



# Auditor General

AUDIT REPORT  
LOW COST HOUSING PROJECT  
USAID/NICARAGUA

Audit Report Number

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## I PURPOSE AND SCOPE

A limited scope audit was made of the Las Americas Low Cost Housing Project to see how well the Nicaraguan Housing Bank - Banco de la Vivienda de Nicaragua (BAVINIC) - is administering the Las Americas Low Cost Housing Trust Fund, the Revolving Fund and the Home Improvement Credit Fund. The audit was made at the request of USAID/Nicaragua. USAID/N was concerned because the BAVINIC had fired several members of its Administrative Unit responsible for monitoring the AID Low Cost Housing Loan 030, all funds collected from rentals of Las Americas units could not be accounted for, there were serious delays (3-4 months) in reporting collections of these monies within BAVINIC and fund transfers were being made between bank accounts that should have been controlled by the Administrative Unit but were in fact controlled only by the Central BAVINIC. During the audit we became aware of certain other project problems requiring attention.

The audit consisted of a review of the BAVINIC procedures and controls over cash collections, review of the BAVINIC Administrative Unit and Central Accounting records as they apply to fund transactions, USAID disbursement records, project documents and correspondence files. Interviews were held with BAVINIC and USAID/N officials and with residents of the Las Americas housing project as considered necessary.

The review covered the period from April 30, 1975 to October 31, 1977 and included an audit of fund transactions for the period April 30, 1975 through August 31, 1977. The audit was made in Managua, Nicaragua during September to November 1977. We conducted field work at the main office of the BAVINIC and visited four of the five Las Americas housing sites, where interviews were held with 28 householders at Las Americas Nos. 2 and 3.

## II BACKGROUND

The Republic of Nicaragua was struck by an earthquake in December 1972 which completely destroyed about 40% of the capital city of Managua and left an estimated 200,000 people in immediate need of housing. In January 1973, AID granted the BAVINIC \$3 million dollars. With these funds about 11,130 temporary housing units were constructed (5,565 duplex structures) on land owned by the Government of Nicaragua at four sites designated Las Americas Nos. 1, 2, 3, and 4. In July 1974 a \$15 million AID loan (No. 524-F-030) was signed to convert the temporary shelters into permanent housing, including up to \$700,000 for additional home improvement credit after upgradings were completed. The GON agreed to match the \$15 million concessional loan with a \$15 million counterpart investment in land, infrastructure and administrative costs.

Many (about 3,900) of the duplex structures were to be converted from two living units into one to accommodate large families. About 1,130 duplex structures were dismantled because the land was on a fault or to make room for infrastructure improvements, community facilities and open space

requirements and about 1,320 new houses being constructed. In addition about 1,650 new houses are to be built on an adjacent fifth site (Las Americas No. 5) on land for which purchase had been authorized and value established but not owned by the GON at the time of the earthquake.

The BAVINIC is the Borrower and the implementing agency and under the agreement terms created a special Administrative Unit to manage the project. The Unit consists of five sections: Accounting, Engineering, Selection and Sales, Promotion and Community Activities, and Home Improvement Credit. The five sections have a total staff of 28 people (11/3/77).

The Accounting Section was, in part, established to determine the amount of collections by BAVINIC from Las Americas, which according to the agreement are to be deposited into the Trust Fund, and to oversee the use of the project funds. The Administrative Unit is to receive and approve documents for bank account transactions in order to control the project funds which consist of the following:

1. Low Cost Housing Trust Fund: Under Section 6.02 of the Loan and subsidiary agreements, BAVINIC set up a fund for deposit of housing occupant savings (rent) toward downpayments, downpayments, mortgage interest and principal payments, and profits from resale of houses. Those Trust Fund monies not required for AID Loan repayments are to be used to make improvements to and to finance additional low cost housing. A plan was to be presented to AID for the use of trust funds and the terms and conditions under which such funds were to be utilized. The beginning balance of the Low Cost Housing Trust Fund C\$263,584.81 (See Exhibit A) was established by transfer of BAVINIC funds from maintenance collections in excess of maintenance expenses as determined by BAVINIC and USAID/N. The maintenance collections were received prior to April 30, 1975 from Las Americas' renters of temporary shelters. By Implementation Letter No. 12 of the Grant Program Trust Fund these monies could be used as part of the BAVINIC commitment to contribute C\$350,000 toward Community Development. The C\$263,584.81 is technically not part of the Loan 030 Low Cost Housing Trust Fund collections of C\$7,785,743.95 (Exhibit B) and its use as trust fund monies is subject to the prior grant agreement. Referring to these funds in the Ist. Annual Review of Loan 030, the Review Panel agreed that all amounts credited to the trust fund were available for transfer to the Revolving Fund, except funds needed either for interest payments on the AID loan or for imminent BAVINIC counter-part expenses for Community Development.

