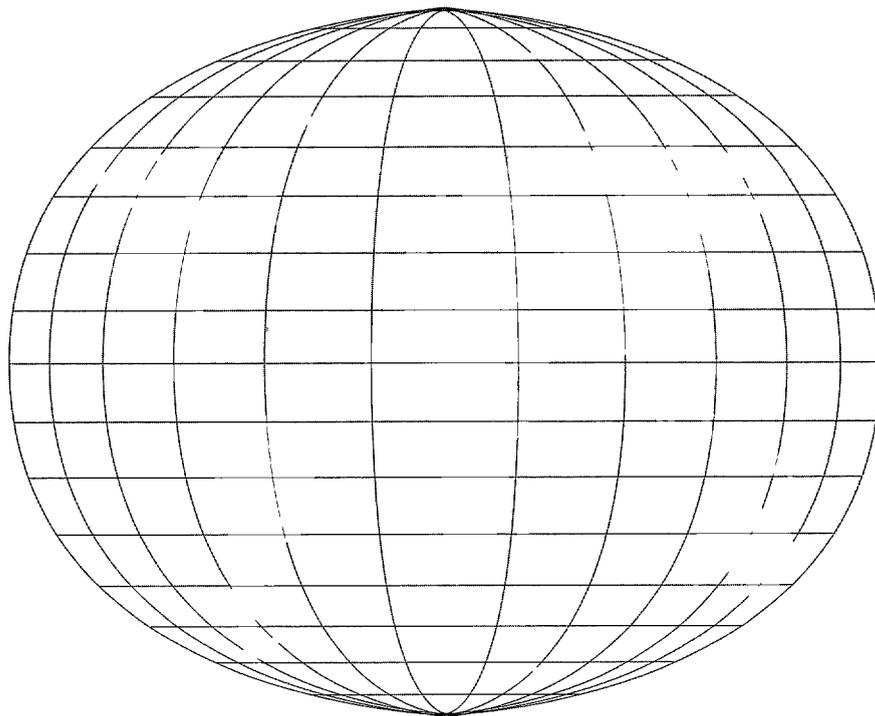


Report of Audit

**Audit of the University of Swaziland CARPA
Project, Agreement No. 623-0478.23-A-00-4092,
for the Period October 1, 1994 to June 30, 1998**

**Report No. 4-623-99-005-N
April 1, 1999**



**REGIONAL INSPECTOR GENERAL/PRETORIA
OFFICE OF INSPECTOR GENERAL
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

PD-ABR-231

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**Audit of the University of Swaziland CARPA
Project, Agreement No. 623-0478.23-A-00-4092,
for the Period October 1, 1994 to June 30, 1998**

**Report No. 4-623-99-005-N
April 1, 1999**

REGIONAL INSPECTOR GENERAL/PRETORIA

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Regional Inspector General

April 1, 1999

MEMORANDUM FOR MISSION DIRECTOR, USAID/REDSO/ESA

FROM Regional Inspector General/Pretoria, Joseph Farinella

SUBJECT Agency-contracted Audit of the University of Swaziland CARPA Project, Agreement No 623-0478 23-A-00-4092, for the Period October 1, 1994 to June 30, 1998, Report No 4-623-99-005-N

Attached is a report of an Agency-contracted Audit of USAID's grant under a cooperative agreement to the University of Swaziland (UNISWA) under the CARPA project. The audit was performed by PricewaterhouseCoopers, Certified Public Accountants, Nairobi, Kenya.

Under the above agreement, UNISWA was to identify the effects of evolving trade and agricultural policies on agricultural productivity and food security in East and Southern Africa. The information obtained as a result of this activity would be of assistance to USAID missions and other interested parties.

The audit covered the period from October 1, 1994 to June 30, 1998. Expenditures reported during this period totaled \$1,135,674.

The audit scope and objectives included:

- performing a financial audit in accordance with generally accepted auditing standards and the standards of the U.S. Comptroller General's Government Auditing Standards, and to express an opinion on the auditee's Fund Accountability Statement for the period October 1, 1994 to June 30, 1998,
- evaluating the auditee's internal controls in order to assess control risk and identify any significant internal control deficiencies, and
- reviewing the auditee's compliance with applicable laws, regulations and agreements, and report on any material instances of non-compliance.

The auditors issued a qualified opinion on the Fund Accountability Statement. The report identified questioned ineligible and unsupported costs totaling \$234,104 and \$517,331, respectively. The questioned costs principally comprised of (1) expenses

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not approved by USAID, (2) expenses incurred after expiry of agreement, (3) travel expenses not supported by adequate evidence, and (4) procurements not in accordance with applicable procedures

The report on internal controls identified one material weakness - inadequate oversight of project activities by either UNISWA or the project steering committee

The report on compliance showed three instances of non compliance which resulted in some of the questioned costs described above Specifically

- UNISWA did not obtain advance approvals for international travel and award of sub-contracts,
- full time project officials were engaged in other paid employment funded by another donor, and
- no vehicle usage records were maintained for USAID-funded vehicles which did not provide adequate assurance whether or not those vehicles were used for purposes that were not project-related

Based on our review, we are making the following recommendations

Recommendation No 1 We recommend that USAID/REDSO/ESA determine the allowability of and collect, as appropriate, questioned ineligible costs of \$ 234,104 from the University of Swaziland - CARPA Project

Recommendation No 2 We recommend that USAID/REDSO/ESA determine the allowability of and collect, as appropriate, questioned unsupported costs of \$ 517,331 from the University of Swaziland - CARPA Project

Since USAID's agreement with UNISWA expired in January 1998, we are not making any recommendations on the internal control and compliance issues identified in the audit report

The above recommendations will be included in the Office of Inspector General's audit recommendation follow-up system and therefore require a management decision by USAID/REDSO/ESA Please advise within 30 days of actions planned or taken by the Mission to reach a management decision

UNIVERSITY OF SWAZILAND – CARPA PROJECT

COOPERATIVE AGREEMENT NUMBER 623-0478 23-A-00-4092-00

JANUARY 1999

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UNIVERSITY OF SWAZILAND – CARPA PROJECT

COOPERATIVE AGREEMENT NUMBER 623-0478 23-A-00-4092-00

JANUARY 1999

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4	COMPLIANCE WITH COOPERATIVE APPLICABLE LAWS AND REGULATIONS	18

APPENDICES

- 1 Detailed Fund Accountability Statement
- 2 Details of Questioned Costs
- 3 Details of Questioned Travel
- 4 Details of Questioned Costs – Sub Grantees
- 5 Areas of Concern To USAID
- 6 Follow up of Issues

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UNIVERSITY OF SWAZILAND – CARPA PROJECT

COOPERATIVE AGREEMENT NUMBER 623-0478 23-A-00-4092-00

JANUARY 1999

1 INTRODUCTION

1.1 BACKGROUND

The United States Government represented by the Agency for International Development (USAID) authorized funding to the University of Swaziland (UNISWA) of US\$ 400,050 on September 23, 1994. This was authorized under Cooperative Agreement No. 623-0478 23-A-00-4092-00. The Cooperative agreement covered a period of twelve months with an estimated completion date of December 31, 1995.

This Co-operative agreement was subsequently extended to allow expenditure of US\$ 1,747,549 with an estimated completion date of January 31, 1998.

The main aim of the agreement was to identify the impacts of evolving trade and agricultural policies on agricultural productivity and food security in East and Southern Africa. The analysis generated was to inform policy makers and USAID missions.

