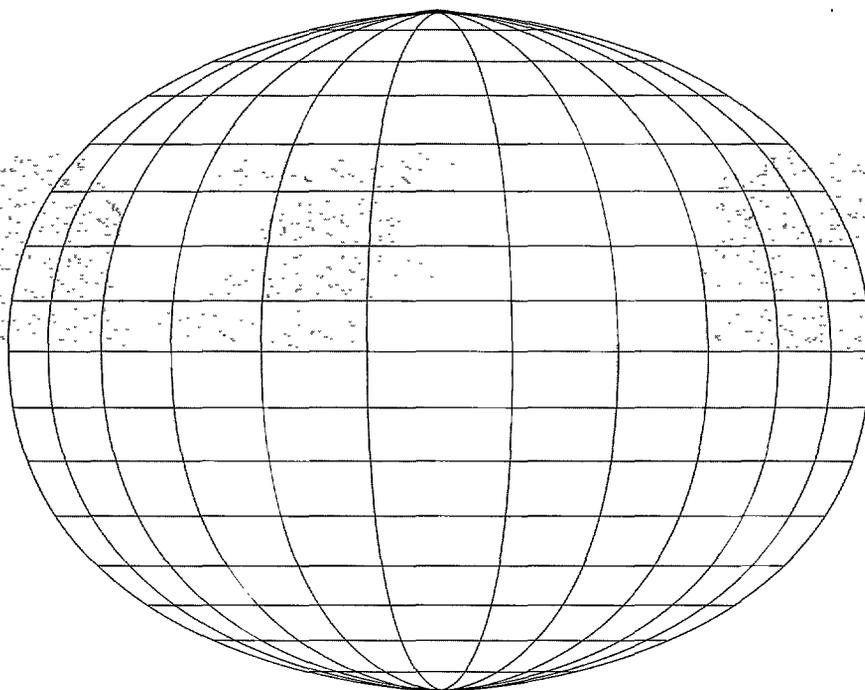


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Report of Audit

**Audit of the Agreement for Environmental
Education & Communication, Tanzania, Contract
No. PCE-Q-00-93-00069-00, Task Order 24, for the
Period January 1, 1999 through December 31, 1999**

**Report No. 4-621-01-003-N
October 19, 2000**



**PRETORIA, SOUTH AFRICA
OFFICE OF INSPECTOR GENERAL
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

**Audit of the Agreement for Environmental
Education & Communication, Tanzania, Contract
No. PCE-Q-00-93-00069-00, Task Order 24, for the
Period January 1, 1999 through December 31, 1999**

**Report No. 4-621-01-003-N
October 19, 2000**

PRETORIA, SOUTH AFRICA



Regional Inspector General
Pretoria

October 19, 2000

MEMORANDUM FOR MISSION DIRECTOR, USAID/TANZANIA

FROM: Regional Inspector General/Pretoria, Joseph Farinella

SUBJECT: Agency-contracted Audit of the Agreement for Environmental Education & Communication, Tanzania, Contract Number PCE-Q-00-93-00069-00, Task Order 24, for the Period January 1, 1999 to December 31, 1999, Audit Report No. 4-621-01-003-N

Attached is the report for the subject audit performed by Deloitte & Touche, Certified Public Accountants, Tanzania.

The Environmental Education and Communication (“GreenCOM Tanzania”) project was designed to assist in the implementation of the environmental education and communication elements of USAID/Tanzania’s Strategic Objective Number 2. Expected results included increased transparency related to government community transactions, poaching and wildlife monitoring and control, community involvement in the protected areas, student knowledge about wildlife issues and government involvement in community issues.

The delivery order for GreenCOM Tanzania was signed on September 29, 1997 between USAID/Washington and the Academy for Educational Development (AED). This delivery order was modified on September 24, 1999 increasing the amount from \$1,100,000 to \$1,092,258 and extending the performance period to August 31, 2000. AED has subcontracted Chemonics International Inc. to perform the targeted goals.

Local expenditures of \$48,410 were audited in Tanzania for the year ended December 31, 1999. The audit’s objectives were to:

- Express an opinion on whether the Fund Accountability Statement for GreenCOM Tanzania presents fairly, in all material respects, and in conformity with the basis of accounting described in the report the use of funds in accordance with the agreement;

- Evaluate and obtain a sufficient understanding of the project's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Fund Accountability Statement, assess control risk and identify reportable conditions, including material internal control weaknesses; and
- Perform tests to determine whether GreenCom Tanzania complied, in all material respects, with agreement terms and applicable laws and regulations. Any material instances of non-compliance and all indications of fraud were to be identified.

The auditors' report on the Fund Accountability Statement concluded that grant revenues and expenditures were fairly stated for the period under audit.

