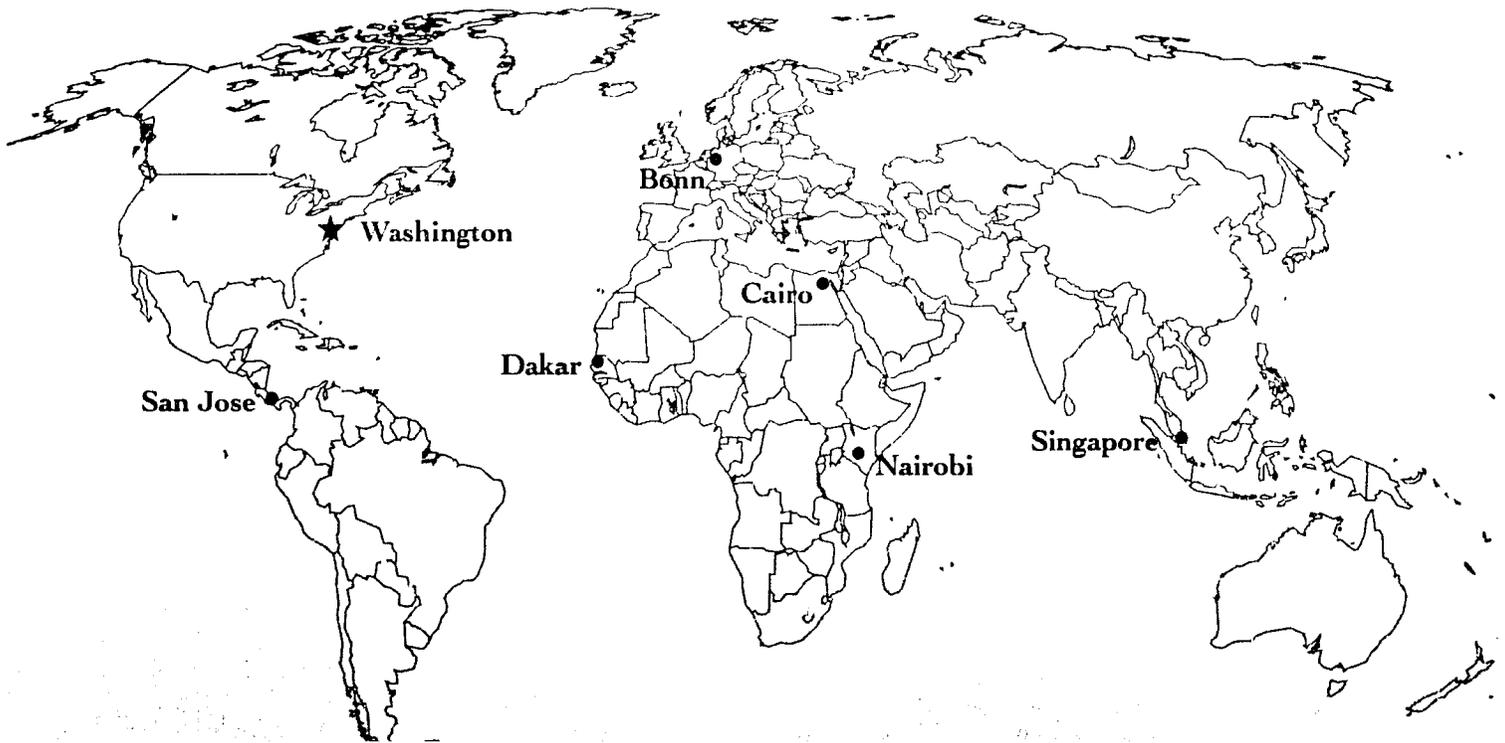


PD-ABL-926

Regional Inspector General for Audit
San José, Costa Rica

**Audit of USAID/Honduras's
Primary Education Efficiency Project
Activities Managed by the
Ministry of Public Education
August 29, 1986 to December 31, 1992**

**Audit Report No. 1-522-95-19-N
September 19, 1995**



Financial information contained in this report may be privileged. The restrictions of 18 USC 1905 should be considered before any information is released to the public.

**INSPECTOR
GENERAL**

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL
SAN JOSE, COSTA RICA

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September 19, 1995

MEMORANDUM

TO: USAID/Honduras Director, Elena Brineman

FROM: RIG/A/San Jose, *Richard B. Howard* Wayne J. Watson

SUBJECT: Audit of USAID/Honduras' Primary Education Efficiency Project Activities, Managed by the Ministry of Public Education, August 29, 1986 to December 31, 1992

This report presents the results of a financial audit of the Primary Education Efficiency Project, USAID/Honduras Project No. 522-0273, managed by the Ministry of Public Education (the Ministry), for the period August 29, 1986 to December 31, 1992. The accounting firm of Price Waterhouse prepared the report dated November 5, 1993.

The goal of the project was to improve the efficiency, cost-effectiveness, and quality of primary education in Honduras by improving student academic achievement, reducing the drop-out, repetition, and absenteeism rates, and reducing the unit cost of producing a sixth-grade graduate. The PACD was extended to December 31, 1995.

The project consisted of six components: (1) purchase of a new series of textbooks and teachers' guides, (2) teacher training, (3) educational research, (4) management information systems strengthening, (5) development of learning objectives and project evaluations, and (6) school construction, maintenance and renovation.

The objectives of the audit were to determine whether: (1) the fund accountability statement for the project presents fairly, in all material respects, the project's receipts and expenditures for the audit period, in accordance with the terms of the agreement, (2) the internal control structure of the Ministry is adequate to manage project operations, and (3) the Ministry complied with agreement terms, and applicable laws and regulations. The scope of the audit included an examination of the

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Ministry's activities and transactions to the extent considered necessary to issue a report thereon for the period audited. The audit included coverage of \$2,553,215 of USAID/Honduras disbursements to the project during the audited period.

Price Waterhouse was of the opinion that the fund accountability statement presents fairly, in all material respects, the receipts and expenditures made with grant funds under the project, during the period audited, in accordance with the terms of the grant agreement, except for the effects of questionable costs of \$70,474.

With respect to the Ministry of Public Education's internal control structure, the auditors identified two material weaknesses: (1) controls for obtaining quotes for goods and supplies are not adequate to ensure that quality products are obtained at the lowest price available and (2) the cost of fixed assets, according to project records, do not match the cost information provided by USAID/Honduras. Regarding compliance with agreement terms and applicable laws and regulations, the auditors noted two material instances of noncompliance: (1) per diem costs did not have the necessary supporting documents to determine if they are allocable, allowable, and reasonable in accordance with the terms of the agreement and (2) adequate records are not maintained for counterpart funds.

