

**Regional Inspector General for Audit
Tegucigalpa, Honduras**

**Audit of USAID/Bolivia's
Chapare Regional Development Project
Managed by the Bolivian Institute of
Agriculture and Cattle Technology/Chapare
January 1, 1991 to December 31, 1991**

**Audit Report No. 1-511-92-52-N
August 25, 1992**



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.

**Regional Inspector General for Audit
Tegucigalpa, Honduras**

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August 25, 1992**

AGENCY FOR INTERNATIONAL DEVELOPMENT

OFFICE OF THE REGIONAL INSPECTOR GENERAL
AMERICAN EMBASSY
TEGUCIGALPA - HONDURAS

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August 25, 1992

MEMORANDUM

TO: D/USAID/Bolivia, Carl H. Leonard

FROM: RIG/A/T, Lou Mundy 

SUBJECT: Audit of USAID/Bolivia's Chapare Regional Development Project, Managed by the Bolivian Institute of Agriculture and Cattle Technology/Chapare, January 1, 1991 to December 31, 1991

This report presents the results of a financial audit of the Chapare Regional Development Project (Project), USAID/Bolivia Project No. 511-0543, managed by the Bolivian Institute of Agriculture and Cattle Technology/Chapare (Institute), for the year ended December 31, 1991. The audit firm of Coopers & Lybrand prepared the report dated July 3, 1992.

The Project is a complementary part of the host government's program to reduce the coca plantings in Bolivia. The Project consists of an integrated package of financing and technical assistance for the small farmers of Bolivia's Chapare Region and associated high valley sub-regions related to production, agroindustry development and marketing, and institutional development activities. The Institute, one of several entities implementing the Project, is responsible for providing agricultural research and extension services to farmers in the Chapare, especially those who have legally reduced their coca plantings. The audit coverage included A.I.D. funds of \$648,606 provided to the Institute during the audit period.

The objectives of the audit were to determine whether: (1) the Institute's fund accountability statement presents fairly, in all material respects, the Project's financial activities for the period audited, (2) the Institute's internal control structure was adequate to manage Project operations, and (3) the Institute had complied with Project Agreement terms and applicable laws and regulations. The scope of the audit included an examination of Institute activities and transactions to the extent considered necessary to issue a report thereon for the period under audit.

The auditors concluded that the fund accountability statement presents fairly, in all material respects, the financial position of the Institute relative to its Project operations during the period audited.

The Coopers & Lybrand audit reported nine reportable conditions with regard to the Institute's internal control structure. Although the auditors did not consider these conditions to be material weaknesses, we believe that the reported weakness concerning salary and per diem payment practices does represent a material area of concern and thus we have recommended that the Mission ensure corrective action has been taken by the Institute in this regard.

With respect to the Institute's compliance with Project Agreement terms and applicable laws and regulations, the auditors identified two material instances of noncompliance with Bolivian law.

The report was discussed with Institute officials who expressed general agreement with the content of the audit report. Management comments are included as an annex to the audit report.

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

Recommendation No. 1

We recommend that USAID/Bolivia obtain evidence that the Bolivian Institute of Agriculture and Cattle Technology/Chapare has established procedures to disburse salary and per diem payments directly to the appropriate Project employee.

Recommendation No. 1 can be resolved when the Mission presents an acceptable firm action plan to correct the reported deficiency and can be closed when the Mission presents acceptable evidence that the required procedures have been established.

This final audit report is being transmitted to you for your action. Please advise this office within 30 days of actions planned or taken to resolve and close the recommendation.

AUDIT OF THE CHAPARE REGIONAL DEVELOPMENT PROJECT
USAID/BOLIVIA PROJECT No. 511-0543
MANAGED BY THE BOLIVIAN INSTITUTE OF AGRICULTURE AND CATTLE
TECHNOLOGY/CHAPARE FOR THE YEAR ENDING DECEMBER 31, 1991

AUDIT OF THE CHAPARE REGIONAL DEVELOPMENT PROJECT

USAID/BOLIVIA PROJECT No. 511-0543

MANAGED BY THE BOLIVIAN INSTITUTE OF AGRICULTURE AND CATTLE

FOR THE YEAR ENDING DECEMBER 31, 1991

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- d -

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July 3, 1992

Mr. Reginald Howard
Regional Inspector General for Audit
U.S. Agency for International Development
Tegucigalpa, Honduras, C.A.

Dear Mr. Howard:

This report presents the results of our financial audit of the activities of the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, managed by the Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA), for the year ended December 31, 1991.

BACKGROUND

On August 12, 1983, the Republic of Bolivia and the United States of America, acting through the U.S. Agency for international Development Mission to Bolivia (USAID/Bolivia), signed a loan and grant agreement to implement the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, which consisted of an integrated package of financing and technical assistance for small farmer related production, agroindustry development/marketing and institutional development support activities to be carried out by Bolivian public and private institutions for development of the Chapare region and associated high valleys sub-regions.

The project is a complementary part of the Government of Bolivia (GOB)'s program to reduce coca plantings in Bolivia, and includes different activities and sub-projects designed to focus development resources on Bolivia's principal transitory coca growing area which is used for illicit purposes, the Chapare region. Due to different causes, the implementation of project activities had to be delayed and the project itself was significantly modified. The amended project concentrates on four principal development areas: 1) agriculture and forestry production; 2) rural industry and marketing; 3) productive and transport infrastructure; and 4) a project investment fund.



The Project Assistance Completion Date, which originally was scheduled for August 31, 1988 was amended to May 31, 1992.

The purpose of the project is to modify and improve the agricultural and forestry systems of farmers in the Chapare and Associated High Valleys (AHV) sub-regions of the Department of Cochabamba to respond better to diverse, profitable marketing opportunities under sustained, environmentally compatible, medium technology production models. In addition, the GOB will contribute to the program \$2,000 per hectare of its own resources as payments to farmers that voluntarily reduce their coca plantings. The major implementing units are:

1. SUBDESAL

This organization is a sub-secretariat of the Ministry of Agriculture and Campesino Affairs located in La Paz. SUBDESAL provides overall direction and policy guidance for the project and works closely with PDAR.