2. Revolving Fund: Under Section 3.04 (j) BAVINIC established a special account for the payment of local project expenditures and for deposit of AID reimbursements. Procedures established in Implementation Letter No. 15 authorized an agreed-to amount of C\$2,365,614 to be transferred to this fund from the Trust Fund for the initial balance. When the balance in the Revolving Fund is insufficient to cover AID reimbursable expenses, additional transfers can be made from the Trust Fund. All amounts so transferred including the initial amount, are to be returned to the Trust Fund when no longer needed to maintain the Revolving Fund.

3. Home Improvement Credit Fund: Under Implementation Letter No. 18 dated October 8, 1976, AID authorized the use of \$700,000 of loan funds for a home improvement program. BAVINIC agreed to establish a special account and deposit C\$700,000 (\$100,000) as their contribution. All AID reimbursements and all reflows from home improvement loans were to be deposited in the special account.

### III SUMMARY

Project funds were not being effectively administered. BAVINIC was not making required Trust Fund deposits and was using the designated monies in its own operations. This resulted in a deficiency of \$614,440 in the Trust Fund as of August 31, 1977. In addition, the Revolving Fund ended up with a deficit and the Home Improvement Credit Fund was not fully established. USAID should require BAVINIC to correct the Trust Fund deficiency and to provide USAID monthly with information and bank statements to assure that the project funds are being properly administered by BAVINIC.

BAVINIC is having problems with working capital. These appear to be due in part to increasing delinquencies and large investments in land. USAID needs to assess the effects that BAVINIC financial problems have on project requirements.

BAVINIC is charging the Las Americas project with interest and administrative costs at the rate of 16% and critical comments have appeared in the press about inflated values of GON acquired land. For this reason USAID needs to agree with BAVINIC on reasonable sales prices for the Las Americas houses.

A test of BAVINIC cash receipt procedures and controls indicate reasonable safeguards once receipts are recorded by designated cashiers.

### IV FINDINGS AND RECOMMENDATIONS

#### A. Trust Fund Deficiency - 8/31/77 (Exhibit A)

The Low Cost Housing Trust Fund was short C\$4,301,078.12 (\$614,440) as of August 31, 1977. BAVINIC had not deposited Las Americas collections into the Trust Fund Bank account since April 1976. The monies collected from tenants and prospective home owners were deposited to the credit of BAVINIC in accordance with BAVINIC procedures but transfer deposits were not made to the designated Trust Fund account (Bank of America No. 12891).

BAVINIC was aware that these funds were not being transferred. The BAVINIC President told us on September 23, 1977 that the funds were being used by BAVINIC in its operations because BAVINIC was short of working capital, caused in part by USAID/N not promptly processing reimbursement requests for Loan 030 funds.

USAID/N had advanced C\$5,000,000 to BAVINIC in September 1977, not knowing the entire situation with respect to the Trust Fund deficiency. If USAID had been aware of the deficiency at that date it is unlikely that an advance would have been made. If BAVINIC had been depositing funds collected to the Trust Fund, funds would have been available for the BAVINIC to transfer to the Revolving account and more than adequate to handle any deficits such as occurred on August 31, 1977 in the Revolving Account (C\$176,684). (Exhibit D).

Failure by BAVINIC to deposit funds into the Trust Account constitutes a violation of Article VI, Section 6.02, Trust Fund, of AID Loan 030 which may constitute a legal default of the agreement under Article IX, Section 9.02.

#### Recommendation No. 1

USAID/N take appropriate action to require BAVINIC to deposit funds to cover the deficiency of C\$4,301,078.12 in the Trust Account as of August 31, 1977.

#### B. Previous Trust Fund Deficiencies

AAG/LA Audit Report No. 1-524-76-35, dated March 25, 1976, disclosed previous BAVINIC failures to make Trust Fund deposits.

Recommendation No. 2 in that report recommended that USAID/N determine what it considered to be the correct balance of trust funds and take appropriate action to insure that the correct amount was deposited to the account.