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

Recommendation No. 1

We recommend that USAID/Honduras: (a) resolve the questionable costs of \$35,624 (questioned) and \$34,850 (unsupported) identified in the Price Waterhouse report dated November 5, 1993, and (b) recover from the Ministry of Public Education the amounts determined to be unallowable.

Recommendation No. 2

We recommend that USAID/Honduras obtain evidence that the Ministry of Public Education has taken proper action to: (a) design and implement an adequate system for obtaining quotes for the purchase of goods and services, (b) accurately record the value of project assets, (c) implement a system of preventive maintenance for vehicles, (d) design and implement a system for detecting duplicate accounting transactions, (e) maintain adequate supporting documentation for per diem costs, and (f) maintain adequate records for counterpart funds.

Recommendation No. 1 will be considered resolved upon USAID/Honduras' determination of the amount of recovery, and will be considered closed upon the recovery of funds, offset of funds, or issuance of a bill for collection. Recommendation No. 2 can be resolved when USAID/Honduras presents an acceptable firm plan of action to correct the reported deficiencies and can be closed when it presents acceptable evidence that the required procedures have been designed and placed in operation. ***In addition, we strongly suggest that USAID/Honduras obtain a full accounting of the Government of Honduras' counterpart contributions provided to the project over the period of audit, taking appropriate actions should inappropriate contributions be noted.***

The draft report was discussed with representatives from USAID/Honduras and the Ministry of Public Education, who expressed agreement with the report contents.

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 recommendations.

P.

C

**Regional Inspector General for Audit
San José, Costa Rica**

**Audit of USAID/Honduras's
Primary Education Efficiency Project
Activities Managed by the
Ministry of Public Education
August 29, 1986 to December 31, 1992**

**Audit Report No. 1-522-95-19-N
September 19, 1995**



AUDIT OF PRIMARY EDUCATION
EFFICIENCY PROJECT
USAID/HONDURAS PROJECT No.522-0273
MANAGED BY THE MINISTRY OF PUBLIC
EDUCATION FOR THE PERIOD
AUGUST 29, 1986 TO DECEMBER 31, 1992

AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
USAID/HONDURAS PROJECT No.522-0273
MANAGED BY THE MINISTRY OF PUBLIC EDUCATION
FOR THE PERIOD AUGUST 29, 1986
TO DECEMBER 31, 1992

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Price Waterhouse



June 17, 1994

Mr. Coinage N. Gothard
Regional Inspector General for Audit
United States Agency for International
Development
San José, Costa Rica, C.A.

Dear Mr. Gothard:

This report presents the results of our financial audit of the Primary Education Efficiency Project USAID/Honduras, Project No.522-0273, managed by the Ministry of Public Education (MOE) for the period August 29, 1986 to December 31, 1992.

BACKGROUND

On August 29, 1986 the Government of Honduras, acting through the Ministry of Finance and Public Credit, signed an agreement with the United States Agency for International Development mission to Honduras (USAID/Honduras) to finance the Primary Education Efficiency Project, USAID/Honduras Project No.522-0273. The estimated project completion date is July 30, 1994.

The total estimated project cost is US\$30,751,000. USAID/Honduras will provide loan and grant funding in increments up to US\$22,100,000 and the Government of Honduras will finance US\$8,651,000 of project costs. As of December 31, 1992, USAID/Honduras has obligated US\$21,068,000 through various project agreement amendments.

The goal of the project is to improve the efficiency, cost/effectiveness and quality of primary education in Honduras. The purposes of the project include improvement in student academic achievement; reduce desertion, repetition and absenteeism rates; and a drop in the unit cost of producing a sixth grade graduate.

The project will achieve these goals through the financing of a new series of textbooks and teachers guides, teacher training, educational research, the management information system, and a series of learning objectives and evaluation activities.



The project includes six interrelated components:

1. Textbooks, Teacher Guides - Before the end of 1991 the project was intended to provide to the six grades four basic textbooks (Mathematics, Language, Natural Science and Social Studies). The project will also provide teachers with a group of four guides, one for each subject.

A variety of technologies are used for writing, reviewing, printing and distributing textbooks. This component has the following subcomponents:

- (a) Strengthening MOE Textbook Capability - This support will contribute to developing a permanent capability of learning resources for writing, reviewing, printing, distributing and storing textbooks. It will also assist in training teachers to utilize new textbooks, teacher guides, and teaching materials.
 - (b) Writing of Textbooks and Teacher Guides - This subcomponent will support the activities of writing and field testing the new textbooks and teacher guides, through editing committees.
 - (c) Printing and Distributing Primary School Textbooks and Teacher Guides - This subcomponent will establish a print shop and warehouse of textbooks in Tegucigalpa, to print, package and store textbooks for their distribution to each school.
2. In Service Teacher Training - Under this component, technical assistance is provided to teachers to implement technical learning and to improve teachers' functional relationship with parents and members of the community. The assistance consists of intensive workshop at the beginning of each school year over the first four years of the project, and also provides for a permanent program of training services. This assistance is carried out at the National Treasury Center using the radio stations and newspapers for the long-distance education.
 3. Educational Research - This component provided necessary resources to undertake studies about changes in primary education in Honduras.
 4. Management Information System - This component of the project is directed at strengthening the institutional capacity of the information systems in the Ministry of Education, extending access to new users, training of technical staff, providing equipment and software, providing user orientation services, and producing analytical studies.



5. Learning Objectives and Evaluation - This component will provide resources for the evaluations of the project. These evaluations will also assess the successes and problems of the different project components, and make specific recommendations regarding reprogramming of activities and possible new or enlarged activities.
6. School Construction, Maintenance and Renovation - Economic support to this component will consist entirely of local currency funds. The construction activities financed by this project will be based on a strategy of self-help developed by the MOE.

The general direction of the project will be under the responsibility of the Under-Secretary of Education for technical matters and the External Cooperation Coordinator Unit.

AUDIT OBJECTIVES AND SCOPE

We were engaged to conduct a financial audit of the Primary Education Efficiency Project USAID/Honduras Project No.522-0273 managed by the Ministry of Public Education, for the period August 29, 1986 to December 31, 1992.

Because the fund accountability statement related to counterpart funds was not prepared by the project, we do not include that statement, and we do not express an opinion about the use of those funds.

Our audit of loan and grant funding was performed in accordance with generally accepted auditing standards and the Government Auditing Standards of the United States Comptroller General (1988 Revision) and accordingly included the review of documentation, accounting records, internal control structure and such other auditing procedures as we considered necessary in the circumstances to determine whether:

1. The fund accountability statement of the Primary Education Efficiency Project USAID/Honduras Project No.522-0273 managed by the Ministry of Public Education presents fairly, in all material respects, the project's receipts and expenditures for the period August 29, 1986 to December 31, 1992, in accordance with the terms of the respective agreement.
2. The internal control structure of the Project Implementation Unit is adequate to manage the project's operations.
3. The Project Implementation Unit complied with agreement terms, and applicable laws and regulations.