2. PDAR

At the Cochabamba level, PDAR is responsible for both technical and financial control of the entire project.

3. IBTA

IBTA/Chapare is responsible for providing agricultural research and extension services in the Chapare reform, especially to those former coca growers that have legally reduced their coca plantings. IBTA maintains two Agricultural experimental farms - one in La Jota and the other in Chipiriri. IBTA's basic activities include managing the two experimental stations, performing research on new seeds, providing on-site training to farmers and running small productive farms.

IBTA is responsible for the sale of genetic material (plants and seeds) to campesino farmers for carrying out alternative planting and sale of crops, cattle, hogs, chicken and subproducts.

IBTA operates with the funds it requests and receives through PDAR.

4. S.N.C.

SNC was legally created in 1964 and functions as a decentralized institution of the Ministry of Transportation and Communications with relative technical and administrative autonomy. Its basic function is to control and supervise Bolivia's national road system with regard to studies, construction, improvements and maintenance.

SNC's project related activities are financed by the financing entities through PDAR.

Within the SNC organizational structure at a national level exists the "Camino Vecinales" (CCVV) division which is currently working under the Chapare Regional Development Project (CRDP) in Cochabamba.

SNC through its CCVV unit is responsible for construction and improvement of rural roads and also supervises the construction of bridges in the Associated High Valleys (AHVs) through private firms. Its activity in the Chapare area is constrained to the coca crops reduction conditionality.

5. EXECUTIVE SECRETARIAT PL-480 (ES)

The Executive Secretariat, PL-480, is the principal GOB counterpart financing organization through which the resources flow to the project implementing agencies to cover costs of some project components. It is important to clarify that those resources are not managed by the ES but by PDAR which is responsible for their accountability.

The ES as a GOB counterpart financing organization also provides and manages funds in local currency to implement the project's Agricultural Credit component in the Chapare area and in the Associated High Valleys of Cochabamba.

6. DIRECO

The National Directorate for the Control of Coca Production (DIRECO) is a decentralized institution coming under SUBDESAL. Its activities defined in Ministerial Resolution No. 81/90 dated May 22, 1990, Title VII, Article 26 are the following:

- a) Execute coca crops eradication following policies and instructions prepared by SUBDESAL.
- b) Provide continued, systematic and updated information on production, quantities eradicated, prices, incomes, and other information regarding coca production in Bolivia through a data bank.
- c) Prepare strategies and policies for coca crop eradication.
- d) Prepare a census of farmers participating in reduction programs.

- e) Programming and execution of coca reduction payments.
- f) Issuance of certificates to farmers who have voluntarily reduced their coca crops in order to enable them to receive other alternative development program benefits.

The project has five components:

- A. Administration: The key administrative role for the project is provided by the Regional Alternative Development Project (PDAR) which reports to the Subsecretary for Alternative Development and Coca Crop Substitution (SUBDESAL), a Subsecretary of the Ministry of Agriculture and Campesino Affairs (MACA).
- B. Agriculture and Forest Production Component: The Chapare based research and extension activities and this project are carried out principally by the Bolivian Institute of Agricultural Technology (IBTA/Chapare). This activity includes adaptive research, demonstration farms, nurseries, support for community extension councils, agricultural credit, farmer training, and research facilities and vocational school construction.
- C. Rural Industry and Marketing Component: This component funds specified agro-industrial and complementary marketing activities in the Chapare and are expanded to fund similar activities in the AHV sub-regions of the Cochabamba Department. The project will execute sub-agreements with public and private institutions to carry out activities under this component, which among others includes:
 - 1. Rural industry pre-investment studies,
 - 2. Marketing studies, and
 - 3. Rural industry credit.
- D. Production, Transport, and Community Infrastructure Component: This component will fund activities to improve and/or contract for production, transport, and community infrastructure such as:
 - Rehabilitation of existing irrigation systems, studies and designs of irrigation works, etc. These are implemented through arrangements to be made by PDAR.

- Implementation of improved transportation infrastructure in the AHV sub-regions through the National Roads Service (SNC).
- Funding of community infrastructure, potable water, rural sanitation through the Ministry of Health (MOH) and improvement of existing electrification through the National Electrification Institute (INE).

E. Pilot Investment Fund: This fund permits the PDAR to underwrite the work of institutions and communities with successful records in promoting development activities in the target regions. PDAR will receive solicited and unsolicited proposals from Private Voluntary Organizations, other institutions, and community groups to conduct specific development projects at the local level.

F. Coca Reduction Payments: The GOB will pay each farmer in the Chapare \$2,000 for each hectare of coca plants that are voluntarily reduced. This component is managed by the Direccion Nacional de Reconversion Agricola (DIRECO).

AUDIT OBJECTIVES AND SCOPE

The objective of the mandate was to conduct a financial audit of the Chapare Regional Development Project activities managed by the Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA) for the year ended December 31, 1991. The audit included the operations carried out by each administrative unit under the loan and grant agreement signed between the Government of Bolivia and USAID/Bolivia, and their corresponding fund accountability statement.

In regards to the disbursement of funds up to December 31, 1990, we based ourselves on the opinion without reservation expressed by other auditors on February 15, 1991, over the audit conducted in the above mentioned Organization for the 1990 agreement.

Except for not conducting an external quality control review by an unaffiliated audit organization described further in our opinion on the fund accountability statement, we conducted our audit in accordance with generally accepted auditing standards and the United States Comptroller General's "Government Auditing Standards" (1988 Revision) and accordingly included such tests of the accounting records and documentation, evaluation of the internal control structure and other auditing procedures as we considered necessary in the circumstances to determine whether:

1. The fund accountability statement of the project activities managed by IBTA fairly presents in all material respects, the cash receipts and disbursements for the year ended December 31, 1991;
2. IBTA's internal control structure is adequate for project purposes; and
3. IBTA complied, in all material respects, with agreement terms, project implementation letters, and applicable laws and regulations.