The report on internal controls identified certain matters involving the internal control structure. Based upon responses received from management, the auditors concluded that internal control deficiencies were satisfactorily addressed. Therefore, we are not making any recommendations.

Attachments: a/s

USAID

**INDEPENDENT AUDIT OF AGENCY AGREEMENT FOR ENVIRONMENTAL
EDUCATION AND COMMUNICATION, TANZANIA
(GREENCOM – TANZANIA)**

CONTRACT NO. PCE-Q-00-93-00069-00, TASK ORDER 24



The Controller
USAID Tanzania
P.O Box 9130
Dar es Salaam
Tanzania

Our Ref: SJ/USA

30 August 2000

Dear Madam,

RE: INDEPENDENT AUDIT OF THE AGENCY AGREEMENT FOR ENVIRONMENTAL EDUCATION AND COMMUNICATION, TANZANIA UNDER USAID CONTRACT NO PCE-Q-00-93-00069-00, TASK ORDER 24.

Enclosed please find our report of the audit of GreenCOM for the contract between USAID/Washington and the Academy for Educational Development (AED).

Our report is divided into the following sections:

- 1.0 Executive Summary
- 2.0 Fund Accountability Statement
- 3.0 Internal Control Structure
- 4.0 Compliance with agreement terms and applicable laws and regulations

We would like to take this opportunity to thank the staff of GreenCOM, and the management of Chemonics International, AED and USAID for their assistance and cooperation afforded to us during the audit.

Should you wish to discuss any matters included in this report, please do not hesitate to contact us at the above address.

Yours faithfully,
DELOITTE & TOUCHE


Simon C. Mponji
Managing Partner

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1.0 EXECUTIVE SUMMARY

1.1 Background

The Environmental Education and Communication (GreenCOM) project was designed to assist in the implementation of the environmental education and communication elements of SO2. It was based on the premise that the implementation of many sustainable natural resources management technologies and approaches can be assisted through environmental education and communication strategies. Communication assistance was to be applied in four areas: Wildlife Conservation, Coastal Resources Management, Policy Reform and Sustainability. Expected results included increased transparency related to government community transactions, poaching and wildlife monitoring and control, community involvement in the protected areas, student knowledge about wildlife issues and government involvement in community issues.

The delivery order for GreenCOM Tanzania was signed on September 29, 1997 between USAID/ Washington and the Academy for Educational Development (AED). This delivery order was modified on September 24, 1999 increasing the amount from \$ 1,100,000 to \$1,092,258 and extending the performance period to August 31, 2000. AED has subcontracted Chemonics International Inc. to perform the targeted goals.

In Tanzania, financial statements are prepared by a consultant, PricewaterhouseCoopers, and sent to Chemonics International Inc.

1.2 Audit Objectives and scope

1.2.1 Audit objective

The overall audit objective was to perform an audit in accordance with generally accepted auditing standards and US Comptroller General's Government Auditing standards (1994 Revision). The audit accordingly included such tests of the accounting records as deemed necessary under the circumstances. The specific objectives were to:

- Express an opinion on whether the fund accountability statement for GreenCOM Tanzania presents fairly, in all material respects, and in conformity with the basis of accounting described in the report the use of funds in accordance with the agreement.
- Evaluate and obtain a sufficient understanding of the project's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the fund accountability statement, assess control risk and identify reportable conditions, including material internal control weaknesses
- Perform tests to determine whether GreenCOM Tanzania complied, in all material respects, with agreement terms and applicable laws and regulations. Any material instances of non-compliance and all indications of fraud were to be identified.

1.2.2 Audit scope

The audit scope required us to carry out sufficient audit steps and procedures to ensure that the audit objectives were met, and in particular to:

- Review the fund accountability statement (FAS) in respect of local expenditure only, for the period from January 1, 1999 to December 31, 1999 and express a written opinion in accordance with SAS 62.
- Examine the terms and conditions of the contract, applicable standard provisions, implementation letters, budgets, financial or program evaluations and correspondence in order to gain knowledge and understanding of the goals and objectives of the project and contract, activities being financed by USAID, types of costs, financial procedures and requirements, and results of completed financial reviews.

- Examine agreements, handbooks and other pertinent information. Obtain copies of documents, records, reports and correspondence, to obtain sufficient evidence for the purpose of expressing our opinion.
- Study the chart of accounts, cost accounting systems, organization chart and reports of internal auditors, independent auditors, government auditors and related studies.
- Carry out audit steps and procedures to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a material direct or indirect effect on the report.
- Obtain specific written representations from management through a client representation letter in accordance with SAS 19 and generally accepted auditing standards
- Examine and evaluate the GreenCOM Tanzania internal control structure and capability to properly identify and account for expenditures to assess control risk.
- Examine bank statements for accounts maintained to determine that they are reconciled on a timely basis and that transactions are appropriate.
- Review procurement procedures to determine whether sound commercial practices including competition were used, reasonable prices were obtained and there were adequate controls on qualities and quantities received.
- Determine whether USAID's eligibility rules for goods and services, suppliers, restricted goods and source and nationality, were followed.
- Determine whether GreenCOM Tanzania has established the required property management policies and procedures. Establish whether proper records were maintained and reconciled to the annual physical inventory.
- Review GreenCOM Tanzania's hiring procedures for staff and consultants and determine whether the process was fair and transparent.