In accordance with Recommendation No. 3 USAID/N was to require that the Director of the Administration (Implementation) Unit countersign all checks drawn on the project account and that the Unit be provided all deposit tickets and bank statements for the project accounts so the Unit could control the actual deposit and withdrawal of the funds.

Although recommended actions were taken they were not sufficient to prevent the situation from recurring. The Unit, apparently under pressures from BAVINIC management, was not advising USAID/N of the BAVINIC failures to make regular deposits although worksheets in the Accounting Section of the Unit indicate that calculations were made up until February 28, 1977. Staff firings apparently caused disruption of procedures and increased workload within the section and for several months computations were not made. On September 21, 1977, as we started our field work, the computations were brought up to date; although the method of extracting the information was changed from the detailed analyses of payment slips (receipts given householders for payments made) to the use of computer runs. In either case the computations were not completed to show the portion of the total collections that were required to be retained in the Trust Account. The collections recorded by the Administrative Unit were not reconciled to appropriate general ledger accounts.

Two large transfers of project funds were made, totaling C\$1,667,989.69, to the BAVINIC general account apparently without Administrative Unit approval during the period of our review. These were made from the Revolving Fund in February and August 1977. Although not authorized by the Unit these funds were a part of C\$1,789,495.72 (\$255,642.25) provided from BAVINIC own funds to the Revolving account in 1976. These and other smaller transactions resulted in a net contribution by BAVINIC as of August 31, 1977, of C\$133,088.19 (Exhibit D).

The third project account the Home Improvement Credit Fund had not received reimbursements from USAID as of October 31, 1977, although procedures to be followed are to be similar to those for the Trust and Revolving Funds. Although only C\$200,000 of the initially agreed to C\$700,000 deposit (Exhibit D) was in the account as of August 31, 1977, BAVINIC had as of October 28, 1977 deposited the entire C\$700,000. Stronger monitoring actions are required by USAID/N to give reasonable assurance that the agreed-to financial computations are correctly made, that funds are deposited to Trust Fund Account No. 12891 and that fund balances are properly maintained so that prompt action can be taken, as necessary, to correct deficiencies.

#### Recommendation No. 2

USAID/N require BAVINIC provide the following information monthly to USAID for project accounts, commencing with September 1977:

- (a) Month-end bank statements and reconciliations to general ledger accounts.
- (b) Summaries of the general ledger account transactions during the month.
- (c) A calculation of the Trust Fund collections for the month.

#### C. BAVINIC Working Capital Problems

BAVINIC is having problems satisfying working capital needs. One indication that BAVINIC is having difficulty with cash flow is shown in an entry made as of August 31, 1977 in their general ledger to reclassify a C\$2.6 million cash deficit in local bank accounts to accrued liability accounts. BAVINIC is also not paying its creditors. The head of the construction contractor's association was quoted by a local newspaper in October 1977 as stating that BAVINIC collectively owed association members in excess of C\$15.0 million (\$2.1 million), some of which was reportedly nine months delinquent. This was verified by us in a conversation with the BAVINIC Controller. BAVINIC was also delinquent in payments to AID. Although now paid USAID/N records showed as of November 11, 1977 that the GON (Borrower

BAVINIC) was six months delinquent in repayment on the \$3.7 million AID Loan No. 524-L-017. Under the two-step loan agreement, principal and interest payments totaling \$97,841.20 were due the U.S. Treasury on November 9, 1977.

The BAVINIC working capital problems appear to be due, in part, to increasing delinquencies and large land investments. In our limited review of some of the general ledger accounts of BAVINIC, we note for example, that (1) the uncollected interest income, net of reserves for losses, increased from C\$45.4 million (audited) or 4.0% of total assets at December 31, 1975 to C\$83.0 million (unaudited) or 5.9% of total assets at August 31, 1977, and (2) the investments in land, held for but not put into construction projects increased from C\$167.9 million to C\$192.6 million over the same period.

The delinquency problem is further reflected in monthly computerized reports prepared internally by BAVINIC. The resume for July 31, 1977 showed that 48.5% of the 1,121 Las Americas No. 1 householders, under promise of sale agreements, were delinquent three months or more. Comparable figures for the 670 homeowners at Las Americas No. 2 and the 239 homeowners at Las Americas No. 3 were 43.1% and 48.1% respectively. At Las Americas No. 2, the longest under Promise of Sale Agreement, 15 were more than one year delinquent. The Promise of Sale Agreement provides that three months delinquency constitutes a default of contract. In discussing delinquencies with a BAVINIC official we were advised that GON policy limited evictions at Las Americas. The full extent to which liquidity problems are plaguing BAVINIC is not known to USAID. BAVINIC does not provide USAID/N with monthly financial statements or audited financial statements prepared by BAVINIC's outside accountants, (although the latter is required to be made by Implementation Letter No. 1, page 15). USAID/N is also not receiving Annual Financial Plans for each calendar year (Implementation Letter No. 1, page 9). A joint annual review of the project, scheduled as of December 31, 1976, underway since March 9, 1977 has not yet been completed.

