/20/1989	SECTIONAL REPRESENTATIVE
9	03/13/1989	SECTIONAL REPRESENTATIVE
10	03/06/1989	SECTIONAL REPRESENTATIVE
11	02/27/1989	SECTIONAL REPRESENTATIVE
12	02/20/1989	SECTIONAL REPRESENTATIVE
13	02/13/1989	SECTIONAL REPRESENTATIVE
14	01/31/1989	SECTIONAL REPRESENTATIVE
15	01/09/1989	SECTIONAL REPRESENTATIVE
16	01/06/1989	SECTIONAL REPRESENTATIVE
17	12/19/1988	SECTIONAL REPRESENTATIVE
18	12/05/1988	SECTIONAL REPRESENTATIVE;
19	11/29/1988	MINUTES MEETING
20	11/21/1988	MINUTES MEETING
21	11/18/1988	EXECUTIVE MEETING
22	11/14/1988	MINUTES MEETING
23	11/08/1988	MINUTES OF ADMINISTRATION STAFF MEETING
24	11/07/1988	SECTIONAL REPRESENTATIVE
25	10/24/1988	MINUTES MEETING
26	09/12/1988	MINUTES MEETING
27	09/05/1988	MINUTES MEETING
28	08/22/1988	MINUTES MEETING
29	08/06/1988	MINUTES MEETING
30	08/01/1988	MINUTES MEETING
31	07/25/1988	MINUTES OF WEEKLY MEETING
32	07/18/1988	MINUTES OF SECTIONAL HEADS MEETING
33	07/11/1988	MINUTES MEETING
34	07/04/1988	MINUTES OF SECTIONAL HEADS WEEKLY MEETING
35	06/27/1988	SECTIONAL HEADS WEEKLY MEETING
36	06/20/1988	EXECUTIVE STAFF MEETING
37	04/25/1988	MINUTES OF SECTIONAL HEADS WEEKLY MEETING
38	02/26/1988	NATIONAL EXECUTIVE COMMITTEE MEETING
39	10/27/1987	MINUTES OF EOC NATIONAL COUNCIL MEETING
40	03/31/1989	MINUTES OF EOC NATIONAL EXECUTIVE COMMITTEE MEETING
41	08/12/1988	NATIONAL EXECUTIVE COMMITTEE MEETING
42	12/04/1987	MINUTES MEETING OF NATIONAL RESEARCH COMMITTEE OF EOC RESEARCH UNIT
43	10/27/1987	MINUTES OF EOC NATIONAL COUNCIL MEETING
44	10/27/1987	AGENDA OF EOC NATIONAL COUNCIL MEETING
45	05/22/1987	EXECUTIVE MEETING

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Audit of
The Educational Opportunities Council
Cooperative Agreement
No. 674-0230-A-00-5003-00

APPENDICES



MEMORANDUM

DATE : June 20, 1991

Reply to
Attn of: : Mr. Dennis P. Barrett, Director,
USAID/South Africa

SUBJECT : Audit of Educational Opportunities Council
Cooperative Agreement

TO : Mr. Toby L. Jarman, RIG/A/Nairobi

We have received the transmittal letter for the Educational Opportunities Council audit. The actions the Mission and EOC have taken to resolve and close the recommendations are:

Recommendation No. 1:

We recommend that the Director, USAID/South Africa determine the allowability and recover, as appropriate, 5,072 Rand (\$2,205) of unsupported costs from the Educational Opportunities Council.

Action Taken:

EOC has provided copies of supporting documentation for R2,542.41 and a check for R2,529.68. Copies of the supporting documentation and the General Receipt are attached. We request that this recommendation be closed on issuance of the report.

Recommendation No. 2:

We recommend that the Director, USAID/South Africa:

2.1 verify that the Educational Opportunities Council has established a separate bank account for all funds received from USAID.

Action Taken:

EOC has opened a separate bank account as indicated in the attached letter from EOC dated 18 June 1991. We request that this part of the recommendation be closed on issuance of the report.

2.2 establish procedures to calculate and collect past and future interest due to USAID/South Africa from the Educational Opportunities Council.