The objective was to be achieved through implementation of two key activities namely:

- Comparative advantage analysis and changing crop production patterns in Southern Africa

An analysis of the impact on the comparative advantage of different agricultural commodities in different agro-ecological zones in Southern Africa of:

- existing adjustment programs in the medium term
- different transportation routes and costs
- investment flows

The analysis was to cover Zambia, Zimbabwe, South Africa, Malawi, Swaziland and Mozambique.

- Electronic Communication and dissemination systems between researchers and policy makers in the region.

As at January 31, 1998, USAID had disbursed funds amounting to US\$ 1,167,009.

1.2 AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

1.2.1 Audit objectives

Price Waterhouse were appointed by USAID to carry out an audit of the University of Swaziland's (UNISWA) CARPA project.

The project was entirely funded by USAID.

The objectives of this audit were to:

- Audit the Fund Accountability Statement (FAS) of the USAID grant to UNISWA and express an opinion as to whether the Fund Accountability Statement presents fairly, in all material respects and in conformity with the basis of accounting described in the report, the utilization of funds in accordance with the cooperative agreements,

- Consider the Internal Control Structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Fund Accountability Statement, and to report on significant internal control deficiencies and material weaknesses and
- Test UNISWA s compliance with the terms of the cooperative agreement and applicable laws and regulations, as part of obtaining reasonable assurance as to whether the Fund Accountability Statement is free from material misstatement, and report on any identified material instances of non-compliance

The audit was undertaken in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the US Comptroller General (1994 Revision) We were required to adhere to guidelines contained in the "Guide for Financial audits Contracted by the Agency of International Development and Guidelines for Audits of Federal awards to Non-Profit Institutions

1 2 2 Audit scope

Our audit covered funds received and disbursed by UNISWA under Cooperative Agreement No 623-0478 23-A-00-4092-00 for the period 1 October 1994 to January 31, 1998 In addition we have reviewed expenditure incurred by UNISWA up to June 30, 1998, although this was outside the period of the cooperative agreement

The review included

- Examination and testing of supporting documentation for UNISWA expenditures for the period 1 October 1994 to 30 June 1998
- A study and evaluation of the internal controls and accounting practices of UNISWA to the extent necessary to render an opinion on the FAS
- A review of UNISWA s transactions for compliance with the Cooperative Agreement terms and conditions, and applicable laws and regulations

1 2 3 Audit Methodology

The audit was performed using the Price Waterhouse audit approach Work was carried out in the following distinct stages

- Initial survey which included familiarization with cooperative agreement conditions, documentation and initial assessment of UNISWA records identifying particular areas of risk
- Preparation of detailed work plan
- Approval of the detailed work plan by the partner in charge
- Submission of the detailed work plan to USAID and carrying out of detailed audit tests
- Issue of draft report to both UNISWA and USAID

1 3 RESULTS OF THE AUDIT

1 3 1 Fund Accountability Statement

Of total expenditure of US\$1,135 677 we questioned US\$ 751,435 for one or more of the following reasons

	US\$
Expenses incurred after the end of the cooperative agreement	\$124 874
Expenses not supported by the General Ledger	\$10 051
Expenses not approved by USAID	\$489,587
Expenses not fully supported by evidence of travel	\$102 002
Procurement procedures not correctly followed	\$419 801
No contract signed	\$6,500
Other	\$153 575

Details of questioned costs and our recommendations for resolving the questioned items are contained in Section 2 A full listing of questioned costs is in Appendix 2

1 3 2 Internal control

The internal control structure operated by UNISWA on the CARPA project required improvements The most significant of these was the need to introduce oversight over project activities by either the University or the project's steering committee Absence of this control procedure meant that the Project Director was able to operate largely without external supervision

Other issues raised within our report are

- Lack of supporting documentation to account for travel advances given to staff and consultants As a result we are unable to establish whether the planned journeys actually took place
- Lack of purchase orders to ensure that there is adequate control over commitments made by the project
- Budgets were not effectively linked into the activities required under the cooperative agreement This reduced the effectiveness of overall budgetary control

Details of internal control weaknesses together with our recommendations on how the internal control structure could be improved are contained in Section 3 of the report

It is the university's policy to allow existing staff to be paid additional fees to perform work for other departments of the university and for these to be chosen without formal selection procedures We have therefore not questioned costs in this regard

1 3 3 Compliance with Cooperative Agreement Terms and Conditions and Applicable Laws and Regulations

UNISWA did not comply with a number of aspects of the cooperative agreement In particular

- They did not seek approval in advance from USAID for international travel and the award of sub-contracts,
- Key staff, who were being paid a full time salary from the project, took on additional paid work for another donor, and

- There was no vehicle log being maintained for the project vehicle. As a result we are unable to establish whether the vehicle was being used for private use in contravention of the cooperative agreement.

Whereas the overall degree of non-compliance is not material, nevertheless the instances of non-compliance have given rise to questioned costs which have been described under the Fund Accountability Section of this report.

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 Certified Public Accountants
 Rattansi Educational Trust Building,
 Koinange Street
 P O Box 41968
 Nairobi Kenya
 Telephone 254 2 221244
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2 REPORT ON FUND ACCOUNTABILITY STATEMENT

2.1 INDEPENDENT AUDITORS REPORT

We have performed a financial audit of the Cooperative Agreement Fund Accountability Statement of the University of Swaziland's CARPA project for the period October 1, 1994 to June 30 1998. The Fund Accountability Statement is the responsibility of UNISWA management. Our responsibility is to express an opinion on the Fund Accountability Statement based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards and the standards contained in the Government Auditing Standards, issued by the Comptroller General of the United States (1994 Revision), with the exception that we have not been subject to a quality control review by a non PriceWaterhouseCoopers firm. We do not believe that this departure from Government Auditing Standards has affected our audit. We were subject to an external quality control review in July 1995 undertaken by a Price Waterhouse firm independent of our firm.

Those standards require that we plan and perform the audit to obtain reasonable assurance as to 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 financial statements. 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.

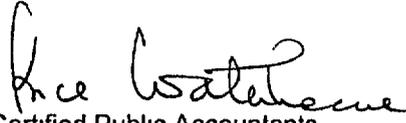
The results of our tests disclosed that expenditure amounting to US\$ 751 435 is questioned. This represents 66% of expenditure incurred under the grant and analyses as follows:

	US\$
Expenses not approved by USAID	489,587
Expenses incurred after end of agreement period	124,874
Expenses not supported by evidence of travel	102,002
Procurement procedures not correctly followed	419,801
Other questioned costs	170,126

(Note that some costs have been questioned in more than one category)

In our opinion, except for the effects of the questioned costs as discussed in the preceding paragraph, the Fund Accountability Statement referred to above presents fairly, in all material respects, project revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by A I D for the period then ended in accordance with the terms of the agreements and in conformity with the basis of accounting described in note 2.

This report is intended for the information of UNISWA and the US Agency for International Development (A I D) However, upon acceptance by A I D Office of the Inspector General, this report is a matter of public record and its distribution is not limited


Certified Public Accountants

11 1, 1999

UNIVERSITY OF SWAZILAND - CARPA PROJECT
 FUND ACCOUNTABILITY STATEMENT FOR THE PERIOD
 1 OCTOBER 1994 TO 30 JUNE 1998

	Budget US\$	Actual US\$	Accepted US\$	Ineligible Costs US\$	Unsupported Costs US\$
REVENUE					
Grant 623-0478-A-00-4092-00	1,747,550	1 167 009	1 167 009	0	0
EXPENDITURE					
PROJECT ADMINISTRATION	497,631	372 556	210,213	100,386	61,956
COMPARATIVE ADVANTAGE ANALYSIS	625,576	426,540	90,788	86,527	249,225
ELECTRONIC COMMUNICATIONS	427,293	228,621	37,128	19 309	172,183
TOTAL DIRECT PROJECT COSTS	1,550,500	1,027,717	338,129	206,222	483,364
ADMINISTRATIVE COSTS	159,049	84 513	22 662	27 882	33 967
TOTAL INDIRECT COSTS	159,049	84,513	22,662	27,882	33,967
TOTAL DIRECT AND INDIRECT COSTS	1,709,549	1,112,230	360,791	234,104	517,331
AUDIT	38 000	23 444	23 444	0	0
TOTAL PROJECT COSTS	1,747,549	1,135,674	384,235	234,104	517,331

1 **Currency translation**

Grants are recorded in US Dollars. The UNISWA CARPA project only operated a US Dollar account for USAID funds. Checks written in Emalangeni (local currency) were converted by the bank to US Dollars.