In the course of our audit we were alert to the possible existence of errors or irregularities and to situations or transactions that



could be indicative of fraud, abuse, and illegal expenditures and acts.

The major audit procedures performed during our work in order to meet the stated audit objectives were the following:

1. Receipts -

- (a) We confirmed directly with USAID/Honduras and the Ministry of Finance and Public Credit the loan and grant funds from the Government of Honduras and counterpart funds, provided to the project as of December 31, 1992.
- (b) We confirmed directly with the custodian banks, the bank account balances as of December 31, 1992.
- (c) We reviewed the bank account reconciliations, as of December 31, 1992.

2. Procurement -

- (a) We conducted a detailed evaluation of the project's procurement procedures used during the period under review.
- (b) On a test basis, we reviewed purchases amounting to L928,713 (approximately 20% of total purchases) made by the project during the period under review, to determine their authenticity and proper calculation and valuation.
- (c) For the purchases selected, we reviewed the project's receiving records to determine the completeness of purchases received as of December 31, 1992.
- (d) For the selected purchases, we reviewed the endorsement of checks paid by the banks.
- (e) For the purchases selected, we made field visits at the date of our review, to verify product costs and of the suppliers' existence.

3. Fixed Assets -

- (a) We conducted an evaluation of control procedures used by the project during the period under review to manage and safeguard fixed assets.
- (b) On a selective basis we identified the project's fixed assets through physical inspections.
- (c) On a selective basis, we examined vehicle maintenance costs during the period under review and the use of spare parts and tires.



4. Payroll and Per Diem -

- (a) We conducted an evaluation of control procedures used by the project during the period under review for administering personnel, preparation and payment of payrolls, and payment of per diem.
- (b) On a selective basis we reviewed payrolls paid during the period amounting to L4,676,303 (54% of total payrolls) and traced the name and salary of employees included in such payrolls to the personnel files.
- (c) From the payrolls selected for testing, we selected 22 employees and examined their respective personnel files, and compared the signatures of each employee to the signatures in the payrolls.
- (d) We did a follow-up of the recommendations implemented by the project, regarding the internal control of travel expenses. These recommendations were based on the letter sent to the project by A.I.D.'s Comptroller Office dated March 19, 1992, and on the revision done by Tovar López & Asociados consulting firm, for the period January 1 to December 31, 1991.

5. Accounting System and Reporting -

We conducted an evaluation of the accounting system and records used by the project during the period under review, to determine whether the system was sufficient to provide project financial information (the fund accountability statement) in accordance with the budget classifications defined in the project loan and grant agreement.

RESULTS OF AUDIT

Fund Accountability Statement on Loan and Grant Funds -

The project did not issue a fund accountability statement of counterpart funds as of December 31, 1992, because they do not have the necessary documentation. This omission was authorized by USAID/Honduras. The Ministry of Finance and Public Credit confirmed that counterpart funds provided to the project was L22,779,052.

As described in Note 4 to fund accountability statement, our testing identified questionable costs totaling L412,269 (US\$70,474). These costs arose from internal control structure weaknesses and instances of noncompliance as described in separate reports included in the following sections of this document.



Management has not established in the fund accountability statement the total effect of noncompliance matters noted by us in our selective test.

In our opinion, except by effects of questionable costs mentioned in the preceding paragraph, the fund accountability statement of USAID/Honduras loan and grant funds of the Primary Education Project No.522-0273, present fairly, in all material respects, the project's receipts and expenditures for the period August 29, 1986 to December 31, 1992, in accordance with the terms of the respective agreement with USAID/Honduras.

Internal Control Structure -

In planning and performing our audit of the fund accountability statement of USAID/Honduras loan and grant funds of the Primary Education Efficiency project No. 522-0273 managed by the Ministry of Public Education from August 29, 1986 to December 31, 1992, we considered the internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement of USAID/Honduras loan and grant funds and not to provide assurance on the internal control structure.

In the course of our audit we noted the following findings that we consider material weaknesses under generally accepted auditing standards and the Government Auditing Standards of the United States Comptroller General (1988 revision).

1. The control and procedures for obtaining quotations of project material and supplies are not adequate to obtain good quality products at competitive prices. (Finding 2).
2. The costs of fixed assets according to project records differ from those reported by USAID/Honduras (Finding 3).

Compliance with Agreement Terms and Applicable Laws and Regulations -

With the purpose of obtain a reasonable assurance about whether the fund accountability statements of loan and grant of USAID/Honduras Primary Education Efficiency Project No.522-0273 managed by the Ministry of Public Education from August 29, 1986 to December 31, 1992, are free of material misstatement, we performed tests of the project Implementation Unit's compliance with agreement terms and applicable laws and regulations. The result of our tests disclosed the following instances of noncompliance, the effects of which have not been corrected by project Implementation Unit:

1. The fund accountability statements include costs that do not have documentation to determine whether they are reasonable, allocable, and allowable (Finding 1).



MANAGEMENT COMMENTS

The draft of this report was discussed with representatives of the Project Implementation Unit of the Ministry of Public Education and USAID/Honduras, who expressed their agreement with the report contents. The entire text of the project Unit's management comments is included in Appendix I. Those comments refer exclusively to actions taken by the project Unit's management to implement the recommendations of this report.

Price Waterhouse

Price Waterhouse

Representada por
R. Rodríguez y Asociados

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Price Waterhouse



AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
USAID/HONDURAS No. 522-0273
MANAGED BY THE MINISTRY OF PUBLIC EDUCATION
FOR THE PERIOD AUGUST 29, 1986
TO DECEMBER 31, 1992

FUND ACCOUNTABILITY STATEMENT

INDEPENDENT AUDITOR'S REPORT

We have audited the fund accountability statement of loan and grant funds of the Primary Education Efficiency Project, USAID/Honduras' Project No.522-0273, managed by the Ministry of Public Education from August 29, 1986 to December 31, 1992. This fund accountability statement is the responsibility of the Project Implementation Unit's management. Our responsibility is to express an opinion on this fund accountability statement based on our audit.

Except as indicated in paragraph four following, 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 misstatements. 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 fund accountability statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As indicated on Note 3, the Project did not issue the fund accountability statement of counterpart funds as of December 31, 1992. This omission was approved by USAID/Honduras, consequently, we do not include that statement on this report, and we do not express an opinion about the use of those funds.