A Partner for the outside accounting firm told a USAID representative that the audit is complete but that BAVINIC has not yet authorized the statements to be released.

Improved dialogue on BAVINIC finances is necessary between USAID/N and BAVINIC in order for USAID/N to correctly assess the effect that BAVINIC's financial problems have on project requirements.

### Recommendation No. 3

USAID/N request that BAVINIC supply USAID with (a) the audited financial statements for December 31, 1976, and (b) monthly information on delinquent accounts and collection efforts at Las Americas.

#### Recommendation No. 4

USAID/N solicit assistance from BAVINIC as necessary and complete the joint annual review for 1976.

#### D. Pricing of Housing

In reviewing BAVINIC records we found BAVINIC was charging the Las Americas project a monthly amount for interest and administrative expenses at the annual rates of 13% and 3%, of the monthly balance of funds invested in construction, respectively. The total charged for the month of August 1977 was C\$864,083 (Journal Voucher No. 68 dated August 31, 1977). In establishing a sales price for the housing units there is some basis for considering these financing and administrative costs. However, it is contrary to good accounting practices for BAVINIC to record these amounts as earned income when there is no assurance that they will be received as a part of the sales prices of the housing units. Further, there is a question as to whether such costs should be included in the sales prices of low cost housing. Critical comments have also appeared in the press about inflated land acquisition costs, not financed by AID, but involving the Las Americas project. USAID is planning a review of the reasonableness of the cost of the land, but should also examine the reasonableness of total costs to be included in the computation of the selling prices of the houses.

Determination of the final selling prices has been made for only one of the nine housing models. BAVINIC agreed to subsidize the cost of Unit Type I. BAVINIC also agreed to subsidize an undisclosed number of Unit Type 2s for families who can't afford higher prices. For the others (including seven other unit types) prices are not to be determined until all costs, by unit type, are known for the first four of the Las Americas sites. For site No. 5 housing construction is just starting. Under the philosophy of setting reasonable prices, we do not believe it is necessary to wait until final costs are known.

Following our discussion of this issue with USAID officials, USAID initiated a letter dated November 8, 1977 to BAVINIC requesting that final sales prices for houses in the Las Americas sites No. 1 through 4 be submitted to USAID for review and approval prior to final completion of these projects.

#### E. Review of BAVINIC Records

From our review of BAVINIC records we reconstructed Trust Fund collections, totaling C\$7,785,743.95 (Exhibit B) for the period May 1, 1975 through August 31, 1977.

Under the system used by BAVINIC, monthly payments from householders are received at authorized collection offices. As evidence of payment the payor receives a machine-stamped copy of a receipt slip. Only receipt slips from computer prepared payment books are accepted as official receipt slips. If the householder does not have a payment book, the cashier prepares a

provisional receipt which the householder keeps until he receives the official one. The collection office deposits the monies to the credit of BAVINIC along with collections from other BAVINIC projects. The receipt slips are then sent to BAVINIC under accounting control and the controlled data is fed into the computer system.

A computer program prepares daily receipt listings and summarized monthly reports showing collections from each project and house number. At the close of each month a computer program posts cash entries by day directly to the general ledger. A computer program also prepares monthly delinquency lists based on official receipt slips. The computer program provides for recording both provisional and official receipts and provides a control for the provisional receipts until they are converted to official payments.

We were able to trace receipt slip information obtained directly from 28 householders interviewed into the BAVINIC computerized accounting system with one exception. A payment of C\$60 made to the CAPSA collection office on July 16, 1977 has not yet been located in the accounting records of BAVINIC. In our limited test a small discrepancy could have significant meaning. Consequently, we have asked USAID to further investigate this matter and they were doing so as of the date of completion of our field work in Nicaragua. Assuming this can be clarified, from our review of BAVINIC cash receipt procedures and controls we conclude that there are reasonable safeguards within the BAVINIC system to insure that shortages would not go undetected once receipts are recorded by designated cashiers at the officially authorized collection offices.

