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**SECOND INTERIM REPORT ON  
THE JAMAICA HURRICANE  
RECONSTRUCTION PROJECT  
USAID/JAMAICA PROJECT NO. 532-0158**

**Audit Report No. 1-532-91-12-N  
December 31, 1990**

**AGENCY FOR INTERNATIONAL DEVELOPMENT**

U. S. MAILING ADDRESS:  
RIG/T  
APO MIAMI 34022

OFFICE OF THE REGIONAL INSPECTOR GENERAL  
**AMERICAN EMBASSY**  
TEGUCIGALPA - HONDURAS

TELEPHONES:  
32-9987 - 32-3120  
FAX No. (504) 31-4465

December 31, 1990

MEMORANDUM

**TO:** USAID/Jamaica Mission Director, Robert S. Queener

**FROM:** RIG/A/T Acting, Lou Mundy *Lou Mundy*

**SUBJECT:** Second Interim Report on the Jamaica Hurricane Reconstruction Project, USAID/Jamaica Project No. 532-0158

This report is the second interim report on a non-Federal financial review of the Hurricane Reconstruction Project in Jamaica as of August 31, 1990. The accounting firm of Touche, Ross, Thorburn & Co. prepared the report, dated October 30, 1990, under the supervision of the Regional Inspector General for Audit/Tegucigalpa.

The purpose of the Project is to assist with recovery and reconstruction activities needed as a result of Hurricane Gilbert. This purpose is to be achieved through three components. The first component provides commodities and technical assistance for the rehabilitation of infrastructure. The second component provides grants to three Jamaican organizations to assist with agriculture and business recovery efforts. The final component provides assistance in disaster preparedness and relief to the poor. The date of the grant agreement was February 15, 1989. The original project assistance completion date of August 14, 1990 was extended to November 14, 1990.

The objective of this second interim report was to review the fund accountability statement as of August 31, 1990. Included in the scope of the review was (1) a study and evaluation of the implementing entities' systems of internal control, (2) a review the agreements under which funds were being granted to determine whether USAID/Jamaica and the implementing entities complied with the agreement terms, applicable laws and regulations which may have an affect on the fund accountability statement (3) a review of the implementing entities' bank account reconciliations to determine that receipts and disbursements of project funds were accounted for properly, and (4) the performance of on-site tests, inspections, and observations.

Since the audit is still in process the auditors were not in a position at this time to give positive assurance on the use of funds. However, nothing has thus far come to their

attention to indicate that the \$30.0 million obligated and \$20.7 million disbursed as of August 31, 1990 (\$11.7 million and \$9.0 million tested in first and second interim reports respectively) has been used in any material way other than for purposes intended under the terms of the agreement.

The auditors study and evaluation of the implementing entities' internal control structures disclosed no material weaknesses. The auditors concluded, for the items tested, that the implementing entities were in compliance with agreement terms, applicable laws and regulations.

The draft report was sent to USAID/Jamaica officials and their comments are included in Appendix II of this report.

The second interim report contains three recommendations regarding minor deficiencies in the internal controls. Corrective actions on these recommendations have already been taken. As a result, we are not making any recommendations for inclusion in the Office of Inspector General's audit recommendation follow-up system.

**AUDIT OF**  
**THE HURRICANE RECONSTRUCTION PROJECT**  
**USAID/JAMAICA PROJECT NO. 532-0158**  
**SECOND INTERIM REPORT**

AUDIT OF THE HURRICANE RECONSTRUCTION PROJECT

USAID/JAMAICA PROJECT NO. 532-0158

SECOND INTERIM REPORT

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Touche, Ross, Thorburn & Co.  
Chartered Accountants  
7 West Avenue, Kingston Gardens,  
P.O. Box 13, Kingston 4,  
Jamaica, W.I.  
Telephone: 809 922 6825/7  
Telecopier: 809 922-7673  
Telex: 2161 Touchert Ja.

 Touche Ross

October 30, 1990

TRANSMITTAL LETTER AND SUMMARY

Mr. Reginald Howard  
Regional Inspector General for Audit  
U.S. Agency for International Development  
Tegucigalpa  
Honduras, C.A.

This report presents the results of our financial and compliance audit of the Hurricane Reconstruction Project, USAID/Jamaica Project No. 532-0158, as at August 31, 1990.

BACKGROUND

The Government of Jamaica (GOJ) and the United States of America (USA) has entered into an agreement dated February 15, 1989 whereby the Government of the USA through its Agency for International Development Mission to Jamaica (USAID/Jamaica) is providing assistance to the GOJ in recovery and reconstruction activities needed as a result of Hurricane Gilbert.