2 **Basis of accounting**

The Fund Accountability Statement is prepared on the basis of cash receipts and disbursements.

3 **Revenues**

Revenues represent amounts received under the grant from USAID during the period. No interest income is earned on the grants since they are banked in a current account.

4 **Definition of questioned costs**

The guidelines for agency contracted audits defines questioned costs in two separate categories:

- Questioned costs that are explicitly ineligible because they are not program related, unreasonable or prohibited by the agreements or applicable laws and regulations and
- Unsupported costs that are not supported with adequate documentation, or did not have the required prior approval or authorization

We have questioned expenditure as being unsupported where

- The required USAID approval has not been sought,
- There was inadequate evidence that appropriate procurement procedures were followed to ensure value for money for the project, and
- In the case of international air travel the University did not require travel advances to be accounted for on return, and there was inadequate evidence of the journey being made. Claims for international air tickets were supported by travel agent receipts but not by evidence that the journey was undertaken, or the purpose of the journey.

Counterpart Contributions

There were no counterpart contributions required under this cooperative agreement.

2 2 FINDINGS AND RECOMMENDATIONS

2 2 1 Sample selection criteria

100% of the revenue was verified We vouched 85% of the total expenditure

2 2 2 Audit results

Our detailed testing of transactions revealed the following

- a) Checks received from USAID are banked in a US Dollars current account No interest is earned on this account
- b) Payment are made both in US dollars and the local Swaziland currency, Emalangen Translation of currency is done by the bank at no cost
- c) There was a difference of US\$ 10,051 between the detailed ledger and reports submitted to USAID as at 30 June 1998

2 2 3 Questioned expenditure

Finding

Of total expenditure of US\$1,135,677 we questioned a total of US\$ 751,435 for one or more of the following reasons

	US\$
Expenses incurred after the end of the cooperative agreement	\$124,874
Expenses not supported by the General Ledger	\$10 051
Expenses not approved by USAID	\$489 587
Expenses not fully supported by evidence of travel	\$102,002
Procurement procedures not correctly followed	\$419 801
No contract signed	\$6,500
Other	\$153,575

Recommendation No 1

- a) UNISWA should obtain USAID approval of US\$489 587 of expenditure that should be approved by USAID
- b) Supporting documents in respect of travel expenditure amounting to US\$ 102,002 should be located If this is not possible, UNISWA should refund this amount to USAID
- c) UNISWA should retrospectively provide evidence that appropriate procurement procedures were followed in respect of expenditure totaling US\$ 419,801
- d) UNISWA should provide support for US\$10 051 of expenditure not currently included within the General Ledger
- e) UNISWA should obtain an extension to the cooperative agreement to cover US\$124,874 of expenditure that was incurred after January 1998

Management Comment

- a) It was not clear from the Agreement that approval was needed for sub-awards This came in the last amendment of extension from 1 November 1997 to 31 January 1998 Accordingly requests for retrospective approval were made for all sub awards and sent to the USAID/REDSO Contracting Officer in January 1998 With respect to travel there was unawareness about requirements for approval Correspondence was made with the Contracting Officer when this was brought to the notice of the Project Director Requests for approval were

made for many trips. Others on which this issue was raised within suspended vouchers were also sent for retrospective approval by the REDSO Contracting Officer

- b) People travelling were asked to provide ticket stubs but response was not always complete. Since travel was associated with activities of the project (training, conferences, meetings etc) people were asked to travel so that these activities were performed. This reduced the Project's position to apply strict conditions on travelling. The situation was also influenced by the procedure followed at UNISWA whereby people were granted tickets and per diem but not required to provide documents. The project was well aware of whether travel was undertaken or not and all activities for which travel was made were known since they were related to workshops, conferences and meetings
- c) Sub-awards were provided according to competence and experience in the region where often researchers who could do the required work were limited and the choice was not wide. It was also not stated in the Agreement that studies should be tendered. There was a process of selection of competent researchers and a workshop in 1995 related to this matter was attended by those who participated in the study, including USAID representatives. The selection of the teams was acknowledged in Amendment No 1 Policy analysis, Research and Technical Support (PART) of September 12, 1995 stating in Annex 1 to Attachment II "The project has established Country Teams in all seven countries to participate in the research agenda". REDSO have not questioned this issue over this period
- d) Noted. However source of information need to be clarified
- e) There was a strong understanding that the project would be extended and an application for no-cost extension was made. The Agreement was terminated late February, 1998 and until then work was continuing on the project. The situation was communicated to the Contracting Office and the need to continue work over this period was explained together with estimated costs

2 2 4 Periodical expenditure Reports

Finding

The total expenditure as per the periodical expenditure reports submitted to USAID did not agree to the detailed ledger for the project expenditure

Recommendation No 2

Periodical expenditure reports submitted to USAID should be reconciled to the detailed general ledger

Management Comment

Noted

3 **INTERNAL CONTROL STRUCTURE**

3.1 **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS**

We have performed a financial audit of the Cooperative Agreement Fund Accountability Statement of the University of Swaziland CARPA project and have issued our report thereon dated January 1999

We conducted our audit in accordance with the generally accepted auditing standards and the standards contained in the Government Auditing Standards, issued by the Comptroller General of the United States (1994 Revision), with the exception that we have not been subject to a quality control review by a non Price Waterhouse firm. We do not believe that this departure from Government Auditing Standards has affected our audit. We were subject to an external quality control review in July 1995 undertaken by a Price Waterhouse firm independent of our firm.

Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the Fund Accountability Statement is free of material misstatement.

In planning and performing our audit of the Fund Accountability Statement of UNISWA we considered the internal control structure related to the AID funded programs and projects 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 UNISWA 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 financial statements in accordance with the basis of accounting described on 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 operations of policies and procedures may deteriorate.

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

Control Environment

- financial management capabilities
- personnel policies and practices
- familiarity with USAID rules and guidelines

Accounting System

- budgeting and funds management
- general record keeping
- reporting to USAID
- disbursement of USAID funds

Control Procedures

- authorization of transactions and activities
- written procedures
- bank reconciliations

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

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under the standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that in our judgement could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertion of management in the Fund Accountability Statement

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 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 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. However, we believe that of the reportable conditions described above, the only material weakness was that responsibility for project management was concentrated on the Project Director with no oversight by any other person. As a result the level of internal check was inadequate

This report is intended for the information of UNISWA, and the US Agency for International Development (AID). However, upon acceptance by the AID office of the Inspector General, this report is a matter of public record and its distribution is not limited



Certified Public Accountants

11 1 1999

Definition

The American Institute of Certified Public Accountants (AICPA) Codification of Auditing Standards Section 319 defines an organization's internal control structure as consisting of the policies and procedures established to provide reasonable assurance that a specific entity's objective will be achieved. The internal control structure comprises three elements:

- the control environment
- the accounting system
- control procedures

The control environment reflects the overall attitude, awareness and actions of management. The accounting system consists of methods and records established to identify, assemble, analyze, classify, record and report transactions. Control procedures are those policies and procedures in addition to the control environment and accounting system that management has established to safeguard the organization's resources.