We do not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 of chapter 3 of the Government Auditing Standards because no such quality review program is offered by



professional organizations in Honduras. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the Price Waterhouse World Firm worldwide internal quality control program which requires that our Price Waterhouse - Honduras Office be subjected, every three years, to an extensive quality control review by audit partners and managers from other Price Waterhouse World Firm offices.

The accompanying fund accountability statement of USAID/Honduras loan and grant funds, was prepared for the purpose of complying with Section 3.2, Part A of the project Implementation Letter No. 1 of the Grant Agreement No. 522-0273 between the U.S. Agency for International Development and the Government of Honduras as discussed in Note 1, and is not intended to be a presentation in conformity with generally accepted accounting principles.

As described in Note 4 to fund accountability statement, our testing identified questionable costs totaling L203,870 (US\$34,850). These costs arose from internal control structure weaknesses and instances of noncompliance as described in separate reports included in the following sections of this document.

In our opinion, except for the effects on the fund accountability statement costs mentioned on the preceding paragraph the fund accountability statement of USAID/Honduras loan and grant funds of the Primary Education Efficiency Project USAID/Honduras Project No.522-0273 presents fairly, in all material respects, the project's receipts and expenditures for the period August 29, 1986 to December 31, 1992, in accordance with the terms of the respective agreement with USAID/Honduras.

This report is intended solely for the use of the Ministry of Public Education 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.

Price Waterhouse

November 5, 1993

AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
USAID/HONDURAS No. 522-0273
MANAGED BY THE MINISTRY OF PUBLIC EDUCATION
FOR THE PERIOD AUGUST 29, 1986
TO DECEMBER 31, 1992

FUND ACCOUNTABILITY STATEMENT
USAID/HONDURAS LOAN AND GRANT FUNDS
(Expressed in Lempiras - Note 1)

	BUDGET (NOTE 3)			ACTUAL			AVAILABLE (UNDER) OVER BUDGET			QUESTIONABLE COSTS (NOTE 5)	
	LOAN	GRANT	TOTAL	LOAN	GRANT	TOTAL	LOAN	GRANT	TOTAL	INELIGIBLE	UNSUPPORTED
RECEIPTS:											
Loan and Grant Agreement											
A.I.D. 522-0273	L 7,949,843	L17,341,659	L25,291,502	L4,226,467	L10,709,846	L14,936,313	L 3,723,376	L 6,631,813	L10,355,189		
DISBURSEMENTS:											
Salaries	1,174,350	11,141,160	12,315,510	757,862	7,933,988	8,691,850	416,488	3,207,172	3,623,660		
Per diem	3,243,578	908,100	4,151,678	1,279,942	205,373	1,485,315	1,963,636	702,727	2,666,363		L203,870
Operational expenses	1,383,000	2,517,930	3,900,930	559,504	1,158,384	1,717,888	823,496	1,359,546	2,183,042	L208,399	
Contingencies		40,000	40,000					40,000	40,000		
Preschool education		143,250	143,250		142,952	142,952		298	298		
Materials and supplies	2,148,915	2,591,219	4,740,134	1,334,831	1,374,478	2,709,309	814,084	1,216,741	2,174,075		
TOTAL DISBURSEMENTS	<u>L7,949,843</u>	<u>L17,341,659</u>	<u>L25,291,502</u>	<u>3,932,139</u>	<u>10,815,175</u>	<u>14,747,314</u>	<u>4,017,704</u>	<u>6,526,484</u>	<u>10,544,188</u>	<u>L208,399</u>	<u>L203,870</u>
Excess (deficiency) of receipts over disbursements (Note 4)				<u>L 294,328</u>	<u>L (105,329)</u>	<u>L 188,999</u>	<u>L (294,328)</u>	<u>L 105,329</u>	<u>L (188,999)</u>		

AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
USAID/HONDURAS No. 522-0273
MANAGED BY THE MINISTRY OF PUBLIC EDUCATION
FOR THE PERIOD AUGUST 29, 1986
TO DECEMBER 31, 1992

NOTES TO THE FUND ACCOUNTABILITY STATEMENT

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES:

The fund accountability statement was prepared for the purpose of complying with Section 3.2, Part A of the Project Implementation Letter No. 4 of the Loan and Grant Agreement No. 522-0273 between the United States Agency for International Development and the Honduras Government and is not intended to be a presentation in conformity with generally accepted accounting principles. The significant accounting policies adopted by the Project Implementation Unit to manage the Project are summarized as follows:

Basis of accounting -

The Implementation Unit Primary Education Efficiency Project uses the system of budgetary execution of the USAID/Honduras loan and grant agreement No.522-0273. The cash basis is used in this system to record receipts and disbursements, which are recognized when they are received or disbursed, respectively.

Exchange rate -

The records of the project are kept in Honduran Lempiras, the official currency. The official exchange rate of two Lempiras for one United States Dollar remained constant for many years. In March 1990 the Government of Honduras approved an interbank exchange market for most foreign exchange transactions. As of December 31, 1992, the exchange rate in this market was L5.85 to US\$1.00.

NOTE 2 - HISTORY AND OPERATIONS OF THE PROJECT:

On August 29, 1986 the Government of Honduras, acting through the Ministry of Finance and Public Credit, signed a Grant and Loan Agreement with the United States Agency for International Development (A.I.D.) to meet the costs of carrying out project No.522-0273, Primary Education Efficiency Project. The project completion date is July 30, 1994.

The total estimated project cost was US\$30,751,000. USAID/Honduras was to provide loan and grant funding in increments up to US\$22,100,000 and the Government of Honduras was to fund US\$8,651,000 of project costs. As of December 31, 1992, A.I.D. had

obligated US\$21,068,000 through various project Agreement Amendments.

The goal of the project is to contribute the efficiency, cost/effectiveness, and quality of primary education in Honduras. The purposes of the project include improvement in student academic achievement; reduced desertion, repetition and absenteeism rates; and a drop in the unit cost of producing a sixth grade graduate.

The project will achieve these goals through the financing of a new series of textbooks and teacher guides, teacher training, educational research, the management information system, and a series of learning objectives and evaluation activities.

The project includes six interrelated components:

1. Textbooks, Teacher Guides - The project was intended to provide before the end of 1991 to the six grades four basic textbooks (Mathematic, Language, Natural Science, Social Studies). The project will also furnish teachers with a group of four guides, one for each subject.

A variety of technologies are used for writing, reviewing, printing and distributing textbooks.