Action Taken:

The procedure to calculate the interest due to USAID has been formalized through the EOC annual audit. In 1989 an amount of R107,539 is due and payable to USAID. EOC remitted R65,723.72 in November 1990 and R41,815.28 in June 1991. Copies of the General Receipts are attached. The Mission concurs in this method of determination of amounts due USAID. We request that this part of the recommendation be closed on issuance of the report.

4/8

2.3 establish procedures to compare budgeted and actual expenditures.

Action Taken:

Internal accounting controls and procedures have been implemented which will expedite the monitoring of actual and budgeted expenses in the future. We request that this part of the recommendation be closed on issuance of the report.

Clearance:

PDO: D.Ngatane *D.Ngatane*
SPDO: M.Johnson *M.Johnson*
ADIR: J.Weber *J.Weber*

Drafted: MLV *MLV*

- 0/9



EDUCATIONAL OPPORTUNITIES COUNCIL

Study and Research Opportunities for a new South Africa

Hunts Corner, 2nd Floor, 20 New Street South, Johannesburg 2001
P.O. Box 3323, Johannesburg 2000, Tel: 833-1510/3, Telex: 4-86848, Fax 838-7654

18 June 1991

Ms D Ngatane
Project Officer
USAID
Office of Development Affairs
P O Box 1882
PRETORIA
0001

Dear Ms Ngatane

Subject : Non - Federal Audit

In response to your memo dated June 12, 1991.

1. The unsupported administration expense was made up as follows:

Salary to casual worker	R 2 542.41
Other expenses	2 529.68

R 5 072.08

The original bank stamped cheque and IT/IB 3 (a) supporting documents are available for the salary payment of R2 542.40. A cheque for the outstanding amount of R2 529.68 is enclosed.

2. Recommendations by Auditors.

- 2.1 Separate bank account.

A separate bank account for all USAID funds was opened in May 1990. The bank details are as follows:

Bank a/c number	20 872 0944
Bank	Standard
Branch	Braamfontein

- 2.2 Interest payable to USAID

According to the 1989 audit report, an amount of R 107 539 is due and payable to USAID. This amount includes all interest accrued to 31 December 1989. An amount of R65 723.72 was paid in November 1990 to USAID for interest owing. A cheque for R41 815.28 for the outstanding amount is enclosed.

The 1990 audit has not been finalised. As soon as the audit report is available, a cheque for the interest owing will be remitted to yourselves.

-2-

2.3 Comparisons between budget and actual expenses

Internal accounting controls and procedures have been implemented which will expedite the monitoring of actual and budgeted expenses in the future.

2.4 Other recommendations by Pema Lakha

2.4.1 Computerized general ledger package. The 'Tetra' accounting package has been successfully implemented. Monthly trial balances, general ledger and management reports can now be produced.

2.4.2 Policy manual and accounting procedure

Work is still being done on this but should soon be completed.

2.4.3 All other recommendations have been implemented.

Yours sincerely

Albert Torres (Mr)
FINANCE MANAGER

F/Finance/tm

cc. Mel Van Doren
Buti Tlhagale
Eleanor Molefe

1
5

The Educational Opportunities Council

CHEQUE PAYMENT ADVICE:

DATE: 20. 4. 88

NAME AND ADDRESS:

CHEQUE NUMBER 3361

DIVISION: from IN

PAYMENT DETAILS:

C Sheldon	PAYE: Deducted Feb	452	
	" " Mar	661	83
	April worked 10 days	1428	57
REASONS PROJECT/CODE NUMBER			
6180 Casual Labour		2542	40
		-2543	40 M.