These activities include:

- restoration of infrastructure for electric power, telecommunications, water, schools and courthouses;
- provision of credit and other assistance to agriculture and business recovery efforts; and
- disaster preparedness assistance and relief to the poor.

The project has three major components:

Component I - Rehabilitation of Infrastructure

Technical assistance and commodities are being provided to the Jamaica Public Service Company Limited (JPS), the Telecommunications of Jamaica Limited (TOJ) and the National Water Commission (NWC) to restore electric power, telephone services and the water and sewerage systems respectively.

Commodities and construction services are being provided to a number of primary/all-age/secondary schools and damaged equipment is being replaced at the University of the West Indies to enable a normal level of instruction and research. Additionally, funds are being provided to rehabilitate a number of courthouses damaged by the hurricane.

## Component II - Agriculture and Business Recovery

Grants are being provided to the Jamaica Agricultural Development Foundation (JADF), the National Development Foundation (NDF) and the Jamaica Promotions Limited (JAMPRO) to assist in providing credit, technical assistance and commodities to agriculture and business recovery efforts.

## Component III - Disaster Preparedness and Relief for the Poor

USAID/Jamaica committed funds to the Jamaica Office of Disaster Preparedness (ODP) to support action-oriented analysis leading to specific strategies to reduce the vulnerability of Jamaica's settlements to future disasters.

A grant has been made to the Council of Voluntary Social Services/ United Way of Jamaica to continue its programme of relief assistance aimed to assist a number of primarily non-wage-earning families.

The total grant being provided by USAID/Jamaica under the Foreign Assistance Act of 1961, (as amended), is not to exceed Thirty Million United States Dollars(US\$30,000,000). The original project assistance completion date (PACD) was August 14, 1990. However, this has been extended to November 14, 1990.

### AUDIT OBJECTIVES AND SCOPE

The overall objective of the examination was to perform a financial audit of the fund accountability statement of the Hurricane Reconstruction Project, USAID/Jamaica Project No. 532-0158.

Our examination has been carried out in accordance with generally accepted auditing standards and the US Comptroller General's "Government Auditing Standards" (1988 Revision), and accordingly, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances, to determine that funds were properly accounted for and were being used in accordance with agreement terms, applicable laws and regulations.

The scope of our work consists of the following:

- (a) a review of the fund accountability statement as of August 31, 1990;
- (b) study and evaluation of systems of internal control of the implementing entities as considered necessary;
- (c) a review of agreements under which funds were being granted to determine whether USAID/Jamaica and the implementing entities complied with the agreement terms, applicable laws and regulations which may have an effect on the fund accountability statement;

## AUDIT OBJECTIVES AND SCOPE (Cont'd)

- (d) a review of reconciliations of bank accounts for the implementing entities to determine that receipts and disbursements from the funds of the project were properly accounted for;
- (e) performance of on-site tests, inspections and observations as considered necessary.

## SUMMARY OF AUDIT PROCEDURES

A summary of audit procedures carried out in order to meet the stated audit objectives were:

1. Fund Accountability Statement

## 1.1 Obligations

We have agreed the total amount of US\$30,000,000 to the Grant Agreement.

## 1.2 Earmarks

We have compared US\$29,953,449 in earmarks to the relevant Project Implementation Orders (PIO's) and Project Implementation Letters (PILs).

## 1.3 Commitments

We have compared US\$29,925,080 to the related PIOs, PILs, and to the commitment documents (purchase orders and contracts).

## 1.4 Disbursements

Of the US\$20,655,228 reported as disbursements we have so far reviewed documentary evidence in support of amounts totalling US\$16,389,776. Of the disbursements not vouched amounting to US\$4,265,452, disbursements amounting to US\$1,714,016 were made through USAID/Washington. We have sought the assistance of USAID/Jamaica in obtaining supporting documentation for these disbursements (refer Appendix I Paragraph 1.0). We are in the process of reviewing/obtaining supporting documentation for the remainder of US\$2,551,436.

We have also carried out physical inspection in respect of commodities totalling \$3,870,442. Amounts disbursed for commodities as reflected in the fund accountability statement as at August 31, 1990 is US\$3,562,840.

SUMMARY OF AUDIT PROCEDURES (Cont'd)

1.5 Bank Accounts

We have traced grant funds to special bank accounts as appropriate, and have reviewed bank account reconciliations as considered necessary.

2. Internal Control

We have reviewed the internal control structure of the implementing entities, as considered necessary, in order to determine our auditing procedures for carrying out the audit of the fund accountability statement.

