

UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE
INSPECTOR
GENERAL



Regional Inspector General for Audit
WASHINGTON

PREAWARD SURVEY OF THE
UNIVERSITY OF THE WEST INDIES
IN JAMAICA

AUDIT REPORT NO: 0-532-82-63

April 27, 1982

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Purpose of Survey:

As requested by the Office of Contract Management (M/SER/CM), we made an on-site preaward survey of the University of the West Indies financial operations in Jamaica. The survey was made to assure that (1) the University has an accounting system appropriate for allocating costs consistent with OMB and other regulations, (2) the financial position of the University is sound, and (3) the management capability exists to administer a proposed AID grant in accordance with AID requirements. AID Handbook 13 (Chapter 4) guidelines were followed in making this survey.

Organizational Background:

The University of the West Indies with its main campus near Kingston, Jamaica, is an international institution of higher education devoted to teaching and research. It serves 14 different English speaking West Indian territories in a region of more than 4 million people.

The University began operating in 1948. From a single faculty with 33 students, it has grown to a three campus institution of eight faculties with over 7,500 students. In addition to the faculties, there are a number of autonomous or semi-autonomous units on one or other of the University campuses. Examples of these are the "Social Welfare Training Center" and the "Trade Union Education Institute."

Previous AID Experience:

We reviewed the history of ongoing or recent projects between AID and the University. Activities range from a regional development loan beginning in 1975 to a USAID issued cost reimbursement contract for an evaluation of an agricultural radio project. AID projects with the University are shown below:

<u>Project Title:</u>	<u>Project No.</u>	<u>Type of Agreement</u>
Agricultural Radio Project	931-1109	Cost Reimbursement Contract
Rural Communications- Feasibility Study	598-0581	Grant Agreement

Health Improvement For Young Children	532-0040	Cost Reimbursement Contract
Caribbean Educational Development	538-0029	Grant Agreement
Integrated Region Development	538-U-004	Loan Agreement

In early 1979, our office performed an audit of the \$8.5 million loan (No. 538-U-004) that was for the expansion of the University facilities. The audit surfaced several problems in the University's management of the initial construction phase of the project. However, the AID Representative for the Caribbean noted that given the complexities involved, the audit report generally indicated that the project was being managed in an efficient manner.

Results of the Survey:

1. Accounting System.

The University has an accounting system appropriate for accumulation, segregation, and recording of costs under government cost-type contracts or grants. It is a computerized system which accumulates costs for all AID and other projects by specific control numbers. We tested the system from source documentation through books of accounts to certified financial statements, and found the system in order.

2. Financial Position.

In our opinion, the University is financially capable of performing services under the proposed AID grant totaling \$599,000 over a three-year period. It is a stable organization with adequate liquid assets to cover normal operating expenses. The University's certified financial statements for the last fiscal year ended 31 July 1981 showed net current assets exceeding the equivalent of \$16 million. Contributions to the University by West Indian governments during FY 1981 totaled over \$40 million.

3. Internal Control

We discussed internal control with the University Bursar and the head of the Internal Audit Section. We reviewed the internal audit program and work carried out by the Internal Audit Section. Additionally, we evaluated controls over payment vouchers. In the case of voucher payments, a number of individual signatures are

required on the voucher authorization before payment, and disbursement checks require a countersignature. Based on our review, we conclude that the University has effective internal control over its financial operations.

4. Management Capability

We have no reason to believe that the University management lacks competence to administer AID grants in accordance with AID requirements. Based on the Bursar's office organization chart, which clearly defines operational and staff duties, we feel the University is well enough structured to meet its stewardship responsibilities over AID funds.

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LIST OF REPORT RECIPIENTS

Deputy Assistant to the Administrator For Management (M/DAA/SER)	1
Office of Contract Management, M/SER/CM	2
Assistant Administrator/Bureau For Science And Technology (S&T/ED)	1
Inspector General	1
IG/PPP	1
AIG/II	1
IG/EMS/C&R	16