The scope of our work included:

- Reviewing the accounting records and bank accounts used by IBTA to record the receipt of funds.
- Confirming the funds received for the project with the records of the funding agencies, USAID/Bolivia, PL-480 Executive Secretariat and DIFEM.
- Reviewing the support documentation for the principal disbursements made by IBTA. This test covered 82% of the amount spent during the year, and its objective was to determine whether the expenditures were properly supported with documentation, were made to achieve the objectives of the project and in accordance with agreement terms and project implementation letters, and that the recording was adequate.

- Obtaining direct confirmation on IBTA bank accounts as of December 31, 1991, and reviewing the corresponding bank reconciliations.
- Obtaining a complete understanding of the control environment, accounting system and control procedures used by IBTA to account for project funds. For this purpose we evaluated the following significant categories: cash receipts and disbursements, budgeting controls, bank accounts and funds controls, inventory management, and procurement.
- Reviewing and evaluating IBTA's compliance with agreement terms, implementation letters, and applicable laws and regulations.

During our work we were alert to situations or transactions that could be indicative of fraud, abuse and illegal expenditures and acts.

W. J. Johnson

RESULT OF AUDIT

Fund Accountability Statement

The Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA) recorded its operations on the basis of cash receipts and disbursements; consequently, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. This is a comprehensive basis of accounting for cash transactions other than generally accepted accounting principles.

In our opinion, the fund accountability statement audited by us fairly presents, in all material respects, the cash receipts and disbursements of the activities managed by the Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA), for the year ended on December 31, 1991, under the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, on the basis of accounting described in the preceding paragraph.

Internal Control Structure

Our study and evaluation of IBTA's internal control structure disclosed the following reportable conditions that we do not consider to be material weaknesses:

1. Purchasing power loss on funds held in checking bank accounts
2. Excessive delays in farmers' repayment of credits received from IBTA
3. Submission of company data is not requested from prospective suppliers of goods and services
4. Inadequate practice used to make certain payments
5. Delays in deposit of funds received by Chipiriri Station
6. Balance with PDAR not reconciled
7. Procedures manual not updated
8. Hardware purchased not integrated into computer network
9. Lack of uniformity in the information issued by the various Chapare Regional Development Project entities

COMPLIANCE WITH AGREEMENTS TERMS AND APPLICABLE LAWS AND REGULATIONS

The results of our tests of compliance disclosed the following instances of non compliance:

1. Certain tax and social security contribution situations should be corrected.
2. Labor control areas requiring improvement

MANAGEMENT COMMENTS

This report was discussed with the IBTA's management on May 13, 1992 who generally agreed with the audit findings and the contents of this report. Specific comments are reproduced in Annex 1 of this report.

Coopers
& Lybrand

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CHAPARE REGIONAL DEVELOPMENT PROJECT
ACTIVITIES MANAGED BY THE BOLIVIAN INSTITUTE OF AGRICULTURE AND
CATTLE TECHNOLOGY/CHAPARE

USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1991
FUND ACCOUNTABILITY STATEMENT

INDEPENDENT AUDITOR'S REPORT

We have audited the fund accountability statement of the activities managed by the Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA) for the year ended December 31, 1991. The fund accountability statement is the responsibility of IBTA's management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

In regards to the disbursement of funds up to December 31, 1990, we based ourselves on the opinion without reservation expressed by other auditors on February 15, 1991, over the audit conducted in the above mentioned Organization for the 1990 agreement.

Except as discussed in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States (1988 revision). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 of chapter 3 of Government Auditing Standards since no such quality review program is offered by professional organizations in Bolivia. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participated in the Coopers & Lybrand worldwide internal quality control program which requires the



Coopers & Lybrand Bolivia office to be subjected, every three years, to an extensive quality control review by partners and managers from other Coopers & Lybrand offices.

As described in Note 2, the fund accountability statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the fund accountability statement referred to above fairly presents, in all material respects project revenues collected and expenses paid for the year ended December 31, 1991 in accordance with the basis of accounting described in Note 2.

This report is intended solely for the use of IBTA and the U.S. Agency for International Development. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

Coopers & Lybrand

February 28, 1992

CHAPARE REGIONAL DEVELOPMENT PROJECT
ACTIVITIES MANAGED BY THE BOLIVIAN INSTITUTE OF AGRICULTURE
AND CATTLE TECHNOLOGY/CHAPARE (IBTA/CHAPARE)
USAID/BOLIVIA PROJECT No. 511-0543
FUND ACCOUNTABILITY STATEMENT AS OF DECEMBER 31, 1991
 (Expressed in Dollars-Note 3)

	<u>Budget</u>	<u>Actual</u>	<u>Available</u>
INCOME			
Funds provided by USAID/Bolivia	<u>4.333.927</u>	<u>648.606</u>	<u>3.685.321</u>
	<u>4.333.927</u> =====	<u>648.606</u> =====	<u>3.685.321</u> =====
DISBURSEMENTS			
Training, studies and communications	1.067.036	161.795	905.237
Construction	388.650	2.875	385.775
Machinery and materials	1.134.906	42.997	1.091.909
Operating Costs	<u>1.743.335</u>	<u>552.895</u>	<u>1.190.440</u>
	<u>4.333.927</u> =====	<u>760.566</u> =====	<u>3.573.361</u> =====
Beginning Balance		111.960	
Ending Balance		0 =====	

CHAPARE REGIONAL DEVELOPMENT PROJECT

ACTIVITIES MANAGED BY THE BOLIVIAN INSTITUTE OF AGRICULTURE AND
CATTLE TECHNOLOGY/CHAPARE

USAID/BOLIVIA PROJECT No. 511-0543

NOTES TO THE FUND ACCOUNTABILITY STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1991

NOTE 1: DESCRIPTION OF THE PROJECT AND NATURE OF OPERATIONS

On August 12, 1983, the Republic of Bolivia and the United States of America acting through the U.S. Agency for International Development Mission to Bolivia (USAID/Bolivia), signed a loan and grant agreement to implement the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, which consisted of an integrated package of financing and technical assistance for small farmer related production, agroindustry development/marketing and institutional development support activities to be carried out by Bolivian public and private institutions for development of the Chapare region and associated high valleys sub-regions.