We have so far considered the significant controls in the following areas:

1. Jamaica Public Service Company Limited  
Equipment/Materials
  - ... receipt
  - ... monitoring
2. National Water Commission  
Equipment/Materials
  - ... receipt
  - ... issues
  - ... monitoring

System Repairs and Reconstruction

- ... award of contracts
  - ... approval of contracts
  - ... payment on contracts
  - ... accounting and reporting
3. University of the West Indies (UWI)  
UWI Commodities - local purchases
    - ... receipt of grant
    - ... disbursement of grant
    - ... accounting and reporting
  4. Jamaica Agricultural Development Foundation  
Poultry Programme:
    - ... receipt of grant
    - ... approval of loans
    - ... security of loans
    - ... disbursement of loans
    - ... repayment of loans
    - ... accounting and reporting

2. Internal Control (Cont'd)
5. All Island Banana Growers Association
  - ... receipt of grant
  - ... disbursement of grant
  - ... accounting and reporting
6. NDF Credit
  - ... receipt of grant
  - ... approval of loans
  - ... transfer of funds to branch bank accounts
  - ... disbursement of loans
  - ... accounting and reporting
7. JAMPRO  
Small and Micro Enterprises
  - ... receipt of grant
  - ... sub-grantee agreement
  - ... transfer of funds to sub-grantee bank accounts
  - ... disbursements
  - ... accounting and reporting

Export Recovery Programme

  - ... receipt of grant
  - ... disbursements
  - ... accounting and reporting
8. Council of Voluntary Social Services/United Way of Jamaica
  - ... receipt of grant
  - ... private voluntary organisation agreements
  - ... disbursement of advances and reimbursement of expenditures
  - ... accounting and reporting
3. Compliance with Agreement Terms, Applicable Laws and Regulations

In carrying out the audit of the fund accountability statement, transactions and records have been reviewed to determine compliance with agreement terms, applicable laws and regulations as considered necessary.

#### RESULTS OF AUDIT

The results of our work are included in the following three reports:

- (a) Report on the fund accountability statement
- (b) Report on the internal accounting controls
- (c) Report on the compliance with agreement terms, applicable laws and regulations

Fund Accountability Statement

Nothing has so far come to our attention, except as discussed in Appendix I, to indicate that the accompanying fund accountability statement as reflected on page 8 does not present fairly the financial status of the project as of August 31, 1990.

Internal Accounting Control

Our evaluation was limited to an understanding of the control environment and the flow of transactions through the accounting system in relation to the project activities. As a result, we do not express an opinion on the internal control structure of the implementing entities taken as a whole. Our evaluation of the internal control structures is outlined in section 2.2 of this report, in which we include all the specific controls evaluated and the results of those evaluations.

Compliance with Agreement Terms, Applicable Laws and Regulations

Our review of the agreement terms, applicable laws and regulations that could have an effect on the fund accountability statement of the project disclosed that the implementing entities complied with the tested terms of such agreements.

Nothing came to our attention that caused us to believe that items not tested were not in compliance with agreement terms, applicable laws and regulations.

COMMENTS OF USAID/JAMAICA

We submitted a draft copy of this report to USAID/Jamaica. Written comments of USAID/Jamaica are included at Appendix II.

*Touche, Ross, Thornton & Co.*

Touche, Ross, Thorburn & Co.  
Chartered Accountants  
7 West Avenue, Kingston Gardens,  
P.O. Box 13, Kingston 4,  
Jamaica, W.I.  
Telephone: 809 922-6825/7  
Telecopier: 809 922-7673  
Telex: 2161 Touchert Ja.

HURRICANE RECONSTRUCTION PROJECT

USAID/JAMAICA PROJECT NO. 532-0158

1.1 REPORT - FUND ACCOUNTABILITY STATEMENT

We have examined the fund accountability statement of the Hurricane Reconstruction Project, USAID/Jamaica Project No. 532-0158 for the period February 15, 1989 to August 31, 1990. Our examination was performed in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Government Auditing Standards" (1988 Revision), and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Except for those matters stated in Appendix I, nothing has so far come to our attention to indicate that the accompanying fund accountability statement does not present fairly the financial status of the project as of August 31, 1990.

This report is intended solely for the use of the United States Agency for International Development. This restriction is not intended to limit distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

*Touche, Ross, Thorburn & Co.*

Kingston, Jamaica  
October 23, 1990

HURRICANE RECONSTRUCTION PROJECT

USAID/JAMAICA PROJECT NO. 532-0158

8.