In section 3.3 below, we have classified our findings and recommendations by these categories as they apply to the respective auditee's internal control structure.

Work performed

We reviewed the internal control structure of UNISWA and obtained an understanding of the design, relevant procedures and assessed control risk. Our review considered the significant internal control structure and procedures categorized as follows:

Control Environment

- financial management capabilities
- personnel policies and practices
- familiarity with USAID rules and guidelines

Accounting System

- budgeting and funds management
- general record keeping
- reporting to USAID
- disbursement of USAID funds

Control Procedures

- authorization of transactions and activities
- written procedures
- bank reconciliations

3 3 FINDINGS AND RECOMMENDATIONS

3 3 1 Control Environment

We assessed the overall control environment as moderate to weak. A basic accounting system was operated and provided an adequate audit trail to supporting documentation. Expenditure was approved by project management and simple financial reporting was done on a regular basis. However, supporting documents could not be located for some transactions.

The project was managed by the Project Director, Professor Magagula, with little oversight either by the University administration or the project's steering committee. This concentration of responsibilities for project management eroded the level of internal check.

Finally, although the project was wholly USAID funded, project management staff were not sufficiently familiar with important rules and guidelines applicable to USAID funded projects.

The following weaknesses were noted:

Review of project budget and activities by steering committee or the Board

Finding

The Steering Committee met twice during the project period. Our review of meeting minutes and other information obtained by us upon enquiry did not show any evidence of review of project activities by the Steering Committee. Therefore it appears that project management was left to the Project Director with little or no oversight by an independent body.

Whilst the University was involved in processing project payments, there was no documented review of budgets or activities.

Recommendation No 3

There should be a committee overseeing the project's activities. This could be based either on CARPA's steering committee or the Board of the University. The committee should review the project's expenditure and activities on a regular basis to ensure that prime objectives are met, and value for money obtained.

Management comment

At the time of the termination of the project, administrative system was being restructured to bring it under the control of the UNISWA Research Board.

Budget and activity planning

Finding

Expenditure budgets were prepared on a monthly basis. The budgets were not however, fully linked to the detailed activities required under the cooperative agreement. It was therefore difficult, by reference to the budgets, to monitor expenditure by key activities.

Recommendation No 4

A detailed activity plan should be prepared for the project, which clearly links into the project's objectives. Expenditure should then be monitored against the costs anticipated in that activity plan.

Management Comment

Noted for future reference

3 3 2 Accounting system

UNISWA contracted the accounting work to an independent accounting firm Kobra Quashie and Associates Chartered Accountants. This firm was responsible for maintaining accounting records and preparing financial reports including those for submission to USAID.

Underlying financial records were kept by the administrative assistant and reviewed by the project director. The documents are stored in the CARPA offices.

Overall, the accounting systems were adequate for CARPA. Improvements could be made in the following areas:

Approval of Payment Vouchers

Finding

Payment vouchers were prepared by the administrative assistant Rose Ali and approved for payment by the university bursar or the project director. In some instances, the project director was approving payments to himself.

Recommendation No 5

Payment vouchers should be approved by a person who is independent of the payee.

Management comment

This was an exception but noted for future reference.

Review of reports prepared by the accountant and submitted to USAID

Finding

Total reported expenditure as at 30 June 1998 was higher than the expenditure per general ledger by US\$ 10 051. An independent review of financial reports could have revealed this variance.

Recommendation No 6

Regular reconciliations between reports submitted to USAID and the general ledger should be prepared and reviewed by an independent person. This will ensure that expenditure reported to USAID, is correctly stated.

Management comment

Noted for future reference.

Adherence to procurement procedures as described in the Accounting Procedures Manual

Finding

Procurement procedures described in the accounting procedures manual were not always followed. There were instances when competitive bidding was not used to review and award tenders. This could lead to UNISWA purchasing low quality goods or services at higher prices hence not getting value for money.

Recommendation No 7

Adequate procurement procedures should be followed to ensure that UNISWA gets value for money

Management comment

Noted for future reference

Attachment of supporting documents to payment voucher and review by cheque signatories

Finding

In some instances supporting documents were not attached to payment vouchers, and evidence of review of supporting documents was not seen

This increases the risk of unauthorised or fraudulent payments being made

Recommendation No 8

Supporting documents should be attached to the payment vouchers and reviewed by cheque signatories before signing of the checks

Management Comment

Cheque signatories reviewed vouchers before signing of the checks

Accounting for Travel advances and Air tickets

Finding

Travel advances given to employees and consultants of CARPA are not adequately supported by evidence of travel and length of stay. It is therefore difficult to establish whether the employees and consultants actually went on the intended journeys for the intended periods.

Many of the travel tickets and advances were provided to consultants from other universities. There is therefore the possibility that these journeys could be funded by their own university or other donors. The submission of original used travel tickets helps reduce the possibility that dual funding has occurred.

Recommendation No 9

Travel advances should be accounted for when individuals return from travel. For example, used air tickets and hotel receipts for each night away could be attached to payment vouchers as evidence of travel and length of stay. Unsupported travel advances should be recovered from employees' salary and consultants fees.

Management Comment

People travelling were asked to provide ticket stubs but response was not always complete. Since travel was associated with activities of the project (training, conferences, meetings etc) people were asked to travel so that these activities were performed. This reduced the Project's position to apply strict conditions on travelling. The situation was also influenced by the procedure followed at UNISWA whereby people were granted tickets and per diem but not required to provide documents. The Project was well aware of whether travel was undertaken or not and all activities for which travel was made were known since they were related to workshops, conferences and meetings.

3 3 3 Control procedures

Adequate control procedures exist at UNISWA to ensure the organization's resources are safeguarded. We, however, noted some weaknesses as outlined below.

Accounting Procedures Manual

Finding

An accounting procedures manual exists for the CARPA project. This was not, however, comprehensive and did not include

- the role of the university in the accounting and administrative control processes,
- the requirements for approval of transactions, and
- the requirements of USAID under the cooperative agreement.

Recommendation No 10

A comprehensive accounting procedures manual should be drafted for the project.

Management comment

Accounting procedures manual was approved by Mr Song of USAID.

Purchase Orders were not in use

Finding

For the earlier part of the project period, purchase orders were not attached to payment vouchers as evidence of proper approval of transactions. This control procedure was later introduced.

Recommendation No 11

Purchase orders should be used to ensure that there is adequate approval before commitments are made on behalf of the University.

Management Comment

Noted

Price Waterhouse
Certified Public Accountants
Rattansi Educational Trust Building
Korangan Street
P O Box 41968
Nairobi Kenya
Telephone 254 2 221244
Facsimile 254 2 221245

**AGENCY – CONTRACTED AUDIT OF THE
UNIVERSITY OF SWAZILAND COOPERATIVE AGREEMENT
NUMBER 623-0478 23-A-00-4092-00**

**4 REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND CONDITIONS AND
APPLICABLE LAWS AND REGULATIONS**

4.1 INDEPENDENT AUDITORS' REPORT

We have performed a financial audit of the Cooperative Agreement Fund Accountability Statement of the University of Swaziland CARPA project and have issued our report thereon dated January 1999

We conducted our audit in accordance with the generally accepted auditing standards and the standards contained in the Government Auditing Standards, issued by the Controller General of the United States (1994 Revision), with the exception that we have not been subject to a quality control review by a non Price Waterhouse firm. We do not believe that this departure from Government Auditing Standards has affected our audit. We were subject to an external quality control review in July 1995 undertaken by a Price Waterhouse firm independent of our firm.