Although based on our review of controls in effect and other auditing tests, upon resolution of the C\$60 payment mentioned above, we accept as reasonably correct the amounts recorded in the BAVINIC general ledger, as such information pertains to Trust Fund collections, we found that extraction of this information from the general ledger to be cumbersome and that it could easily be provided through a computer program.

#### Recommendation No. 5

USAID/N recommend to BAVINIC preparation of a computer program to summarize Trust Fund collection data from its records, for use in determining and making timely transfers of funds to the Trust Fund bank account.

EXHIBIT A

SUMMARY OF TRUST FUND DEFICIENCY  
(As of August 31, 1977)

	<u>Available for</u>		
	<u>Low Cost</u>	<u>Community</u>	
	<u>Housing</u>	<u>Development</u>	<u>Total</u>
Beginning Balance (4/30/75) - as agreed	C\$ -	C\$263,584.81	C\$ 263,584.81
Add - Trust Fund collections (EXHIBIT B)	<u>7,785,743.95</u>		<u>7,785,743.95</u>
	<u>7,785,743.95</u>	<u>263,584.81</u>	<u>8,049,328.76</u>
<u>Deduct - Allowable Items:</u>			
Interest paid on AID Loan 030	C\$ 103,197.00		103,197.00 (2)
Sporting goods purchase		16,099.23	16,099.23
Transfers to Revolving Account (EXHIBIT D)	<u>3,200,000.00</u>		<u>3,200,000.00</u>
	<u>3,303,197.00</u>	<u>16,099.23</u>	<u>3,319,296.23</u>
Audited Trust Fund Balance	<u>C\$4,482,546.95</u>	<u>247,485.58</u>	4,730,032.53
Less - Balance in Bank Account 8/31/77			<u>428,954.41 (1)</u>
Trust Fund Deficiency - 8/31/77			<u>C\$4,301,078.12</u>

NOTES:

- (1) The general ledger balance as of August 31, 1977 was actually zero. This resulted from two book entries as of that date which transferred C\$1,600,000 to a BAVINIC general bank account and an entry of C\$1,103,822.30 to reclassify a resulting negative balance to a liability account. Excluding these two transactions which did not result in bank transactions, a difference of C\$67,213.29 between the book balance and bank balance was due to bank charges for interest, dated 2/22/77, not recorded in the general ledger.
- (2) Interest paid C\$103,197, is determined from AID records as of 8/31/77. BAVINIC had recorded only C\$16,099.23 in the Trust Fund Account.

EXHIBIT B

TRUST FUND COLLECTIONS  
(May 1, 1975 to August 31, 1977)

	From BAVINIC General Ledger		
	Account No. *	Credit (Debit)	
<u>Accumulated Account Balance - 8/31/77:</u>			
Funds in Administration	2.30		C\$8,190,488.14
Principal Collected for Completed Houses Under Promise of Sale Agreements:			
Las Americas No. 1	16.07.27	C\$1,383,791.55	
Las Americas No. 2	16.07.28	1,200,488.98	
Las Americas No. 3	16.07.29	490,260.61	3,074,541.14
Deposits to be Applied to Monthly Instalments:			
Las Americas No. 1	16.08.27	101,245.04	
Las Americas No. 2	16.07.28	88,442.79	
Las Americas No. 3	16.08.29	179,722.90	
Las Americas No. 4	16.08.30	11,136.50	380,547.23
Downpayments to be collected:			
Las Americas No. 1	5.6.27	(8,985.40)	
Las Americas No. 2	5.6.28	(34,599.86)	
Las Americas No. 3	5.6.29	(9,113.17)	
Las Americas No. 4	5.6.30	(7,417.00)	(60,115.43)
Interest Received in Advance:			
Las Americas No. 1	6.1.27	4,556.93	
Las Americas No. 2	6.1.28	2,024.57	
Las Americas No. 3	6.1.29	428.49	7,009.99
Interest collected from permanent householders under Promise of Sale Agreements 25.1			1,477,921.69
Total Accumulated Collections			13,070,392.76
Less - Agreed to Balance 4/30/75			2,629,198.81
			10,441,193.95
Less - Calculated Maintenance and Garbage Collections after 4/30/75 included in Funds in Administration Account			2,655,450.00
Trust Fund Collections 5/1/75 to 8/31/77			C\$7,785,743.95

\*NOTE: See Exhibit C for explanation of BAVINIC Accounts.