This component has the following subcomponents:

- (a) Strengthening MOE Textbook Capability - This support will contribute to developing a permanent capability of learning resources for writing, reviewing, printing, distributing and storing textbooks. It will also assist in training teachers to utilize new textbooks, teacher guides, and teaching materials.
 - (b) Writing of Textbooks and Teacher Guides - This sub-component will supports the activities of writing and field testing the new textbooks and teacher guides, through editing committees.
 - (c) Printing and Distribution of Primary School Textbooks and Teacher Guides - This subcomponent will establish a print shop and warehouse of textbooks in Tegucigalpa, to print, package and store textbooks for their distribution to each school.
2. In Service Teacher Training - Under this component, technical assistance is provided to teachers to implement technical learning and to improve teachers' functional relationship with parents and members of the community. The assistance consists of intensive workshop at the beginning of each school year

over the first four years of project, and a permanent program of training services. This assistance is carried out using the radio and the newspaper for long distance education.

3. Educational Research - This component provided necessary resources to undertake studies about changes in primary education in Honduras.
4. Management Information System - This component of the project is directed at strengthening the institutional capacity of the information systems in the Ministry of Education, extending access to new users, training of technical staff, providing equipment and software, providing user orientation services, and producing analytical studies.
5. Learning Objectives and Evaluation - This component will provide resources for the evaluations of the project. These evaluations will also assess the successes and problems of the different project components, and make specific recommendations regarding reprogramming of activities and possible new or enlarged activities.
6. School Construction, Maintenance and Renovation - Economic Support to this component will consist entirely of local currency funds. The construction activities financed by this project will be based on a strategy of self help developed by the Ministry of Education.

The general direction of the project will be under the responsibility of the Sub-Secretary of Education for technical matters and the External Cooperation Coordinator Unit.

NOTE 3 - BUDGET:

The project budget of USAID/Honduras funds did not include disbursements amounting to \$7,792,428 made directly by A.I.D. for the following concepts: (a) technical assistance amounting to US\$2,825,279 (b) foreign training amounting to US\$29,253 and (c) acquisitions of fixed assets and other acquisitions amounting to US\$4,937,896.

The disbursement categories of the budget of USAID/Honduras presented in the accompanying fund accountability statement, were approved by USAID/Honduras.

NOTE 4 - QUESTIONABLE COSTS:

Certain project costs, as of December 31, 1992, not eligible or not supported, are shown below. Amounts in parenthesis represent the U.S. dollar equivalent at the official rate of exchange of L5.85 to US\$1.00.

QUESTIONABLE COSTS
INELIGIBLE UNSUPPORTED

I. Per diem and other travel expenses:

Travel per diems paid to rural communities for which there are no documents or reports of activities during the trip. (See finding No. 1 in compliance section).

L203,870
\$(34,850)

II. Operational Expenses:

Retentions concerning reimbursement applications carried out by AID for expenditures that are not eligible

L208,399
\$(35,624)

Total

	L208,399	L203,870
	<u>\$(35,624)</u>	<u>\$(34,850)</u>

Price Waterhouse



AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
USAID/HONDURAS No.522-0273
MANAGED BY THE MINISTRY OF PUBLIC EDUCATION
FOR THE PERIOD AUGUST 29, 1986
TO DECEMBER 31, 1992

INTERNAL CONTROL STRUCTURE

INDEPENDENT AUDITOR'S REPORT

We have audited the fund accountability statement of USAID/Honduras loan and grant funds of the Primary Education Efficiency Project, USAID/Honduras Project No.522-0273, managed by the Ministry of Public Education during the period August 29, 1986 to December 31, 1992, and have issued our report thereon dated November 5, 1993.

Except for not conducting an external quality control review by an unaffiliated audit organization, 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 are free of material misstatement.

In planning and performing our audit of the fund accountability statement of USAID/Honduras of the Primary Education Efficiency Project, USAID/Honduras Project No.522-0273, managed by the Ministry of Public Education from August 29, 1986 to December 31, 1992, we consider the 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 the project Implementation Unit of the Ministry of Public Education 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 basis of accounting described in Note 1 to the fund accountability statement and agreement terms. 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 might 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:

- Accounting process
- Budgetary process
- Procurement system
- Payroll and per diem procedures
- Receipts and disbursements
- Fixed assets system
- Compliance with agreement

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

1. Controls and procedures for obtaining quotes for goods and supplies are not adequate to insure that quality products are obtained at the lowest price available. (Finding 2)
2. Fixed assets' costs according to project records do not match the cost information provided by USAID/Honduras. (Finding 3)

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements



does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the fund accountability statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We believe that the reportable conditions mentioned above are material weaknesses.

This report is intended solely for the use of the Ministry of Public Education 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.

Tricia Waters

November 5, 1993

AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
USAID/HONDURAS No.522-0273
MANAGED BY THE MINISTRY OF PUBLIC EDUCATION
FOR THE PERIOD AUGUST 29, 1986
TO DECEMBER 31, 1992

INTERNAL CONTROL STRUCTURE

FINDINGS

1. 25% of all vehicles are not in use due to lack of preventive maintenance.

Condition:

The project has the manuals and forms necessary to manage preventive maintenance, fuel use, and tires for each vehicle. However, we noticed that due to the condition of the vehicles, the procedures in these manuals are not being followed, for example:

<u>Vehicle Number</u>	<u>Condition</u>
7	Motor in bad condition since 1990.
20	Motor in bad condition since 1992.
21	Abandoned in the Ministry of Public Education, date of abandonment unknown. Vehicle was transferred to the department of school constructions without the required documentation.
17	Vehicle in a private mechanical shop located in the "Barrio La Hoya" since October 1992.
23	Motor in bad condition since 1992. Vehicle is presently located in the "El Puente" mechanical shop in the "Colonia El Loarque". The vehicle has been in the above mentioned mechanical shop since October of 1992.
19	Vehicle stopped in the proximity of the project. Information is unavailable regarding the mechanical problem or date since when it has been abandoned.

Criteria:

Annex II, Article B, Section B.2 of the grant and loan agreement establishes that the implementation of the project should be carried out with due diligence and efficiency in conformity with sound technical, financial and management practices.

Cause:

The project's administration did not establish a mechanism to supervise that the existing manuals and forms are being followed for vehicle control.

Effect:

The project is not adequately using the vehicle fleet given by USAID/Honduras.

Recommendation:

The administration of the project should evaluate a way to rehabilitate the vehicle fleet and implement procedures adequate to insure that the necessary maintenance for the fleet is performed.

2. Controls and procedures for obtaining quotes for goods and supplies are not adequate to insure that quality products are obtained at the lowest price available.

Condition:

Currently, we are quoting groups of special material of a different nature with two other suppliers who do not normally sell parts of these materials since it is not included in their normal product line.