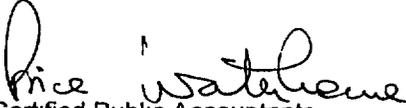
Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the Fund Accountability Statement is free of material misstatement.

Compliance with agreement terms and laws and regulations applicable to UNISWA is the responsibility of UNISWA management. As part of our obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of UNISWA compliance with certain provisions of agreement terms and laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of non-compliance are failures to follow requirements or violations of agreement terms and laws and regulations that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the fund accountability statement. The results of our test of compliance disclosed no material instances of non-compliance. The effects of insignificant instances of non-compliance are shown as questioned costs in UNISWA fund accountability statement.

The results of our test of compliance indicate that UNISWA complied in all material respects, with the provisions referred to in the fourth paragraph of this report.

This report is intended for the information of UNISWA and the US Agency for International Development (AID). However, upon acceptance by AID office of Inspector General, this report is a matter of public record and its distribution is not limited.


Certified Public Accountants

11 / 1 / 1999

4 2 WORK PERFORMED

Our audit of UNISWA included obtaining assurance that the project complied with cooperative agreement provisions. Procedures performed to test such compliance included the following:

- a review of the Cooperative Agreement provisions and related regulations to identify those provisions and regulations which could have a material effect on the Fund Accountability Statement
- audit procedures including detailed testing to confirm the UNISWA compliance with these provisions and regulations

4 3 FINDING AND RECOMMENDATIONS

4 3 1 Banking of USAID Funds

Finding

The CARPA project only holds a US Dollar account for USAID funds. Whilst there is no charge for converting transactions from the local currency, this account does not earn interest on the balance held. Under the terms of the cooperative agreement UNISWA should surrender interest earned of more than US\$250 per year to USAID.

Recommendation No 12

UNISWA should open a local currency account to hold USAID funds and hold excess funds in an interest earning account.

Management comment

At the time of opening a local currency account the project was terminated. Instructions had already been sent to the bank to open the account. The delay was also a result of the rapid depreciation of the Rand to the dollar.

Additional earnings of full time employees

Finding

The project director performed a consultancy for IFAD between 15 April 1996 and 31 May 1996, a total of 34 days for US\$10,200. This income was in addition to the full time salary paid to him from the CARPA project. Further, the project director and administrative assistant worked on the IFAD funded "Swazi Women Involvement in Agriculture Study" and were paid US\$11,200 and US\$4,000 respectively when they were full time employees of CARPA.

These payments are not in accordance with USAID guidelines. Besides, they were not declared to USAID.

Recommendation No 13

Employees holding full time contracts to work on USAID projects should seek the approval of USAID before contracting for additional work.

Management comment

UNISWA policy allows staff outside work even under full salary payment from the University to contract for additional work.

Non-prior approval of travel requests and sub-grants

Finding

It is a requirement of the cooperative agreement that prior approval be obtained from USAID before the grantee commits to international travel and award of sub-contracts. We however, did not see prior approval for the majority of international travel and award of sub-contracts. Of those approvals that were granted, copies of the approvals were not attached to the payment vouchers. We are therefore unable to establish which particular journeys were approved by USAID.

Recommendation No 14

In order to assist USAID in deciding whether approval for international travel and sub-contracts is appropriate, UNISWA should set out an activity plan for each part of the contract and submit this for approval to USAID. This should include details of the required international travel and sub-contracts. Any additional travel requests at a later date should make reference to this activity plan and set out the reasons for the additional costs.

Once approval has been granted, this should be referred to in the travel request, payment vouchers and subsequent claims for reimbursement.

Management Comment

Explained under recommendation 1. Amendments for future actions.

Use of non-US flag carriers for trips to the US

Finding

The grant agreement requires the grantee to use US flag carriers where possible, and that non-free world air carriers are not reimbursable under the grant. In practice, US flag carriers are available for trips to the US, at least for part of the journey.

UNISWA did not retain details of the airline for most international trips. We are therefore unable to determine compliance with the terms of this provision. The grantee used a non-US flag carrier to the US on at least one occasion.

Recommendation No 15

UNISWA should retain details of the airline used for each international journey and use US flag carriers for international travel where possible. Where this is not possible, it should attach a "certification of unavailability of US flag air carriers" to the payment voucher.

Management comment

Noted. However, we were aware that there was no US Carrier in the region except that travel to Sacramento in August 1997 was made on US-flag carriers.

Use of project vehicle for travel to and from work

Finding

Vehicle logs were not used until December 1997. We are therefore unable to determine whether or not the project vehicle was used exclusively for project purposes.

Recommendation No 16

A system should be established to reimburse the project for personal use of the project vehicle

Management comment

The project vehicle was used for project activities. The project director had car for his personal use. For safety reasons the car was parked at Director's home. The situation was discussed and a log book was put in place by December 1997

DETAILED FUND ACCOUNTABILITY STATEMENT

		Budget US\$	Actual US\$	Accepted US\$	Ineligible Costs US\$	Unsupported Costs US\$
I	REVENUE					
	Grant 623 0478 A-00-4092 00	1 747 550	1 167 009	1 167 009	0	0
	EXPENDITURE					
	PROJECT ADMINISTRATION					
	Staff					
	Project Director	241 754	175 603	120 253	55 350	0
	Assistant Project Director	48 100	35 600	3 000	32 600	0
	Accounting Firm Part time	18 016	19 860	0	1 158	18 702
	Administrative assistant	67 221	57 396	50 396	7 000	0
	Research Analyst	30 000	0	0	0	0
	Subtotal	405 091	288 459	173 649	96 108	18 702
	General Administration					
	Office Supplies	10 524	6 681	6 577	104	0
	Communication	28 509	30 922	26 748	4 174	0
	Subtotal	39 033	37 604	33 325	4 278	0
	Travel					
	Regional Travel	53 507	46 493	3 239	0	43 254
	Subtotal	53 507	46 493	3 239	0	43 254
	TOTAL PROJECT ADMINISTRATION	497 631	372 556	210 213	100 386	61 956
II	COMPARATIVE ADVANTAGE ANALYSIS					
	Staff					
	Short term technical assistance	59 741	35 218	34 190	0	1028
	Travel	32 961	12 961	124	0	12 837
	Researchers	52 983	51 551	43 471	7 000	1 080
	Subtotal	145 685	99 730	77 785	7 000	14 945
	Computer Technology					
	Computer Equipment	21 993	12 672	790	0	11 882
	Computer Supplies	11 402	4 092	106	0	3 986
	Digitizing of Data	20 125	8 376	1 612	0	6 764
		53 520	25 140	2 508	0	22 632

UNIVERSITY OF SWAZILAND CARPA PROJECT
 DETAILED FUND ACCOUNTABILITY STATEMENT FOR THE PERIOD
 1 OCTOBER 1994 TO 30 JUNE 1998