1.2 FUND ACCOUNTABILITY STATEMENT AS AT AUGUST 31, 1990

( ALL AMOUNTS IN UNITED STATES DOLLARS)

<u>ELEMENTS</u>	(1) <u>OBLIGATIONS</u> US\$	(2) <u>EARMARKS</u> US\$	(3) <u>COMMITMENTS</u> US\$	(4) <u>DISBURSEMENTS</u> US\$
POWER				
Data Base	1,052,303	1,051,734	1,051,734	99,632
Equipment and Related Technical Assistance	2,125,829	2,090,009	2,083,187	1,298,227
JPS Disaster Preparedness Plan	400,000	400,000	400,000	-
Line Upgrading & Rehabilitation	6,961,040	6,960,069	6,959,343	6,459,257
TELECOMMUNICATIONS				
Commodities	500,000	500,000	500,000	487,888
WATER				
Mechanical/Electrical Equipment & Equipment Supplies	575,000	575,000	575,000	340,264
System Repairs & Reconstruction Operating & Maintenance/ Administrative Facilities Reconstruction	2,711,306	2,705,085	2,705,085	857,845
Temporary Personnel	487,484	487,484	487,484	100,000
Vehicles	374,694	374,604	374,604	267,867
	509,000	509,000	509,000	494,117
EDUCATION				
Refurbishing Buildings	3,254,438	3,254,438	3,254,438	2,552,298
Instructional Materials	-	-	-	-
University of West Indies Commodities	588,000	588,000	588,000	395,069
ADMINISTRATION OF JUSTICE	433,091	433,090	412,276	150,005
AGRICULTURAL CREDIT	4,650,000	4,650,000	4,650,000	2,491,750
NATIONAL DEVELOPMENT FOUNDATION CREDIT	2,000,000	2,000,000	2,000,000	1,620,954
JAMPRO				
Micro and Small Enterprises	300,000	300,000	300,000	299,595
Export Recovery	162,141	162,141	162,141	150,444
DISASTER PREPAREDNESS				
Shelter	13,824	13,824	13,824	6,969
Institutional Support	293,000	293,000	293,000	292,172
COUNCIL OF VOLUNTARY SOCIAL SERVICES/ UNITED WAY OF JAMAICA	2,000,000	1,997,714	1,997,714	1,905,851
MONITORING/TRACKING/AUDIT	398,000	397,508	397,508	250,539
CONTINGENCY/INFLATION	138,800	138,699	138,692	88,542
PROCUREMENT SERVICES	72,050	72,050	72,050	45,943
	<u>30,000,000</u>	<u>29,953,449</u>	<u>29,925,080</u>	<u>20,655,228</u>
	=====	=====	=====	=====

HURRICANE RECONSTRUCTION PROJECT

USAID/JAMAICA PROJECT NO. 532-0158

1.2 FUND ACCOUNTABILITY STATEMENT (Cont'd)

Explanation of Column Headings

- (1) Obligation: Legal commitment of budget authority. This commitment consists of a signed agreement between the US Government and the Host Government, a contractor or (with a grant) to an organisation.
- (2) Earmarks: An executed project implementation order, project implementation letter or other document authorising the procurement of specific goods and services.
- (3) Commitment: An executed contract, purchase order or other commitment document.
- (4) Disbursement: Actual payment of voucher or payroll.

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-01581.3 NOTES TO THE FUND ACCOUNTABILITY STATEMENTNOTE 1. OBJECTIVE OF PROJECT

The Government of Jamaica (GOJ) and the United States of America (USA) has entered into an agreement dated February 15, 1989 whereby the Government of the USA through its Agency for International Development Mission to Jamaica (USAID/Jamaica) is providing assistance to the GOJ in recovery and reconstruction activities needed as a result of Hurricane Gilbert.

These activities include:

- restoration of infrastructure for electric power, telecommunications, water, schools and courthouses;
- provision of credit and other assistance to agriculture and business recovery efforts; and
- disaster preparedness assistance and relief to the poor.

In pursuance of the above, USAID/Jamaica provided a grant, under the Foreign Assistance Act of 1961 and in accordance with the agreement referred to above, in the amount of thirty million United States dollars (US\$30,000,000).

The project assistance completion date (PACD) was August 14, 1990, however this has been extended to November 14, 1990.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIESBasis of Accounting

Disbursements for the project reflected in the fund accountability statement are the amounts disbursed for goods and services.

Exchange Rate

The basic records of the project are kept in United States dollars. Disbursements made in Jamaican dollars are translated to United States dollars at the rate of exchange prevailing at transaction date.