The project is a complementary part of the Government of Bolivia (GOB)'s program to reduce coca plantings in Bolivia, and includes different activities and sub-projects designed to focus development resources on Bolivia's principal transitory coca growing area, which is used for illicit purposes, the Chapare region. Due to different causes, the implementation of project activities had to be delayed and the project itself was significantly modified. The amended project concentrates on four principal development areas: 1) agriculture and forestry production; 2) rural industry and marketing; 3) productive and transport infrastructure; and 4) a project investment fund. Each area includes activities of immediate impact and applied research components to support medium and long-term activities.

The Bolivian Institute of Agriculture and Cattle Technology/Chapare operates with the funds it requests and receives through PDAR.

CHAPARE REGIONAL DEVELOPMENT PROJECT
ACTIVITIES MANAGED BY THE BOLIVIAN INSTITUTE OF AGRICULTURE AND
CATTLE TECHNOLOGY/CHAPARE

USAID/BOLIVIA PROJECT No. 511-0543

NOTES TO THE FUND ACCOUNTABILITY STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1991

NOTE 2: SUMMARY OF ACCOUNTING POLICIES

The fund accountability statement has been prepared on the cash basis of accounting. Consequently, income is recognized when received rather than when earned and expenditures are recognized when paid rather than when the obligation is incurred.

The costs of fixed assets are charged directly to the project and are not depreciated. Using the same procedure, materials and supplies are charged directly to the project when the payment is made and not when the goods are used.

The fund accountability statement includes only the income and expenditures related to the special account, which includes only the funding provided to IBTA and does not include the direct payments made by USAID/Bolivia and the Government of Bolivia on behalf of the project. Those payments consist principally of technical assistance, equipment and supplies procured directly by USAID/Bolivia and the Government of Bolivia.

NOTE 3: EXCHANGE RATES

The fund accountability statement is presented in Dollars. During 1991 the Bolivian currency devalued against the United States dollar from Bs3.40 per US\$ 1 on January 1, 1991 to Bs3.75 on December 31, 1991.

The aforementioned budget execution was made by Coopers & Lybrand in relation to the monthly average rate of exchange in which each transaction took place.

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ACTIVITIES MANAGED BY THE BOLIVIAN INSTITUTE OF AGRICULTURE AND
CATTLE TECHNOLOGY/CHAPARE

USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1991

INTERNAL CONTROL STRUCTURE

INDEPENDENT AUDITOR'S REPORT

We have audited the fund accountability statement of the activities of the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543 managed by the Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA) for the year ended December 31, 1991, and have issued our report thereon dated May , 1992.

Except for not conducting an external quality control review by an unaffiliated audit organization as described further in our opinion on the fund accountability statement, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards (1988 revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

In planning and performing our audit of IBTA, for the year ended December 31, 1991, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide assurance on the internal control structure.

The management of IBTA is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that 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 the fund accountability statement in accordance with the accounting basis described in Note 2 to the



Fund Accountability Statement. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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

- Cash receipts and disbursements,
- Budgeting controls,
- Bank accounts and funds controls,
- Inventories management, and
- Procurement system.

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.

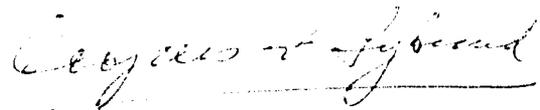
We noted certain matters involving the internal control structure and its operation that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involved matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that in our judgement, could adversely affect IBTA's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions noted are described in findings 1 to 9 in the following pages.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

We noted certain matters involving the internal control structure and its operation that we have reported to the management of IBTA in a separate letter dated February 28, 1992.

This report is intended solely for the information of the management of the Bolivian Institute of Agriculture and Cattle Technology/Chapare and the United States Agency for International Development. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

A handwritten signature in cursive script, likely reading "Coopers & Lybrand", written over a horizontal line.

February 28, 1992

CHAPARE REGIONAL DEVELOPMENT PROJECT
ACTIVITIES MANAGED BY THE BOLIVIAN INSTITUTE OF AGRICULTURE AND
CATTLE TECHNOLOGY/CHAPARE (IBTA)

USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1991

REPORT ON INTERNAL CONTROL STRUCTURE

FINDINGS

1. Purchasing power loss on funds held in checking bank accounts

Condition:

As the checking accounts to which IBTA funds are deposited are not protected against purchasing power loss, the balances on hand are continually undergoing losses. To support the above, detailed below is the monthly average of the daily balances for the last quarter of 1991.

<u>Financing Institution</u>	<u>October</u> <u>US\$</u>	<u>November</u> <u>US\$</u>	<u>December</u> <u>US\$</u>
T.G.N.	0	7.358	10.006
PL-480 E.S.	256.966	214.008	341.139
DIFEM	38.656	123.180	237.562
Self generated cash receipts	101.822	115.954	123.099
PL-480 Ag. Credit Program	<u>27.574</u>	<u>28.935</u>	<u>31.029</u>
	425.018	489.435	742.835
	=====	=====	=====

Criteria:

The Entity should operate with bank accounts protected with value maintenance agreements or the amount equivalent to two months' needs should be the maximum funds kept by the entity.

Cause:

As the Entity is considered to be a non-profit organization, it is not allowed to operate with protected accounts.

Effect:

Based on those months inflation rates the loss on the above amounts is estimated at US\$ 15.100.