APPENDIX 1

	Budget US\$	Actual US\$	Accepted US\$	Ineligible Costs US\$	Unsupported Costs US\$
Workshops	88 399	51 918	0	0	51 918
Subtotal	88 399	51 918	0	0	51 918
Field Data Collection	149 250	138 611	4 401	0	134 210
Subtotal	149 250	138 611	4 401	0	134 210
Supplementary Analysis					
Modeling	45 000	0	0	0	0
Study of Current Trade Agreements	26 092	26 614	6 094	4 000	16 520
Comparative advantage study	90 000	84 527	0	75 527	9 000
Implications of GATT	5 000	0	0	0	0
Comparative cost of transportation	22 630	0	0	0	0
Subtotal	188 722	111 141	6 094	79 527	25 520
TOTAL COMP ADVANTAGE ANALYSIS	625 576	426 540	90 788	86 527	249 225
III ELECTRONIC COMMUNICATIONS					
Staff					
Short term Technical Assistance	27 373	0	0	0	0
Subtotal	27 373	0	0	0	0
Electronic Communications Network					
Establish and Maintain Network	135 928	133 739	30 335	8 397	95 007
Web Page Development	82 000	8 340	0	8 340	0
Equipment	3 417	9 97	822	0	8 975
Subtotal	221 345	151 876	31 157	16 737	103 982
Workshop/Studies					
Dissemination Workshops	117 000	71 170	397	2 572	68 201
Information Needs Assessment	36 575	5 574	5 574	0	0
Special Trade Studies	25 000	0	0	0	0
Subtotal	178 575	76 744	5 971	2 572	68 201
TOTAL ELECTRONIC COMMUNICATIONS	427 293	228 621	37 128	19 309	172 183
TOTAL DIRECT PROJECT COSTS	1 550 500	1 027 717	338 129	206 222	483 364

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		Budget US\$	Actual US\$	Accepted US\$	Ineligible Costs US\$	Unsupported Costs US\$
IV	ADMINISTRATIVE COSTS					
	Rent	62 047	33 988	1 727	25 824	6 437
	Office furniture	934	934	934	0	0
	Fax machine	0	0	0	0	0
	Computers	21 341	9 909	6 197	1 004	2 708
	Heavy Duty Photocopier	12 194	9 066	9 066	0	0
	Project Vehicle	24 511	18 223	0	0	18 223
	Vehicle Insurance and Maintenance	15 429	6 091	0	185	5 906
	Cleaning Services	5 201	3 673	2 401	579	693
	% Contribution Health Insurance	15 137	1 137	1 137	0	0
	Electricity	2 254	1 490	1 200	290	0
	TOTAL ADMINISTRATIVE COSTS	159 049	84 513	22 662	27 882	33 967
	TOTAL INDIRECT COSTS	159 049	84 513	22 662	27 882	33 967
	TOTAL DIRECT AND INDIRECT COSTS	1 709 549	1 112 230	360 791	234 104	517 331
	Audit	38 000	23 444	23 444	0	0
	TOTAL PROJECT COSTS	1 747 549	1 135 674	384 235	234 104	517 331

CASH ANALYSIS				
				US\$
Amounts received from REDSO				1 167 009
Less Expenditure				1 135 674
Balance				31 335
Balance per Bank as at 30 June 1998				47 482
Difference				16 147
Total of reconciling items	US\$	(14 016)	14 016	
	Emalengeni	(19 526)	3 905	
Difference (shortfall)				(1 774)

Note. The reconciling items have been paid by the bank to the payees but have yet to be deducted from the account

DETAILS OF QUESTIONED COSTS

UNIVERSITY OF SWAZILAND CARPA PROJECT
 DETAILS OF QUESTIONNED COSTS
 1 OCTOBER 1994 TO 30 JUNE 1998

APPENDIX 2

Expenses Item	Voucher No	Date	Payee / Description	Amount	Outside grant agreement	No USAID approval	Inadequate evidence of travel	No contract signed	Inadequate procurement	Other	Description
PROJECT ADMINISTRATION											
Staff											
Project Director		To Oct 1996		18000						18000	25% of excess to market rates 6000 12 months
				8 400						11200	\$11 200 paid by IFAD project less 25% questioned above
		To Sept 1997		18900						18900	25% of excess to market rates 6300 12 months
				6750						9000	\$9 000 paid by IFAD project less 25% questioned above
		To Nov 1997		3300						3300	25% of excess to market rates 6600 2 months
Assistant project director				32600	4200					32600	Extra to unversity salary and for being a Sudanese
Accounting Firm				19860	1158			2000	19860		
Administrative assistant				7000	3000					4000	Paid by IFAD project
General Administration											
Office supplies				104	104						
Communication				4174	4174						
Travel											
Regional Travel			See separate appendix	43254		40354	42404				
COMPARATIVE ADVANTAGE ANALYSIS											
Staff											
Short term technical assistance	PV189	2/25/97	Dr Hassan & Fairbank	1028		1028	1028				
Travel			See separate appendix	12837		12837	12837				
Researchers	PV 254B	5/5/97	Per diems paid to Rashid and Fairbank	8080	7000	1080	1080				No evidence of travel obtained

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UNIVERSITY OF SWAZILAND CARPA PROJECT
 DETAILS OF QUESTIONNED COSTS
 1 OCTOBER 1994 TO 30 JUNE 1998

APPENDIX 2

Expenses Item	Voucher No	Date	Payee / Description	Amount	Outside grant agreement	No USAID approval	Inadequate evidence of travel	No contract signed	Inadequate procure ment	Other	Description
Computer Technology											
Computer equipment	PV 0076	1/3/96	Geog Information Mgt Systems	10560		10560			10560		
	PV 356	8/10/97	PC Soft	1322					1322		
Digitising of data	PV 051	4/7/97	Geog Information Mgt Systems	4696					4696		
	PV 216	12/31/97	Geog Information Mgt Systems	2068					2068		
Computer supplies	PV 328	8/26/97	7931 PC Soft Ltd	2982					2982		
	PV428	3/30/98	8000 PC SOFT	1004					1004		
Workshops											
Travel				51918		47166	1538			4752	Not included in G L
Field Data Collection /											
Comparative advantage study	Various		See appendix 4	216503	75527	216503			216503		
(no separate ledger codes retained)	PV 233			260		260	260				
	PV 292			1974		1974	1974				
Supplementary Analysis											
Current trade agreements	Various		See appendix 4	20520	4000	20520			20520		
ELECTRONIC COMMUNICATIONS											
Establishment & maintain	PV 000015	7/13/95	Sundown travel (Air tickets)	3330			3330				Relates to air fair for B Keating to Pretoria
	PV000020	7/14/95	Per diems	840			840				
	PV 000018		Dev tech systems	10160					10160		
	PV000033	7/17/95	Dev tech systems	6723					6723		

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UNIVERSITY OF SWAZILAND CARPA PROJECT
 DETAILS OF QUESTIONED COSTS
 1 OCTOBER 1994 TO 30 JUNE 1998

Expenses Item	Voucher No	Date	Payee / Description	Amount	Outside grant agreement	No USAID approval	Inadequate evidence of travel	No contract signed	Inadequate procurement	Other	Description
	PV000042	9/29/95	Dev tech systems	5798					5768		
	PV000057	11/30/95	Dev tech systems	6843					6843		
	PV000066	1/30/96	Rose Ali	3200			3200				Per diems given to Rose Ali for her trip to USA. No supporting evidence obtained
	PV000068	2/20/96	Dev tech systems	2849					2849		
	PV000078	2/26/96	Sundown travel	1515			1515				Air tickets for Rose Ali on a trip to USA.
	PV028	3/4/96	Tradenet	5282		5282			5282		
	PV048	5/31/96	Computer Frontiers	7271		7271			7271		
	PV065	6/27/96	Computer Frontiers	4597		4597			4597		
	PV076	7/30/96	Computer Frontiers	3580		3580			3580		
	PV136	8/21/96	Computer Frontiers	12747		12747			12747		
	PV175	7/11/96	Computer Frontiers	4548		4548			4548		
	PV 208	5/2/97	Computer Frontiers	6748		6748			6748		
	PV 271	3/25/97	Rose ali per diems	1560			1560				
	PV 276	4/6/97	Computer Frontiers	2188		2188			2188		
	PV 292	6/18/97	Inter tour travel	1266			1266				
	PV 438	4/7/97	Rose Ali	4500	4500	4500		4500			Relates to payment in lieu of leave contrary to the contract. Any o/s leave should be forfeited
	Other	3/27/98		7859	3897					3962	Not included in GL
Web Page Development				8340	8340	8340			8340		