- Examine job descriptions and qualifications of all management personnel hired under the agreements to manage and account for USAID funds to determine the appropriateness of the job descriptions and ability of hired personnel to perform the described functions. Test –check other positions in the organization to determine whether the same rules apply and whether there have been key personnel changes and whether USAID approvals were sought in changing key personnel.
- Review employee allowances and benefits paid to staff to determine whether they were allowable under the standard regulations.
- Determine whether GreenCOM Tanzania has substantially achieved the contract performance objectives specified in the contract.

ENVIRONMENTAL EDUCATION AND COMMUNICATION

1.3 SUMMARY OF AUDIT RESULTS

1.3.1 Determine the propriety and validity of the Fund Accountability Statement.

We concluded that the fund accountability statement for the period January 1, 1999 to December 31, 1999 is fairly presented in all material respects, and in conformity with the basis of accounting described in the report.

1.3.2 Identify, evaluate and report on the GreenCOM Tanzania internal control structure

We reviewed internal control structure. We concluded, based on our review, that the internal control structure was adequate except for issues raised in part 3.2 of this report.

1.3.3 Reach an opinion as to whether or not the GreenCOM Tanzania complied in all material respects with agreement terms and applicable laws and regulations

We concluded that there were no instances of material non-compliance.

ENVIRONMENTAL EDUCATION AND COMMUNICATION

2.0 FUND ACCOUNTABILITY STATEMENT

2.1 Independent Auditors' Opinion

We have audited the fund accountability statement of GreenCOM- Tanzania with contract number PCE-Q-00-93-00069-00, task order 24, for the period from January 1, 1999 to December 31, 1999. The fund accountability statement is the responsibility of the management of the Chemonics International. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and US Comptroller General's Government Auditing Standards (1994 Revision). These 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 fund accountability statement. It 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 fund accountability statement is prepared on the basis of cash receipts and disbursements in line with USAID's financial accounting system.

In our opinion the fund accountability statement referred to above presents fairly, in all material respects, project revenue and costs reimbursed and incurred for the 12 months period ended 31 December 1999 in accordance with the terms of agreement and in conformity with the basis of accounting described above

This report is intended for the information of AED, Chemonics International, GreenCOM Tanzania and USAID. However, upon release by USAID, this report is a matter of public report and its distribution is not limited.

Deloitte & Touche Tanzania

Date: 4 September 2000


DELOITTE & TOUCHE
Tel. No. 2115352/2116006 Fax 2116379

P.O. Box 1559
Deloitte Touche
Tohmatsu
DAR ES SALAAM

ENVIRONMENTAL EDUCATIONAL DEVELOPMENT

**2.2 FUND ACCOUNTABILITY STATEMENT
FOR YEAR ENDED 31 DECEMBER 1999**

	US \$
Total Revenue	
Actual Deposit	62,451
Balance to Deposit	
Expenditures	
Travel and transport	3,903
Expendable items	1,202
Operating expenses	38,047
Other costs	5,134
Exchange difference	124
Total expenditures	48,410
Balance	14,041

**ENVIRONMENTAL EDUCATION AND COMMUNICATION
FOR THE YEAR ENDED 31 DECEMBER 1999**

2.3 NOTES TO FUND ACCOUNTABILITY STATEMENT

2.3.1 Fund Accountability Statement

Fund accountability statement comprises local expenditure incurred in Tanzania

2.3.2 Basis of accounting

The fund accountability statement is prepared on a cash basis

2.3.3 Revenue

Revenue represents amounts received from USAID/Tanzania via Chemonics International Inc. for the contract no. PCE-Q-00-93-00069-00, task order 24.

2.3.4 Expenditure

Represents amounts expended in Tanzania shillings translated to US Dollars at the average exchange rate of Tshs 724.172 per dollar.

2.3.5 Exchange rates

Grant receipts have been translated to Tanzania shillings using the rate ruling on the date of receipt of the funds

3.0 INTERNAL CONTROL STRUCTURE

3.1 INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

We have audited fund accountability statement of the GreenCOM Tanzania for the 12 month period ended 31 December 1999 with contract number PCE-Q-00-93-00069-00 task order 24 under SO2 granted by USAID/Tanzania.