Recommendation:

We recommend that IBTA request the appropriate authorities to authorize IBTA to hold project funds in protected accounts to avoid purchasing power loss. With such a policy IBTA would only be seeking asset protection, not making an exchange profit.

2. Excessive delays in farmers' repayment of credits received from IBTA

Condition:

From the analysis we performed as of 11/11/91 on the listing of farmers who are beneficiaries of agricultural inputs credits, we determined that there are delays representing 47% of the balance pending repayment (US\$ 38,067.07) and of approximately 40% of the total value of plants and seeds loaned to farmers.

Following is an ageing schedule of the past due balances.

		Delays		
30 days	60 days	90 days	Over 90 days	
- US\$ -	- US\$ -	- US\$ -	- US\$ -	-
512	1,586	631	15,263	

Criteria:

Credits granted to campesinos should be limited in the case of those who do not fulfill their obligations with IBTA.

Effect:

The farmers' delays affect the project's cash flow since the Entity is in a position of reduced cash availability as compared with that required for the purchase of plants to be sold on credit to other farmers entering into the program or to those who did comply with repayment terms. In addition, delays may mean eventual losses to the Entity arising from credits that prove to be uncollectible from farmers running into financial difficulties.

Recommendation

We recommend that evaluate if it would really need to operate in the above mentioned type of credit operations, due to the fact that they are not included within the main objectives and originate additional costs to their technical and administrative control.

3. Submission of company data is not requested from prospective suppliers of goods and services

Condition:

We verified that it is not the Entity's policy to request company data of the firms invited to provide goods and/or services.

Criteria:

The review of prospective suppliers' company data is essential for carrying out an adequate supplier selection process.

Effect:

Without company data, it is not possible to reasonably evaluate the procedures followed to study and select suppliers (financial statements, date in which they commenced operations, main customers, current turnover, compliance certificates issued by former customers, etc.). This information is needed to ensure that the best alternative is selected.

Recommendation:

To adequately document the final supplier selection process, we recommend IBTA request prospective suppliers to provide company data along with their goods or services offers.

4. Inadequate practice used to make certain payments

Condition:

We determined that checks are issued to the order of the cashier to make per diem and wages payments to personnel hired by the Experimental Stations. The cashier cashes these checks and transports the proceeds to the Chapare located Stations.

Following are some examples in support of the above:

<u>Date</u>	<u>Voucher No.</u>	<u>\$us.</u>
12.04.91	284	7.520
12.05.91	290	1.165
12.18.91	311	12.651
12.24.91	320	2.231
12.24.91	321	7.623
12.28.91	327	1.279

Criteria:

Disbursements should be performed through the bank accounts of the Entity.

Effect:

This situation does not ensure the receipt of the funds by the beneficiaries and in addition, increases risk of loss while cash is being transported.

Recommendation:

We recommend that IBTA draw checks on an account to be opened in any bank located in the Chapare region to facilitate these payments and thus avoid the transportation of cash. An alternative, would be to open personal bank accounts in the names of the personnel hired by the Experimental Stations and that funds transfers be made to those accounts.

5. Delays in deposit of funds received by Chipiriri Station

Condition:

We observed delays incurred by the Central Office in the deposit of funds received from farmers for (a) payments on account of private contracts (PL-480 Agricultural Credits Program) and (b) from sales of agricultural and animal products.

<u>Date funds</u> <u>-received-</u>	<u>Date funds</u> <u>Issued from</u> <u>- Station -</u>	<u>Deposit</u> <u>- date</u>	<u>Amount</u> <u>Deposited</u> <u>- \$US. -</u>
a) 10/28/91	11/1/91	11/13/91	286
b) 10/27 thru 10/31/91	11/1/91	11/13/91	4.699

Criteria:

Deposits should be made at the regional office of any bank located in the Chapare area.

Cause:

This situation originates because the bank with which IBTA operates does not have any office in the region.

Effect:

Situations like those described above may result in eventual loss to the Entity and indicate poor control over funds received. In addition, accounting information is misrepresented as a result of these delays.

Recommendation

We recommend IBTA make deposits of funds in a bank that has a branch in the Chapare area.

6. Balance with PDAR not reconciled

Condition:

We verified that IBTA does not periodically reconcile the Regional Development Alternative Program (PDAR) balance, resulting from funds transfers by PDAR and charges for payments PDAR makes on IBTA's behalf.

Criteria:

IBTA should reconcile its balances with those of PDAR at least once every quarter.

Cause:

This situation arose due to the lack of an internal control and information system which allows to cross reference the information provided by the entities involved.

Effect:

The lack of this reconciliation results in there being no assurance as to the balances' integrality and accuracy and may further result in accounting information errors.

Recommendation:

We recommend that IBTA make these reconciliations monthly or quarterly with a view to strengthen integrality and accuracy controls over the balance and in addition, the financing institution should advise IBTA on the amounts and dates on which transfers of funds for IBTA are made.

7. Procedures manual not updated

Condition:

The procedures manual in use is not updated and therefore, fails to address the Entity's current operational needs.

Criteria:

To ensure adequate control over administrative procedures, the Entity should have manuals that clearly address control methods and timeliness in addition to designating those responsible therefor.

Cause:

The dynamism of operating procedures causes manuals' rapid obsolescence.

Effect:

This weakness makes it difficult to timely acknowledge the need for modifications and effectively apply new regulations in relation to changes approved by the Entity's different levels of authority.

Recommendation:

We recommend that IBTA make procedures manual changes and updating in accordance with the Entity's current operational needs.

8. Hardware purchased not integrated into computer network

Condition:

We determined that the entity purchased computers in August 1991 but did not integrate them into the network and that they are only being used as specific software (Lotus 1-2-3, Word Processing, etc.).

Criteria:

IBTA should accelerate the hardware implementing process.

Cause:

The entity received the hardware by parts which caused the entity difficulties in implementing the system.

Effect:

This situation makes it difficult to obtain information as needed for decision-taking or consultation.