UNIVERSITY OF SWAZILAND CARPA PROJECT
 DETAILS OF QUESTIONED COSTS
 1 OCTOBER 1994 TO 30 JUNE 1998

APPENDIX 2

Expenses Item ~	Voucher No	Date	Payee / Description	Amount	Outside grant agreement	No USAID approval	Inadequate evidence of travel	No contract signed	Inadequate procurement	Other	Description
Equipment	PV247B	6/5/97	Computer Frontiers (Laptop)	5623		5623			5623		
	PV00007	5/5/95	Barbara Keating	2708		2708			2708		
				644						644	Not included in GL
Workshops/studies											
Dissemination workshops	322		Computer	9037	2572	41603			41603		
	329		Frontiers	8278							
	361			7368							
	371			7590							
	393			6758							
	413			2572							
			Travel See separate appendix	29170		27570	29170				
Administrative Costs											
Rental Costs			UNISWA	25824	4344					25824	In excess of a fair market rent
				6437						6437	Unsupported overhead charge for initial period charged to rent
Computers	PV7	5/5/95	Barbara Keating								
	PV42B		Pc Soft	3712	1004				2708		
Project Vehicle				18223						18223	No vehicle logs retained
Vehicle insurance and maintenance				6091	185					6091	No vehicle logs retained
Cleaning Services				1272	579					693	Not included in GL
Electricity				290	290						
Total				751435	124874	489587	102002	6500	419801	163626	

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DETAILS OF QUESTIONNED TRAVEL

UNIVERSITY OF SWAZILAND CARPA PROJECT
 DETAILS OF QUESTIONED TRAVEL
 1 OCTOBER 1994 TO 30 JUNE 1998

APPENDIX 3

Date	Reference	Description	Destination	Value USD	USAID Approval?	Adequately Supported?
<u>Period to 3/31/96</u>						
4/13/95	PV4	Per diem F Masanzu		888	No	No
12/18/95	PV47	Dr R Hassan travel		381	No	No
2/27/96	PV73	Dr R Hassan travel		480	No	No
3/4/95	PV78	Sundown Travel		467	No	No
3/4/96	PV79	Sundown Travel	Mbabane	440	No	No
3/4/96	PV80	Dr R Hassan	Zambia/Malawi	950	No	No
Sub-total				2657	3617	3617
<u>Period to 3/31/97</u>						
4/15/96	PV005	Dr Rashid Hassan		420	No	No
	PV011	Dr Hassan		716	No	No
6/4/96	PV034	Dr Dean Fairbank	Dar/Lusaka/Lilongwe	1380	No	No
6/4/96	PV035	Dr Rashid Hassan	Dar/Lusaka/Lilongwe	1380	No	No
6/27/96	PV041	Sundown Travel	Dar/Lusaka/Lilongwe	4119	No	No
7/11/96	PV056	Dr Faki		600	No	No
10/10/96	PV105	Dr Rashid Hassan		365	No	No
10/28/96	PV105	Dr Rashid Hassan		240	No	No
Sub-total				9220	9220	9220
Total				12837	12837	12837
Dissemination Workshops						
7/7/97	PV298	Rose Ali	Pretona	1040	Requested	No
7/25/97	PV315	Nakhumwa	Lusaka/Joburg/Lilongwe	1775	No	No
7/25/97	PV317	Rose Ali		500	No	No
8/6/97	PV319	Hassad	California	2000	Requested	No
8/6/97	PV321	Sukume/Mwape Mucavele	California	3900	Requested	No
8/6/97	PV320	Chimedza/vanzyl/rooyen	California	1600	Yes	No
10/8/97	PV355		California	1500	Requested	No
10/9/97	PV359	Prof Rooyen		14110	No	No
				2744	No	No
Total				29170	27570	29170

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UNIVERSITY OF SWAZILAND CARPA PROJECT
 DETAILS OF QUESTIONNED TRAVEL
 1 OCTOBER 1994 TO 30 JUNE 1998

APPENDIX 3

Date	Reference	Description	Destination	Value USD	USAID Approval?	Adequately Supported?
Regional Travel						
<u>Period to 3/31/96</u>						
4/27/95	PV3	Magagula		1254	No	No
5/24/95	PV10			845	No	No
6/21/95	PV12	Rose Ali		752	No	No
11/2/95	PV40	Magagula		933	No	No
11/30/96	PV41	Magagula		755	No	No
2/1/96	PV63	Magagula		750	No	No
3/4/96	PV81	Magagula		1220	No	No
				<u>6509</u>	<u>6509</u>	<u>6509</u>
<u>Period to 3/31/97</u>						
4/1/96	PV001	Prof Magagula Per diem	Pretona	130	No	No
4/15/96	PV003	Prof Magagula Per diem	Joburg/Dar	680	No	No
4/15/96	PV006	Rose Ali per diem	Botswana	450	No	No
4/23/96	PV008	Prof Magagula - Per diem	Botswana	450	No	No
4/26/96	PV011	Sundown Trave Rose	Gaborone	444	No	No
4/26/96	PV011	Sundown Trave Prof Magagula	Dar-es Salaam	716	No	No
5/20/96	PV023	Sundown Travel	Gaborone	223	No	No
6/21/96	PV040	Prof Magagula	Harare/Joburg	1130	No	No
8/21/96	PV075	Prof Magagula	Joburg/Harare	433	No	No
8/22/96	PV081	Rose Ali		1170	No	No
9/5/97	PV087	Prof Magagula	Pretona	520	No	No
9/19/96	PV089	Rose Ali	Nb/Lilongwe/Harare	798	No	No
9/25/96	PV095	Prof Magagula	Nairobi	520	No	No
9/30/96	17	Inter Tour Travel		780	No	No
10/4/96	PV103	Rose Ali	Nb/Tanzania	1600	No	No
10/4/96	PV104	Prof Magagula Per diem	Zimbabwe	480	No	No
10/16/96	PV108	Inter Tour Travel	Harare/Joburg/Nb	1098	No	No
10/22/96	PV113	Naima Loforte Per diem	Pretona	390	No	No
10/22/96	PV114	Prof Magagula	Johannesburg	390	No	No
10/22/96	PV115	Rose Ali	Dar-es Salaam	280	No	No
11/18/96	PV139	Prof Magagula	Nb/Joburg	650	No	No
12/10/96	PV150	Inter Tour Travel	Nairobi	774	No	No
2/25/97	PV183	Prof Magagula	SAfnca/Harare	1320	Requested	No
3/17/97	PV200	Impenal Travel	Joburg/Gaborone	1502	No	No
3/19/97	PV205	Prof Magagula		360	Requested	No
3/19/97	PV205	Dr Faki		360	No	No
				<u>17648</u>	<u>17648</u>	<u>17648</u>
<u>Sub-total</u>						
<u>Period to 3/31/98</u>						
4/18/97	PV233	Magagula	Nairobi	650	Requested	No
5/30/97	PV257	Magagula	Nairobi	946	Requested	No

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UNIVERSITY OF SWAZILAND CARPA PROJECT
 DETAILS OF QUESTIONED TRAVEL
 1 OCTOBER 1994 TO 30 JUNE 1998