INDICATE IF CROSSING SHOULD BE CANCELLED:

YES: _____ NO: _____

WE CANNOT ACCEPT RESPONSIBILITY IF THE CROSSING IS CANCELLED AND THE CHEQUE LOST

APPROVED: _____

PRODUCED BY: [Signature]

Standard Bank
The Standard Bank of South Africa Limited
Die Standard Bank van Suid-Afrika Beperk

00-48-05-02

BRAAMFONTEIN JOHANNESBURG SANDTON CITY

Pay to the order of: Mr E. Sheldon

28 APR 1988

20. 4. 88

the sum of Two thousand five hundred and forty

two rand ⁴⁰/₁₀₀ only

01-81-05-01

For No. 2542

EDUCATIONAL OPPORTUNITIES COMMITTEE

[Signature] [Signature]

000336 004805 00230238 24 0000254240

50

GENERAL RECEIPT		NO. A 1045335		
1. POST <i>SAID, THAILAND</i>		2. DATE <i>Nov 7, 1990</i>		
3. RECEIVED FROM (Name of individual or firm): <i>International Opportunities Committee</i>		4. PERMANENT ADDRESS <i>c/o SAID, THAILAND</i>		
5. THE AMOUNT OF (Include type of currency): <i>SA Rand 65723.72</i>		6. RATE OF EXCHANGE: <i>2.54</i> TO U.S. \$1.00		
7. RECEIVED BY (Print or type): Name: <i>Wim L. van Borsen</i> Title: <i>Controller/Asst</i>		8. SIGNATURE		9. U.S. \$ EQUIV. <i>\$25875.48</i>
10. ACCOUNTING CLASSIFICATION <i>\$25,875.48-R65,723.72 - 72-3220-24 Int. on advance of funds</i>				
DATE	PAYMENT RECORD	AMOUNT	\$ U.S. EQUIV.	\$ U.S. BALANCE

COPY 5 — SUSPENSE DEPOSITS ABROAD PAYMENT RECORD

OPTIONAL FORM 158
(Rev 1-78)
DEPT. OF STATE

GENERAL RECEIPT		NO. A 1096602
1. POST Agency for International Development		2. DATE June 20, 1991
3. RECEIVED FROM (Name of individual or firms): Educational Opportunities Committee (EOC)	4. PERMANENT ADDRESS c/o USAID, Pretoria	
5. THE AMOUNT OF (Including type of currency): SA RAND 2,529.68	6. RATE OF EXCHANGE: R2.30 TO U.S. \$1.00	
7. RECEIVED BY (Print or type): Name: Melvin L. van Doren Title:	8. SIGNATURE 	9. U.S. \$ EQUIV. \$1,099.86
10. ACCOUNTING CLASSIFICATION \$1099.86 - R2529.68 - Refund C870071-GES7-87-21674-KG14-674-0230-A-00-5003-03 - 7211-7/81037		
11. RECEIVED FOR: REFUND		

50158-102

COPY 1

OPTIONAL FORM 150
(Rev. 1-78)
DEPT. OF STATE

GENERAL RECEIPT		NO. A 1096601
1. POST Agency for International Development		2. DATE June 20, 1991
3. RECEIVED FROM (Name of individual or firms): Educational Opportunities Committee (EOC)	4. PERMANENT ADDRESS c/o USAID, Pretoria	
5. THE AMOUNT OF (Including type of currency): SA Rand 41,815.28	6. RATE OF EXCHANGE: R2.89 TO U.S. \$1.00	
7. RECEIVED BY (Print or type): Name: Melvin L. van Doren Title: Controller	8. SIGNATURE 	9. U.S. \$ EQUIV. \$14,468.96
10. ACCOUNTING CLASSIFICATION \$14,468.96 - R41,815.28 - 72-3220-24 Interest on advance of funds		
11. RECEIVED FOR: INTEREST ON ADVANCE OF FUNDS		

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REPORT DISTRIBUTION

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Mission Director, USAID/South Africa	5
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GC	1
AA/MS	2
FM/FPS	2
SAA/S&T	1
PPC/CDIE	3
MS/MO	1
REDSO/ESA	1
REDSO/RFMC	1
REDSO/Library	1
IG	1
AIG/A	1
D/AIG/A	1
IG/A/PPO	2
IG/LC	1
IG/RM	5
AIG/I	1
RIG/I/N	1
IG/A/PSA	1
IG/A/FA	1
RIG/A/C	1
RIG/A/D	1
RIG/A/M	1
RIG/A/S	1
RIG/A/T	1