See purchase order No.0644, June 27, 1992.

Criteria:

Annex II, Article B, Section B.2 of the Grant and Loan Agreement establishes that the implementation of the project should be carried out with due diligence and efficiency in conformity with sound technical, financial and management practices.

Cause:

There is not an adequate control structure to detect, investigate and rectify all exceptions.

Effect:

This procedure resulted to be a disadvantage to the institutions since two or three quotes did not include all of the articles and at the end, comparisons of price and quality from distant suppliers did not exist.

Recommendation:

Management should carry out quotes for those special product lines separately with the purpose of comparing prices of one article with those of various suppliers.

3. The costs and stock fixed assets obtained according to project records do not match the cost information provided by USAID/Honduras.

Condition:

During our review we found the following situations:

- a) There are differences between assets' costs according to USAID/Honduras and project's records, for example:

<u>Asset</u>	<u>According USAID/HONDURAS</u>	<u>According the Project</u>	<u>Difference</u>
Bookbinder Rosback M-880	L29,900	L36,000	L6,100
Photocopier Canon NP-4540	L19,368	L10,000	L9,368
Paper Duplex DC-1100	L18,000	L19,000	L1,000

- b) The Accounting Department of the project does not have any subsidiary ledger records and has not reconciled with fixed assets stock.

<u>Asset</u>	<u>According to USAID/Honduras</u>	<u>the Project</u>	<u>Difference</u>
Computer IBM Model 8580-11, Server 20MHZ, 115 MB hard disk, 2MB RAM 1.44 disk drive	1	0	1
Photocopier Sharp SF-8500	1	0	1

Criteria:

The project must maintain adequate accounting records.

Cause:

- a) The project received from USAID/Honduras two assets' listings showing different values.
- b) The accounting system was not designed to control fixed assets individually.

Effect:

- a) Fixed assets are not valued according to the real cost that USAID/Honduras paid for them.
- b) The project's accounting records do not include all assets provided by USAID/Honduras and/or purchased with own funds.

Recommendation:

- a) The project must obtain from USAID/Honduras the real values for all assets granted and must carry out the necessary adjustments in their accounting records.
- b) Project's assets must have adequate accounting controls to ensure that the amounts assigned to this line item are corrected.

4. The project does not have the appropriate accounting procedures to detect and avoid duplication of accounting transactions.

Condition:

- a) The project lacks adequate control in detecting duplicate registers of expenditures sent for reimbursement to AID, that were not accepted by AID at first, being resubmitted on a later request that was also registered by the project, as follows:

<u>Reimbursement Number</u>	<u>Registered Amount</u>	<u>Accepted Amount</u>	<u>Difference</u>
1	L388,174	L289,366	L98,808*
6	L 98,808	L 98,808	- 0 -
3	L141,054	L112,592	L28,462*
8	L 28,462	L 28,462	- 0 -

- * As observed, the differences unaccepted by AID were once again submitted in the reimbursement request numbers 6 and 8 respectively, which were also registered by the project. For the purpose of preparing the Fund Accountability Statement, these duplicate reimbursements were not considered and were therefore not included as questionable cost.

Criteria:

Generally accepted accounting principles establish that accounting procedures must be adequate in order to have an accurate accounting and so that it can be used as a tool for decision making.

Cause:

The project's administration did not establish a surveillance mechanism and control for the preparation and posting of accounting records.

Effect:

This deficiency affects the accuracy of the accounting records and the fund accountability statement.

Recommendation:

The project's administration must implement periodic checking and supervision mechanisms to control project's accounting records.

Representada por
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Price Waterhouse



AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
USAID/HONDURAS No.522-0273
MANAGED BY THE MINISTRY OF PUBLIC EDUCATION
FOR THE PERIOD AUGUST 29, 1986
TO DECEMBER 31, 1992

COMPLIANCE WITH AGREEMENT TERMS AND
APPLICABLE LAWS AND REGULATIONS

INDEPENDENT AUDITOR'S REPORT

We have audited the fund accountability statement of USAID/Honduras loan and grant funds and counterpart funds of the Primary Education Efficiency Project No.522-0273 managed by the Ministry of Public Education during the period August 29, 1986 to December 31, 1992, and have issued our report thereon dated November 5, 1993.

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 audits 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.

Compliance with agreement terms and laws and regulations applicable to the Primary Education Efficiency Project, USAID/Honduras Project No.522-0273, is the responsibility of the Project Implementation Unit of the Ministry of Public Education. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of the project Implementation Unit's compliance with the terms of the agreement and certain provisions of laws and regulations. However, the objective of our audit of the fund accountability statement was not to provide an opinion on overall compliance with such terms and provisions. Accordingly, we do not express such an opinion.



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 misstatement resulting from these failures or violations is material to the fund accountability statement. The results of our tests of compliance disclosed the following material instance of noncompliance.

1. The fund accountability statement includes costs that do not have documentation to verify whether they are reasonable and allocable and allowable. (Finding 1)
2. For the counterpart funds, the project does not have the necessary documents to credit its existence and reasonability. Additionally, adequate records are not maintained in accordance to the applicable rules. (Finding 2)

We considered this material instance of noncompliance in forming our opinion on whether the fund accountability statement of the Primary Education Efficiency project USAID/Honduras No.522-0273 is presented fairly, in all material respects, in conformity with agreement terms, and this report does affect our report dated November 5, 1993 on the fund accountability statement.

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, the project Implementation Unit of the Ministry of Public Education complied, in all material respects, with the provisions. Regarding the accounting records that were not tested, nothing came to our attention that would make us suspect that the Ministry of Education has not, in all of the important aspects, completed with such provisions.

This report is intended solely for the use of the United States Agency for International Development and the Ministry of Public Education. 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.

Pricewaterhouse

November 5, 1993

AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
USAID/HONDURAS No.522-0273
MANAGED BY THE MINISTRY OF PUBLIC EDUCATION
FOR THE PERIOD AUGUST 29, 1986
TO DECEMBER 31, 1992

COMPLIANCE WITH AGREEMENT TERMS AND
APPLICABLE LAWS AND REGULATIONS

FINDINGS

1. Per Diem costs did not have necessary documents of support to determine whether they are allocable, allowable, and reasonable in accordance with the respective terms of the agreement.

Condition:

On our selective revision of per diem disbursements during the period from September 1, 1988 to December 21, 1992 we noted the following deficiencies:

- a) Requests for advances and travel claim to liquidate per diem advances were not prepared by the personnel who made trips to rural communities.
- b) Reports of activities developed during the trips were not prepared.