APPENDIX 3

Date	Reference	Description	Destination	Value USD	USAID Approval?	Adequately Supported?
6/10/97	PV273	Magagula	Lesotho	330	Requested	No
6/11/97	PV274	Magagula	Botswana	300	Requested	No
7/4/97	PV292	Magagula	Gaborone	528	Requested	No
7/4/97	PV297	Magagula	Harare/Pretoria	610	Requested	No
7/7/97	PV298	Faki	Pretoria	260	Requested	No
7/7/97	PV298	Rose Ali	Pretoria	260	Requested	No
7/24/97	PV304	Rose Ali	Nairobi	520	Requested	No
7/25/97	PV314	Magagula	Johannesburg	850	No	Yes
7/25/97	PV315	Magagula	Harare	554	No	No
7/25/97	PV318	Magagula	Sacramento	2900	Yes	No
8/7/97	PV323	Rose Ali	Nairobi	520	No	No
8/26/97	PV330	Hassan	Miami	2376	Requested	No
8/26/97	PV332	Faki		260	Requested	No
8/26/97	PV333	Rose Ali		260	Requested	No
9/2/97	PV334	Magagula	Gaborone	300	No	No
9/8/97	PV343	Magagula	New York	1490	No	No
10/14/97	PV362	Magagula	Pretoria	390	No	No
10/23/97	PV364	Faki	Pretoria	390	No	No
10/24/97	PV365	Magagula	Nairobi	910	No	No
11/17/97	PV373	Magagula	Mozambique	540	No	No
11/17/97	PV376	Magagula		953	No	No
11/30/97	65	Hassan	California	2000	No	No
Sub-total				19098		
Total Regional Travel				43255	40355	42405

Note. For each purchase of an international air ticket a receipt from the travel agent was provided. There was however no evidence of the purpose of the intended journey or that the journey was actually made. In the case of per diems as these were not accounted for on return there is insufficient evidence to support the length of stay in that country (such as a hotel receipt) or other evidence that the journey was made. Whilst some used airline tickets were available these were not attached to payment vouchers and we were unable

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DETAILS OF QUESTIONED COSTS - SUB GRANTEES

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The sub-grants made have not been charged to ledger codes in a consistent way The following are questioned due to inadequate competitive procurement procedures, and a lack of approval from USAID for the award of the sub-grant

<u>Sub-grantee</u>	<u>US\$</u>	<u>PV Numbers</u>
Uni of Botswana	39,160	33,218,419
Oliver Saasa	10,000	88 79 386
Winfred Ngirwa	30,000	44 222,423
Uni of Malawi	30,000	32,421
Johan Van Zyl	30,000	37 300,387
Uni of Zambia	27,863	36 295 422
Firmino Mucavele	30,000	78 401,420
Felix Masanzu	10 000	77,138 437
Uni of Zimbabwe	30 000	219 294 418
	<u>237,023</u>	

They have been charged to the project as follows.

Field Data Collection/	216,503
Supplementary Analysis	
Study of current trade agreements	<u>20 520</u>
	<u>237 023</u>

AREAS OF CONCERN TO USAID

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UNIVERSITY OF SWAZILAND – CARPA PROJECT
AREAS OF CONCERN TO USAID

Emphasis Area	Response
<u>Subawards</u>	
Under the provision of the grant recipients are required to obtain prior approval of the grant officer before making any sub-awards. Did the grantee obtain prior approval?	No Requests for retrospective approval, have now been sent to USAID A meeting of Project's steering committee from 26-30 June 1995 in Pretoria discussed the issue of allocating resources between teams. There was a lack of adequate financial planning to justify the basis of this allocation, however
Did the grantee adequately compete subawards or justify lack of competition in accordance with the recipient policies and procedures?	See point above Of the remaining grants – there was no evidence of competition
Are sub-award costs allocable, allowable and reasonable? Are costs justified?	Advanced payments have been made to contractors. These were in accordance with the steering committees recommendations There is evidence of a deliverable being produced for each sub-grant in accordance with the agreement
Are sub-awards drafted in a legally sufficient manner? Do they contain all the required clauses in accordance with the Grant agreement?	Sub-Awards are drafted in a manner which is sufficient for the purpose intended. They did not contain until amendment 4 the required clauses regarding access to books, documents and papers There was a clause for the termination of the agreement. This did not include reference to a remedy for non-performance and the recovery of the advance payment
<u>Travel</u>	
Was prior approval obtained for each foreign trip?	No. Where applicable these have been regarded as unsupported
Was travel conducted in accordance with the recipients travel policies and procedures?	Yes. The recipient's policies do not require that travel advances be accounted for after travel
Is all international travel allocable, allowable and reasonable?	No. See details in the report
<u>Personnel</u>	
Are salaries in accordance with recipients personnel policies and procedures? Are the salaries reasonable given the requirements of the positions and local market conditions?	Staff were paid on a contract basis by CARPA. Staff were not entitled to many of the allowances payable to University staff It is hard to ascertain comparable salaries for University staff as this is the only University in Swaziland. Salaries have been compared to those paid by the University 25% of Professor Magagula's salary has been regarded as unsupported on this basis

UNIVERSITY OF SWAZILAND – CARPA PROJECT
AREAS OF CONCERN TO USAID

Emphasis Area	Response
<p>What is the legal requirement for severance pay in Swaziland? Are staff hired under this cooperative agreement entitled to severance pay?</p>	<p>There was no provision in the contract of employment for severance pay at the end of the contract. The employees are not under the university terms and conditions of employment.</p> <p>The legal requirement in Swaziland is for severance pay of 10 days of salary per year of service if an employee is retrenched. This does not apply if an employee dies in service. Also if a person is on a fixed term contract, it has to be mentioned as a gratuity within the contract.</p>
<p>Do any salary payments constitute salary supplements?</p>	<p>Professor Faki was paid a supplement in addition to his University salary. This has been regarded as unsupported.</p> <p>However, he commenced his university contract at the same time as that for CARPA. He states that he would not have come to work for CARPA unless he was paid both salaries.</p>
<p><u>Property</u></p>	
<p>Is all property purchased under this award accounted for?</p>	<p>All property with the exception of one laptop has been accounted for.</p>
<p>Is property being used in accordance with the grant agreement?</p>	<p>The property is present and is being used in accordance with the agreement.</p> <p>As a vehicle log was not maintained until December 1997, we are unable to establish whether the project vehicle was used in accordance with the grant agreement.</p>
<p>Were vehicle logs kept to account for use of the project vehicle?</p>	<p>A vehicle log was put in place in December 1997. Prior to that, there was no log of usage.</p>
<p>Was property accounted for in accordance with the recipients policies and procedures?</p>	<p>Yes</p>

FOLLOW UP OF PRIOR AUDIT RECOMMENDATIONS

UNIVERSITY OF SWAZILAND - CARPA PROJECT
 FOLLOW UP OF PRIOR AUDIT
 RECOMMENDATIONS

APPENDIX 6

Recommendation	Status
1997	
1 There were 19 out-standing debits on the bank account that have yet to be presented That a Swazi Lilangeni account should be opened	These still remain on the bank account An account has not been opened for the USAID funds CARPA does hold a Lilangeni account for IFAD funds
2 Petty cash vouchers should be - sequentially numbered - authorised by the (asst) project director - countersigned by the petty cash cashier - supported by original documentation	Just 4 payments have been made since the report was issued They are sequentially numbered The vouchers are however prepared and authorised by the person incurring the expense No receipt was provided in one case Total value was \$30
1996	
1 A contract of employment should be drawn up between CARPA and the project director	This has been done
2 CARPA should seek specific USAID approval for budget overruns	A contract amendment has since been received
3 Excess expenditure should not recur through careful budgetting	The final expenditure statement was within budget