Recommendation:

With a view to make the best possible use of the entity's computer network, we recommend that IBTA conduct a detailed analysis of the current information needs, taking into account at least the following areas:

- Nature of the information required and frequency thereof.
- Volume of the information currently being issued as well as the volume foreseen for the future.
- Identification of the users of each type of information.
- Database interrelation with the other entities participating in the Chapare Regional Development Project.

In addition, access regulations should be issued to ensure control over changes made in permanent and transitory files as well as for file consultation (i.e.: issuance of individual access passwords for the different databases).

9. Lack of uniformity in the information issued by the various Chapare Regional Development Project entities

Condition:

We established that the information issued by the various Chapare Regional Development entities, lacks uniformity in both content and form (for example: budget execution control, financial statements, accounting of funds, etc).

Criteria:

There should be a pre-established format for the elaboration of the information submitted by all entities of the Chapare Regional Development Project.

Cause:

This situation arose for not having previously foreseen the need for such uniformity.

Effect:

This deficiency makes it difficult for the financing institutions to control the implementing agencies and will be an obstacle for the latter to enter into an integrated computerized system.

Recommendation:

Given the legal status of the entity, we recommend that IBTA apply SAFCO law provisions.

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CHAPARE REGIONAL DEVELOPMENT PROJECT
ACTIVITIES MANAGED BY THE BOLIVIAN INSTITUTE OF
AGRICULTURE AND CATTLE TECHNOLOGY/CHAPARE (IBTA)

USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1991

COMPLIANCE WITH AGREEMENT TERMS, PROJECT IMPLEMENTATION
LETTERS, AND APPLICABLE LAWS AND REGULATIONS
INDEPENDENT AUDITOR'S REPORT

We have audited to audit the fund accountability statement of the activities of the Chapare Regional Development Project, USAID/Bolivia Project No. 511-0543, managed by the Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA) for the year ended December 31, 1991 and have issued our report thereon dated February 28, 1992.

Except for not conducting an external quality control review by an unaffiliated organization as described further in our opinion on the fund accountability statement, we conducted our audit in accordance with generally accepted auditing standards and the United States Comptroller General's "Government Auditing Standards" (1988 Revision). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

Compliance with laws, regulations contracts and grants applicable to this portion of the Chapare Regional Development Project is the responsibility of the Bolivian Institute of Agriculture and Cattle Technology/Chapare. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, and agreement terms. However, the objective of our audit was not to provide an opinion on overall compliance with such terms and 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 fund accountability statement. The results of our tests of compliance disclosed the material instances of noncompliance disclosed in finding 1 and 2 in this section, the effects of which have been corrected in Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA) 1991 fund accountability statement.

We considered these material instances of noncompliance in forming our opinion on whether the Bolivian Institute of Agriculture and Cattle Technology/Chapare's 1991 fund accountability statement is fairly presented, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated February 28, 1992 on this fund accountability statement.

Except as described above, the results of our test of compliance indicate that, with respect to items tested, the Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA) complied in all material respects with the terms and provisions referred to in the third paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA) had not complied, in all material respects, with those terms and provisions.

This report is intended solely for the information of the management of the Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA) and the U.S. Agency for International Development. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.



February 28, 1992

CHAPARE REGIONAL DEVELOPMENT PROJECT
ACTIVITIES MANAGED BY THE BOLIVIAN INSTITUTE OF AGRICULTURE AND
CATTLE TECHNOLOGY/CHAPARE (IBTA)

USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1991

REPORT ON COMPLIANCE WITH AGREEMENT TERMS,
PROJECT IMPLEMENTATION LETTERS, AND APPLICABLE LAWS
AND REGULATIONS

FINDINGS

1. Certain tax and social security contribution situations should be corrected

Condition:

During the course of our review we noted the following:

- a. The Entity does not issue invoices, report or pay the value added tax (VAT) resulting from the sales of genetic products to campesinos. In addition to the VAT, the Entity is legally required to pay the tax on transactions.
- b. The Entity does not make the required contributions to the National Housing Fund, nor does it withhold the corresponding amounts from employees or accrue employer contributions.

We determined that the effect of the above omission approximates the following amount:

	<u>Withholding from Employees Sus.</u>	<u>Employer Contribution Sus.</u>	<u>Total Sus.</u>
Contributions at current values	9.509	182.710	192.219
Interest	1.261	23.716	24.977
Delinquency fine	<u>126</u>	<u>2.371</u>	<u>2.497</u>
	10.896	208.797	219.693

Condition: (Cont.)

- c. Because of the nature of the Project, IBTA is exempt from corporate profit tax payments; however, a formal exemption should be obtained from the Internal Taxation Directorate.

Criteria:

The Entity should comply with local regulations unless the it can justify that it is not subject to them.

Effect:

The Entity is liable for fines or finance charges.

Recommendation:

We recommend that IBTA resolve the above points in order to avoid potential loss arising from fines and financial charges.

2. Labor control areas requiring improvement

Condition:

During our review we noted the following weaknesses in labor control areas.

- a. Fixed term personal services contracts (PSCs) are on a yearly basis which in violation of Art 2. of Decree 16187/79 which prohibits more than two continuous PSC renewals.
- b. Termination notices to low rank employees are issued for periods shorter than the required 90 days before the rescission date, without the payment in lieu of notice having been made. This practice is in violation of Art. 12 of the General Labor Law.
- c. The PSCs are not signed by the Ministry of Labor as required by Art. 22 of the General Labor Law.

- d. Labor used for rural chores is always paid at a daily wage over the established basic daily wage of \$US. 3.35. This over payment should only be payable to qualified laborers while the those receiving it are of mixed qualifications.

Criteria:

The Entity should comply with the established labor law regulations.

Cause:

These issues arise from those responsible for the Entity's management not considering it to be bound by these labor law regulations.

Effect:

The above are all violations to labor regulations.

Recommendation:

We recommend that IBTA give strict compliance to each of the above labor law regulations.