Criteria:

Per diem and other travel expenses manual to employees and functionaries of Poder Ejecutivo, issued in Agreement No. 636 of November 14, 1977, revised on December 31, 1992, established the following:

- a) Article 13 - An advance for per diem and travel expenses will be paid in the country.
- b) Article 15 - The officer or employee that concludes a trip and returns to his office or department will have three business days for turning in to the corresponding Administrative Section a report of the trip and a travel claim to liquidate the per diem advance in the appropriate format.

USAID/Honduras regulations requires that per diem costs have to be properly documented.

Cause:

Project Management did not adequately assign the responsibility of supervising compliance with the per diem regulation.

Effect:

Due to inappropriate documentation cases of disbursements, an amount of L203,870 is considered as questionable costs.

Recommendation:

The project's administration must establish specific procedures to ensure compliance with the current per diem regulation.

2. For the counterpart funds, the project does not have the necessary documents to credit its existence and reasonability. Additionally, adequate records are not maintained in accordance to the applicable rules.

Condition:

During our revision of the counterpart funds received by the project as of December 31, 1992 we found that, in general terms, there is no documentation that justifies the expenses incurred.

Criteria:

Section B.5.b. of Annex II of the contract celebrated between A.I.D. and the Republic of Honduras it is clearly specified that accounting records will be maintained for the project. These accounting records must be maintained in accordance with generally accepted accounting standards and practices.

Cause:

The administration of the project did not establish register and support controls, through the documentation of the counterpart funds.

Effect:

Due to the lack of documentation regarding the counterpart funds it is impossible to determine the rational and adequate use of these funds.

Recommendation:

The administration of the project must establish the necessary procedures and insure that the restrictive clauses are observed.

AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
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MANAGED BY THE MINISTRY OF PUBLIC EDUCATION
FOR THE PERIOD AUGUST 29, 1986
TO DECEMBER 31, 1992

RECOMMENDATIONS LIST

INTERNAL CONTROL STRUCTURE

Recommendation No. 1:

The administration of the project should evaluate a way to rehabilitate the vehicle fleet and implement procedures adequate to insure that the necessary maintenance for the fleet is performed.

Recommendation No. 2:

Management should carry out quotes for those special product lines separately with the purpose of comparing prices of one article with those of various suppliers.

Recommendation No. 3:

- a) The project must obtain from USAID/Honduras the real values for all assets granted and must carry out the necessary adjustments in their accounting records.
- b) Project's assets must have adequate accounting controls to ensure that the amounts assigned to this line item are corrected.

Recommendation No. 4:

The project's administration must implement periodic checking and supervision mechanisms to control project's accounting records.

COMPLIANCE WITH AGREEMENT TERMS AND APPLICABLE LAWS AND REGULATIONS

Recommendation Agreement No. 1:

The project's administration must establish specific procedures to ensure compliance with the current per diem regulation.

Recommendation No. 2:

The administration of the project must establish the necessary procedures and insure that the restrictive clauses are observed.

APPENDIX I

AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
USAID/HONDURAS No.522-0273
MANAGED BY THE MINISTRY OF PUBLIC EDUCATION
FOR THE PERIOD AUGUST 29, 1986
TO DECEMBER 31, 1992

MANAGEMENT COMMENTS



REPUBLICA DE HONDURAS
MINISTERIO DE EDUCACION PUBLICA
PROYECTO GDEH/AID No.522-0273
EFICIENCIA DE LA EDUCACION PRIMARIA
TEGUCIGALPA M.D.C.

OFICIO N° 405-AG-94
24 de Noviembre de 1994

Doctor
Srs. Price Waterhouse
Apartado Postal 20541-C
Tegucigalpa , M.D.C.

Estimado Señores :

En base a las recomendaciones dictadas por la firma Auditoría Price Waterhouse después de haber realizado la Auditoría del Proyecto comunico a usted que se ha tomado los correctivos necesarios y la condición de los Sistema de Control Interno es el siguiente.

PAGINA 2

- I.- A partir de 1993 fue contratada la Lic. Carolina Osorio quien realiza las conciliaciones bancarias las que posteriormente son revisadas y autorizadas por el Administrador General.
- II.-
- 1.-Condición: Corregido
A partir de 1993 se verifica que todos los contratos estén debidamente firmados.
- 2.-Condición : Corregido
A partir de 1992 la Contadora General lleva los registros de todos los reintegros que se realizan a la Tesorería General de la República.

PAGINA 3

III

- 1.-Condición : Corregido
A partir de 1993 se corrigió esta condición y se liquida toda orden de viáticos con su respectivo informe y con las facturas originales de los gastos realizados.
- 2.-Condición : Corregido
A partir de 1993 se tiene la precaución de verificar que todo supervisor presente su Informe detallado de cada gira realizada.

IV

- 1.-Condición : Corregido
En el presente mes de noviembre fueron entregados todos los Emblemas Oficiales de la A.I.D. los cuales ya fueron colocados a todos los vehículos del proyecto.

PAGINA 4

- 2.- Condición : Corregido
Desde el año de 1992 cuando han sucedido percances automovilístico en que se vean involucrados los vehículos de este Proyecto , se hacen los respectivos reclamos a la Compañía Aseguradora .



REPUBLICA DE HONDURAS
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3.-Condición : En proceso de corrección.

Actualmente se están verificando los valores de los activos para los registros de Kardex de todos activos donados por la A.I.D.

4.- Condición : Corregido

A partir de 1992 se corrigió esta situación y se realizan 3 cotizaciones para la realización de cualquier reparación automotriz.

PAGINA 5

5.- Condición : Corregido

A partir del presente año se implementaron manuales y formularios para el control del mantenimiento de reparaciones de vehículos.

6.- Condición : En proceso.

Se han reparado casi todos los vehículos a excepción de la camioneta cherokee # 20.

A partir del presente año se contrato con Fondos Nacionales un mecánico quien junto al jefe de Servicios Generales se encargan de efectuar revisiones periódicas y aplicar los servicios de mantenimiento preventivo a los vehículos del proyecto.

PAGINA 6

V

1.- Condición : Corregido

A partir de 1992 se preparan actas de recepción por cada orden de compra realizada .Esta actas es firmada por el encargado de la bodega.

2.-Condición : Corregido

A partir de 1992 se realizan 3 cotizaciones por cualquier compra que se realiza. Según el reglamento de compras se autoriza a la unidad ejecutora a realizar compras hasta por Lps. 30,000.00 .

3.- Condición : Corregido

A partir del presente año se lleva un archivo de todos los proveedores del proyecto.

4.- Condición : Corregido

A partir de 1992 esta situación fue corregida implementando las requisiciones numeradas.

VI

Corregido: A finales de 1993 fue corregida esta situación con la implementación de un sello con la leyenda "anulado".