We conducted our audit in accordance with generally accepted auditing standards and the U.S Comptroller General's Government Auditing Standards (1994 Revision). 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.

The management of GreenCOM Tanzania is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure and policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the agreements; and transactions are recorded properly to permit the preparation of the fund accountability statement in conformity with the basis of accounting described in note 2.3 to the fund accountability statement. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the fund accountability statement for GreenCOM Tanzania for the 12 month period ended December 31, 1999, we obtained an understanding of the internal control structure. With respect to the internal control structure, 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 in order to determine our auditing procedures for the purpose of forming an opinion on the fund accountability statement and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants (AICPA). A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the fund accountability statement and the cost sharing schedule may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of GreenCOM Tanzania in paragraph 3.2 below.

This report is intended for the information of GreenCOM Tanzania and the U.S. Agency for International Development (USAID). However, upon release by USAID, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche Tanzania



DELOITTE & TOUCHE
Tel. No. 2115352/2116006 Fax 2116379
P.O. Box 1559
DAR ES SALAAM

Date: 4 September 2000

3.2 ENVIRONMENTAL EDUCATION AND COMMUNICATION

FINDINGS AND RECOMMENDATIONS ON THE INTERNAL CONTROL

3.2.1 Payments were not signed

The Chief of Party did not sign the following payment vouchers.

Date	Payee/ description	Pv no.	Cheque no	Amount Tshs.
18/5/99	Wolfgang Baranieki	18	177822	4,158,360
18/5/99	Wolfgang Baranieki	19	177823	1,282,161
18/5/99	MIC (T)	20	177824	84,847
18/5/99	MIC (T)	21	177825	16,969
26/5/99	2 reams of papers	-		10,000
13/5/99	1 box of diskettes	-		9,000
12/5/99	Bound Documents	-		37,500
12/5/99	2 video cassettes	-		7,200
16/5/99	Tea/coffee expenses	-		5,800
25/5/99	Photo Dev& Printing	-		27,240
25/5/99	Purchase of computer cable	-		4,080
8/6/99	Photo& Dev&Print	-		53,000
11/6/99	2 sets of dividers	-		38,000
11/6/99	5 reams of paper	-		20,000
22/6/99	Video cassettes & 2films	-		9,500
3/7/99	Annamarie Kashajja	-		5,898
7/4/99	Taxi expenses on CEAS	-		5,000
9/7/99	2 reams of A4 Paper	-		7,000
16/7/99	Dev and Print	-		24,600
	Total			5,806,155

Recommendation

All payment vouchers should be signed by responsible officials as evidence of authorization and proper control over the expenditure.

Auditee comment

All payments have been reviewed and authorised by the Chief of Party. In future, all payment vouchers will be signed off by the Chief of party or her/his designee.

USAID Comment

We agree with the auditor's recommendation.

3.2.2 Petty cash has a debit of Tshs 85,550 equivalent to US \$ 118

Finding

Petty cash reflects a debit balance of Tshs 85,550. This was explained to be the amount borrowed from a member of staff to meet the costs of sending documents by DHL to Washington since there was no signatory to sign the cheque. The project has two signatories, who are based in Washington and Swaziland and therefore payments are done regularly when they come to the Tanzania office.

Recommendation

Such balances should be reported as accounts payable instead of petty cash.

Auditee comment

Petty cash debit of Tshs 85,550 (US \$ 118), Chemonics has dully advised their accountants and will revise as requested

USAID comment

We agree with the auditor's recommendation.

**4.0 COMPLIANCE WITH AGREEMENT TERMS AND APPLICABLE LAWS
AND REGULATIONS**

4.1 Independent Auditor's Report on Compliance

We have audited Fund Accountability Statement of GreenCOM Tanzania for the 12 month period ended 31 December 1999 with contract number PCE-Q-00-93-00069-00 Task Order 24 under SO2 granted by USAID/Tanzania.

We conducted our audit in accordance with generally accepted auditing standards and the U.S Comptroller General's Government Auditing Standards (1994 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 GreenCOM Tanzania is the responsibility of GreenCOM Tanzania management. As part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, we performed tests of GreenCOM Tanzania's compliance with certain provisions of agreement terms 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.

The results of our tests disclosed no instances of noncompliance that are required to be reported therein under U.S Comptroller General's Government Auditing Standards (1994 Revision)

This report is intended for the information of GreenCOM Tanzania, Chemonics International, AED and U.S Agency for International Development (USAID). However, upon release by USAID, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche Tanzania


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Tel No. 2115352/2116006 Fax 2116979

P.O. Box 1559

Deloitte
Touche
Tohmatsu
DAR ES SALAAM

Date: 4 September 2000