CHAPARE REGIONAL DEVELOPMENT PROJECT
ACTIVITIES MANAGED BY THE BOLIVIAN INSTITUTE OF AGRICULTURE AND
CATTLE TECHNOLOGY/CHAPARE (IBTA)

USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1991

LIST OF REPORT RECOMMENDATIONS
REPORT ON INTERNAL CONTROL STRUCTURE

Recommendation No. 1:

We recommend that IBTA request the appropriate authorities to authorize IBTA to hold project funds in protected accounts to avoid purchasing power loss. With such a policy IBTA would only be seeking asset protection, not making an exchange profit.

Recommendation No. 2

We recommend that evaluate if it would really need to operate in the above mentioned type of credit operations, due to the fact that they are not included within the main objectives and originate additional costs to their technical and administrative control.

Recommendation No. 3:

To adequately document the final supplier selection process, we recommend IBTA request prospective suppliers to provide company data along with their goods or services offers.

Recommendation No. 4:

We recommend that IBTA draw checks on an account to be opened in any bank located in the Chapare region to facilitate these payments and thus avoid the transportation of cash. An alternative, would be to open personal bank accounts in the names of the personnel hired by the Experimental Stations and that funds transfers be made to those accounts.

Recommendation No. 5:

We recommend IBTA make deposits of funds in a bank that has a branch in the Chapare area.

Recommendation No. 6:

We recommend that IBTA make these reconciliations monthly or quarterly with a view to strengthen integrality and accuracy controls over the balance and in addition, the financing institution should advise IBTA on the amounts and dates on which transfers of funds for IBTA are made.

Recommendation No. 7:

We recommend that IBTA make procedures manual changes and updating in accordance with the Entity's current operational needs.

Recommendation No. 8:

With a view to make the best possible use of the entity's computer network, we recommend that IBTA conduct a detailed analysis of the current information needs, taking into account at least the following areas:

- Nature of the information required and frequency thereof.
- Volume of the information currently being issued as well as the volume foreseen for the future.
- Identification of the users of each type of information.
- Database interrelation with the other entities participating in the Chapare Regional Development Project.

In addition, access regulations should be issued to ensure control over changes made in permanent and transitory files as well as for file consultation (i.e.: issuance of individual access passwords for the different databases).

Recommendation No. 9:

Given the legal status of the entity, we recommend that IBTA apply SAFCO law provisions.

COMPLIANCE WITH AGREEMENT TERMS, PROJECT IMPLEMENTATION
LETTERS, AND APPLICABLE LAWS AND REGULATIONS

Recommendation No. 1:

We recommend that IBTA resolve the above points in order to avoid potential loss arising from fines and financial charges.

Recommendation No. 2:

We recommend that IBTA give strict compliance to each of the above labor law regulations.

AUDIT OF THE
CHAPARE REGIONAL DEVELOPMENT PROJECT
ACTIVITIES MANAGED BY THE BOLIVIAN INSTITUTE OF AGRICULTURE AND
CATTLE TECHNOLOGY/CHAPARE (IBTA)
USAID/BOLIVIA PROJECT No. 511-0543
FOR THE YEAR ENDED DECEMBER 31, 1991

FOLLOW-UP ON PREVIOUS YEAR RECOMMENDATIONS

We have audit the fund accountability statement of the Chapare Regional Development Project activities managed by the Bolivian Institute of Agriculture and Cattle Technology/Chapare (IBTA), for the year ended December 31, 1991.

The scope of our work included a follow-up on the recommendations to improve the Internal Control Structure and Compliance with Agreement Terms, Project Implementation Letters, and Applicable Laws and Regulations presented by the prior external auditor, covering the period January 1, 1990 through December 31, 1990 and presented on February 15, 1991.

The following is a summary of our follow-up work:

REPORT ON INTERNAL CONTROL STRUCTURE

FINDINGS

1. Lack of evidence of technical assistance to the Beneficiaries of Loans from PL-480

Recommendation:

IBTA should implement controls and information systems to ensure that the technical assistance is provided in accordance with the procedures established in the strategy paper.

Present Condition:

During 1991 IBTA/Chapare improved its technical assistance work to the Project's beneficiaries. We verified this improvement during the audit work we carried out in the La Jota and Chipiriri areas.

2. Incorrect Certification of suitability of Land

Recommendation:

IBTA/Chapare should establish procedures to ensure that recommendations that certify whether certain areas are suitable for certain crops are properly supported. IBTA/Chapare should also determine whether it is technically feasible to accept the responsibility of certifying crops when the success of the projects depends on many factors such as following the instructions for caring for the plants, use of pesticides and fertilizers, etc.

Present Condition:

Corrective action was taken during 1991 such as improving support and enhancing the quality of instructions given by IBTA technicians.

3. Lack of planning and control over credit sales

Recommendation:

IBTA should review the institutional credit program taking into account the lessons learned, and procedures put in place to properly implement the strategies established. IBTA/Chapare must also have records and information to enable proper control to be exercised over the program. Furthermore if the overall objective of the program is to reduce coca plants, the farmers who reduce their coca plants should be favored.

Present Condition:

This feature is related to Observation No. 2 (1991 period).

4. IBTA/Chapare is production driven rather than market driven

Recommendation:

Procedures should be developed so that proper coordination occurs between the entities carrying out the project in order to ensure that it is probable that the crops recommended and promoted can be profitably sold.

Present Condition:

In accordance with regulations governing IBTA/Chapare's activities, the above is not one of its specific functions.

5. Non compliance with operating plan

Recommendation:

IBTA/Chapare should implement procedures to properly follow-up the operating plan to avoid delays and to determine the reasons for those delays that do occur. Also plans should be prepared on a realistic basis and approval procedures should be timely to enable the plan to be carried out.

Present Condition:

At present IBTA/Chapare follows up on its operational plan with a view to analyze progress and take corrective action as needed. this work is done in two stages: the initial steps are taken by the Experimental Station Chief which are subsequently supervised by the Administrative Manager.