PAGINA 28 LISTA DE RECOMENDACIONES

Estructura de Control Interno:

Recomendación 1: Corregido. En el presente año se contrato un mecánico con Fondos Nacionales y se ha invertido una cantidad considerable en la adquisición de repuestos para habilitar los vehículos del proyecto.

Recomendación 2 : Corregido.



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TEGUCIGALPA M.D.C.

A partir de 1992 se sigue el siguiente procedimiento:

1.- Realización de 3 cotizaciones (eventualmente se hace una cuarta cotización a la Proveduria General).

2.- Elaboración del resumen de cotizaciones y aprobada por el administrador.

Recomendación 3: Actualmente se esta corrigiendo esta situación verificando los costos de los activos proporcionados por la AID.

Recomendación 4: Corregido.

La Contadora General lleva el control de todos los registros contables lo cual es verificado por el administrador.

CUMPLIMIENTOS CON LOS TERMINOS DEL CONVENIO , LEYES Y REGULACIONES APLICABLES.

Recomendación 1 : Corregido

Hay un Oficial Administrativo quien se encarga de la elaboración y liquidación de los viáticos.

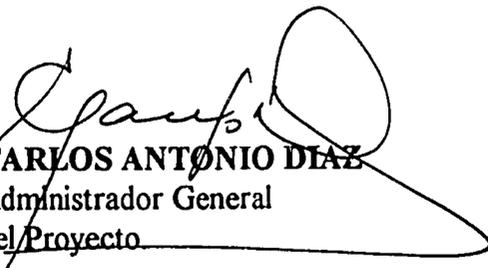
Recomendación 2 : Corregido

En el año de 1993 el AID proporciono un formato para elaborar estos informes trimestralmente.

Todas estas recomendaciones se han corregido y se están aplicando para poder llevar un mejor control Financiero y Administrativo del Proyecto Eficiencia de la Educación Primaria.

Cualquier consulta o revisión que se quiera realizar a los registros contables, o formatos de Control Administrativo que se lleva en este proyecto los ponemos a su disposición para su verificación correspondiente.

Atentamente,


CARLOS ANTONIO DIAZ
Administrador General
del Proyecto

AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
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QUESTIONABLE COSTS SUMMARY

<u>Component</u>	<u>Amount in books</u>	<u>Audit samples</u>	<u>%</u>	<u>Question- able Costs</u>	<u>%</u>
Salaries and wages	L 8,691,850	L4,676,303	54		
Per diem	1,485,315	472,242	32	L203,870	43
Operational expenses	1,717,888	562,728	33	208,399	37
Preschool education	142,952				
Material, supplies and equipment	2,709,309	365,985	14		
	<u>L14,747,314</u>	<u>L6,077,258</u>	41	<u>L 412,269</u>	7

AUDIT OF PRIMARY EDUCATION EFFICIENCY PROJECT
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INELEGIBLE COSTS
PER DIEM

(Expressed in Lempiras - Note 1)

<u>Payment Order</u> <u>Number</u>	<u>Reimbursement</u> <u>Number</u>	<u>Date</u>	<u>Value</u>
136451	3	Apr.25/88	L 3,245
136494	7	Jun.21/88	62,338
136662	41	Nov.24/89	6,930
706	60	Dec.31/90	7,737
707	59	Dec.31/90	13,410
912	59	Feb.18/91	1,715
913	61	May.03/91	825
916	61	May.03/91	1,375
917	61	May.03/91	3,000
920	61	May.03/91	368
948	62	May.15/92	16,563
995	66	Jun.26/91	9,495
1013	64	Jun.10/91	4,180
1016	66	Jun.26/91	2,950
1017	66	Jun.26/91	119
1027	68	Aug.02/91	2,158
1031	68	Aug.02/91	3,220
1035	69	Aug.02/91	17,714
1040	69	Aug.02/91	3,583
1042	69	Aug.02/91	855
1043	69	Aug.02/91	1,125
1044	69	Aug.02/91	336
1052	70	Sep.12/91	385
1055	70	Sep.12/91	225
1070	70	Sep.12/91	855
1071	71	Sep.12/91	10,505
1072	71	Sep.12/91	1,155
1073	71	Sep.12/91	1,071
1074	71	Sep.12/91	9,405
1076	71	Sep.12/91	9,350
1113	72	Oct.22/91	2,835
1116	72	Oct.22/91	495
1122	73	Oct.22/91	120
1149	76	Dec.05/91	313
1213	76	Dec.05/91	3,915
			<u>L203,870</u>

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UNSUPPORTED COSTS
RETENTIONS AND INELEGIBLE COSTS
(Expressed in Lempiras - Note 1)

<u>Date</u>	<u>Reimbursement</u>	<u>Description</u>	<u>Amount</u>
21/June/1988	05	Purchase of fuel (Tax included)	L 6,664
21/June/1988	09	Purchase of fuel (Tax included)	9,994
27/July/1988	10	Purchase from COMIN of three percolators	372
30/August/1988	11	Purchase of fuel (Tax included)	15,000
07/October/1988	15	Purchase of fuel (Tax included)	4,998
07/October/1988	16	Purchase of fuel (Tax included)	10,000
25/October/1988	17	Purchase of fuel (Tax included)	10,000
14/July/1989	31	Purchase of fuel (Tax included)	9,800
09/August/1989	33	Leslie Cruz's salary no receipt was signed	600
29/Nov./1989	42	Purchase of fuel (Tax included) L9,999.92 salary of Angela V. Rosales no receipt was signed.	12,800
01/Dec./1989	43	Purchase of revolving sprinklers	66
22/January/1990	46	Purchase of fuel (Tax included)	10,000
24/January/1990	47	Purchase of fuel (Tax included)	9,998
12/Sept./1990	54	Purchase of fuel (Tax included)	14,998
28/Nov./1990	57	Purchase of fuel (Tax included)	19,943
18/February/1991	59	Tax on purchase of fuel	1,098
31/Dic./1990	60	Tax on purchase of fuel	1,996
03/Mayo/1991	61	Tax on purchase of fuel	1,744
15/Mayo/1991	62	Amount that does not correspond to administrative salaries	300
10/June/1991	64	Tax on the purchase of fuel, a clock and a telephone	28,784
10/June/1991	65	Tax on purchase of fuel	1,694
02/August/1991	68	Purchase of fuel (Tax included)	5,999
06/March/1992	78	Travel expenses suspended in 1992	17,981
06/March/1992	79	Travel expenses suspended in 1992	1,947
05/June/1992	84	School constructions invoice	2,904
22/July/1992	86	Social attentions to project employees	8,714
		TOTAL	<u>L208,399</u>

3