EXPLANATION OF BAVINIC ACCOUNTS

NOTES -

2.30 Funds in Administration

This account represents the liability of BAVINIC for collections from temporary shelter renters at the Las Americas project. Debit entries to this account represent transfers of tenant accumulated savings toward downpayments to account 16.07 and transfers of excess savings to account 16.08 as Promise of Sale agreements are consumated. The rents collected include a monthly portion for maintenance and garbage collection services at the Las Americas projects as well as for savings. Account 2.30 is shown in BAVINIC's financial statement as a current liability.

16.07 Principal Collected for Completed Houses Under Promise of Sale Agreements

This account represents downpayments and payments of principal from householders at Las Americas projects who have been permanently assigned the houses under promise of sale agreements. The downpayments reflect amounts transferred from the account 2.30 or amounts paid directly. Account 16.07 is shown in BAVINIC's financial statement as a contra to investment in Permanent Houses Assigned, a receivable.

16.08 Deposits to be Applied to Monthly Installments of Permanent Houses Under Promise of Sale Agreements

This account represents excess savings not required for downpayments which are to be used to pay future instalment payments until used up. The excess savings are transferred to this account from account 2.30 at the time that the house is permanently assigned. Account 16.08, together with account 16.07, is shown in BAVINIC's financial statement as a contra to the Investment in Permanent Houses Assigned, a receivable.

5.6 Downpayments to be Collected

This account represents downpayment loans to permanent householders less amounts collected. The loan balances were established at the time downpayments were transferred to account 16.07. Account 5.6 is shown in BAVINIC's financial statement as an asset - Other Current Loans.

6.1 Interest Received in Advance

This account represents interest recorded at the time that the downpayment loan is established as monthly payments on downpayments loans are collected the interest is taken into income. This account is shown in BAVINIC's financial statement as a deferred credit.

25.1 Accumulated Interest to be Received

This account represents interest income recorded but not yet collected. As collections are made the account is credited. The account is shown in BAVINIC's financial statement as other assets.

EXHIBIT D

SUMMARY OF REVOLVING AND HOME IMPROVEMENT CREDIT FUND TRANSACTIONS  
(As of August 31, 1977)

	<u>Revolving Fund</u>	<u>Home Improvement Credit Fund</u>
Beginning Balances (4/30/75) - as agreed	C\$2,365,614.00	C\$700,000.00
<u>Add -</u>		
Transfers from Trust Fund (EXHIBIT A)	3,200,000.00	
Funds provided (not provided) by BAVINIC - net	<u>133,088.19</u>	<u>(500,000.00)</u>
TOTAL FUNDS AVAILABLE	5,698,702.19	200,000.00
<u>Deduct -</u>		
Revolving Fund Disbursements	C\$26,500,103.34	
Less - USAID Reimbursements	<u>20,624,717.12</u>	<u>5,875,386.22*</u>
Balances (Deficit) - 8/31/77	C\$ (176,684.03)	<u><u>C\$200,000.00</u></u>

\* Analysis of Undisbursed Items:

Reimbursements received after 8/31/77	C\$5,433,367.47
BAVINIC project advance	326,500.00
Items not submitted and lost voucher	75,909.37
Disallowed costs	<u>39,609.38</u>
	<u><u>C\$5,875,386.22</u></u>

LISTING OF RECOMMENDATIONS

Recommendation No. 1

USAID/N take appropriate action to require BAVINIC to deposit funds to cover the deficiency of C\$4,301,078.12 in the Trust Account as of August 31, 1977.

Recommendation No. 2

USAID/N require BAVINIC provide the following information monthly to USAID for project accounts, commencing with September 1977:

(a) Month-end bank statements and reconciliations to general ledger accounts.

(b) Summaries of the general ledger account transactions during the month.

(c) A calculation of the Trust Fund collections for the month.

Recommendation No. 3

USAID/N request that BAVINIC supply USAID with (a) the audited financial statements for December 31, 1976, and (b) monthly information on delinquent accounts and collection efforts at Las Americas.

Recommendation No. 4

USAID/N solicit assistance from BAVINIC as necessary and complete the joint annual review for 1976.

Recommendation No. 5

USAID/N recommend to BAVINIC preparation of a computer program to summarize Trust Fund collection data from its records, for use in determining and making timely transfers of funds to the Trust Fund bank account.

REPORT RECIPIENTS

	<u>Copies</u>
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Country Officer, ARA-LA/CEN, AID/W	1
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Director, OPA, AID/W	1
AG, AID/W	1
AG/EX, AID/W	12
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