6. Lack of Control over use of stationery for project purposes

Recommendation:

IBTA/Chapare should implement procedures whereby the material is delivered on the basis of real needs. This should be done through the installation of a store in which the stock is stored and controlled.

Present Condition:

The Administrative Manager controls through monthly reports that the use of stationery is reasonable. During the course of our audit, we have reviewed these reports and verified them on the basis of prices quoted and deliveries made by suppliers.

COMPLIANCE WITH AGREEMENT

TERMS, PROJECT IMPLEMENTATION LETTERS, AND APPLICABLE

LAWS AND REGULATIONS

1. Transaction tax not retained from payments for services to individuals

Recommendation:

IBTA/Chapare should withhold the tax in accordance the tax law.

Present Condition:

This recommendation is still valid as pointed out in our Observation 1a) (1991 Period).

ESTRUCTURA DE CONTROL INTERNO

ANEXO 1: COMENTARIOS DE LA GERENCIA

Los comentarios en español efectuados oportunamente por la Gerencia de la Entidad son los siguientes:

1. Por medio de esta recomendación, el IBTA/Chapare efectúa una solicitud a los entes financieros para lograr que la inflación no perjudique y no deteriore el poder adquisitivo de los fondos de la Entidad.
2. El Crédito Agrícola nace a partir del sobreestocamiento del Material Genético importado y producido en las estaciones. A partir de esta situación, autoridades superiores autorizan al IBTA/CHAPARE efectuar créditos en especies y en costos reales económicos con mantenimiento de valor monetizados en dólares americanos, por la falta de experiencia crediticia y por el tiempo que este crédito en sus características de origen ha generado una mora, por tanto el IBTA/CHAPARE buscará los mecanismos más ágiles para la recuperación del crédito, dado que este crédito es temporal y no contempla, dentro sus objetivos, cubrir áreas crediticias.
3. Si bien el IBTA/Chapare no solicita antecedentes a las firmas proveedoras de bienes y servicios, esta observación es válida y no perjudica a las adquisiciones, por tanto en lo futuro se efectuará esta solicitud.
4. La recomendación es válida, lamentando que el sistema bancario privado y estatal no cuente con Agencias Regionales, vemos por ello conveniente salvar esta observación tomando en cuenta todas las precauciones posibles, solicitando a USAID/B su resguardo a través de Seguros de Fidelidad y viendo la posibilidad de poseer una caja fuerte de seguridad en las Estaciones.
5. La recaudación de fondos por la venta del material agropecuario se realiza en el área del Chapare, esto permite que después de 10 días de permanencia, los depósitos sean realizados en Cochabamba en la medida que en el área del Chapare la entidad bancaria con la que se opera no cuenta con una agencia. En relación a los depósitos tardíos, la jefatura administrativa instruyó efectuar los depósitos de fondos sin demoras para salvar las observaciones.

6. La observación es válida; a partir de ésta el Proyecto solicitará por escrito al PDAR la información para efectuar las conciliaciones correspondientes.

7. Si bien existen los manuales, los mismos no están actualizados por la dinámica en la que se desarrolla el proyecto. Sin embargo, la sugerencia es válida; para tal efecto la Jefatura de Planificación y la Jefatura Administrativa desarrollarán manuales de acuerdo con el nuevo proyecto.

8. Se recibieron equipos en el mes de agosto, los que fueron instalados entre los meses de septiembre y octubre. El 12 de noviembre de 1991, fue instalado el paquete de contabilidad; es por ello que vemos por conveniente iniciar el uso del citado paquete en la gestión 1992 dado que la gestión de 1991 ha finalizado.

9. El Proyecto IBTA/Chapare es una entidad ejecutora con responsabilidad, principalmente, en el área agropecuario-tropical, siendo las características de su operatoria distintas a las de las restantes entidades integrantes del Proyecto.

CUMPLIMIENTO DE CARTAS, REGULACIONES Y LEYES APLICABLES

ANEXO I: COMENTARIOS DE LA GERENCIA

1.

- a) Si bien el Proyecto no factura ni declara el IVA por la venta de sus productos de material genético, ello es en la medida que los costos reales que reflejan los precios son precios subvencionados por el ente financiador por debajo del costo real, no existiendo una política de tributación agropecuaria; sin embargo, el Proyecto efectuará gestiones ante organismos gubernamentales para liberar las tributaciones de la venta del material genético importado para beneficio de los agricultores.
- b) El Proyecto está financiado por USAID/B; originalmente ciertas obligaciones de contraparte debían haber sido financiadas por el Gobierno de Bolivia, para tal efecto, el Proyecto efectuará gestiones con el objeto de regularizar la situación impositiva en relación al aporte de Fondo Nacional de Vivienda.

2.

- a) Efectivamente se evidencia que en el año 1991 se efectuó un Contrato de Trabajo fijo con duración de un año. En la medida que el Proyecto tiene una vida útil y su conclusión se efectuará el 31 de mayo de 1992, el Proyecto ha visto por conveniente, efectuar la contratación de servicios profesionales a través de un contrato, salvando así la figura jurídica-laboral del Decreto No. 16187/70 en su Artículo 2º.
- b) Efectivamente el Proyecto envió preavisos de rescisión de contratos posteriores a los 90 días, los mismos que fueron ampliados al 31 de mayo.
- c) Con referencia al conocimiento por parte del Ministerio de Trabajo de la prestación de servicios, se efectuará su refrendamiento de acuerdo con la observación.

- d) Referente a la observación del punto d, se debe mencionar que el pago de mano de obra es superior a Bs12 por efecto del precio de la coca, dependiendo de la zona; por ejemplo, en la región de Santa Rosa la mano de obra es más costosa que en la zona de Chimoré. Por tanto los contratos de mano de obra se adecúan al jornal que se pagó por cosecha de coca o deshierbe de la misma. De lo contrario las Estaciones Experimentales no contarían con jornaleros eventuales para realizar los trabajos programados.

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