HURRICANE RECONSTRUCTION PROJECT

USAID/JAMAICA PROJECT NO. 532-0158

2.1 REPORT - INTERNAL ACCOUNTING CONTROL

In planning and performing the audit of the fund accountability statement of the Hurricane Reconstruction Project, USAID/Jamaica Project No. 532-0158 for the period February 15, 1989 to August 31, 1990, we considered the internal control structure of the implementing entities in order to determine our auditing procedures for the purpose of expressing an opinion on the fund accountability statement and not to provide assurance on the internal control structure. Our evaluation was limited to an understanding of the control environment and the flow of transactions through the accounting system in relation to the project activities.

For the purpose of this report, we considered the significant controls in the following areas:

1. Jamaica Public Service Company Limited  
Equipment/Materials
  - ... receipt
  - ... monitoring
  
2. National Water Commission  
Equipment/Materials
  - ... receipt
  - ... issues
  - ... monitoring

System Repairs and Reconstruction

  - ... award on contracts
  - ... approval of contracts
  - ... payments on contracts
  - ... accounting and reporting
  
3. University of the West Indies (UWI)  
UWI Commodities - local purchases
  - ... receipt of grant
  - ... disbursement of grant
  - ... accounting and reporting

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-01582.1 REPORT - INTERNAL ACCOUNTING CONTROL (Cont'd)

4. Jamaica Agricultural Development Foundation  
Poultry Programme:
  - ... receipt of grant
  - ... approval of loans
  - ... security of loans
  - ... disbursement of loans
  - ... repayment of loans
  - ... accounting and reporting
5. All Island Banana Growers Association
  - ... receipt of grant
  - ... disbursement of grant
  - ... accounting and reporting
6. NDF Credit
  - ... receipt of grant
  - ... approval of loans
  - ... transfer of funds to branch bank accounts
  - ... disbursement of loans
  - ... accounting and reporting
7. JAMPRO  
Small and Micro Enterprises
  - ... receipt of grant
  - ... approval of sub-grants
  - ... transfer of funds to sub-grantee bank accounts
  - ... disbursement of sub-grants
  - ... accounting and reporting

Export Recovery Programme

  - ... receipt of grant
  - ... disbursements
  - ... accounting and reporting
8. CVSS/United Way of Jamaica
  - ... receipt of grant
  - ... private voluntary organisation (PVO) agreements
  - ... disbursement of advances and reimbursement of expenditures
  - ... accounting and reporting

HURRICANE RECONSTRUCTION PROJECT

USAID/JAMAICA PROJECT NO. 532-0158

2.1 REPORT - INTERNAL ACCOUNTING CONTROL (Cont'd)

Our evaluation of the internal control structure is described in section 2.2 of this report, in which we include all the specific controls evaluated and the results of those evaluations.

This report is intended solely for the use of the United States Agency for International Development. This restriction is not intended to limit distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

*Touche, Ross, Thorburn & Co.*

Kingston, Jamaica  
October 23, 1990

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-01582.2 INTERNAL ACCOUNTING CONTROL EVALUATION

<u>Area</u>	<u>Control Features</u>	<u>Evaluation</u>
<u>Jamaica Public Service</u>		
<u>Company Limited</u>		
	<u>Receipts and Monitoring</u>	
Equipment/Materials	Copies of the Purchase Order and Airway Bill/ Bill of lading are matched with the goods physically received at the stores.	Satisfactory
	Receival Report signed by Stores Manager on receipt of goods.	Satisfactory

HURRICANE RECONSTRUCTION PROJECT

USAID/JAMAICA PROJECT NO. 532-0158

2.2 INTERNAL ACCOUNTING CONTROL EVALUATION

<u>Area</u>	<u>Control Features</u>	<u>Evaluation</u>
<u>National Water Commission (NWC)</u>		
Equipment/materials	<u>Receipts</u>	
	Goods received notes are prepared and signed, on the receipt of goods.	Satisfactory
	Goods received notes are sequentially controlled.	Satisfactory
	Stores ledger cards are updated with the receipt of goods.	Satisfactory
	<u>Issues</u>	
	Stores requisitions are prepared and signed by the Head of the requisitioning Department.	Satisfactory
	Way bills are prepared and signed by the stores clerk and the recipient of goods.	Satisfactory
Stores Ledger cards are updated with issues.	Satisfactory	
	<u>Monitoring</u>	
	Monitoring of items shipped and items received.	Unsatisfactory. A substantive approach was adopted which involved, - physical observation - reviewing supporting documentation pertaining to items shipped and received. The results of the above tests were satisfactory.

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-01582.2 INTERNAL ACCOUNTING CONTROL EVALUATION

<u>Area</u>	<u>Control Features</u>	<u>Evaluation</u>
<u>National Water Commission (NWC) (Cont'd)</u>		
System Repairs & Reconstruction	<u>Award of Contracts</u>	
	Contracts J\$250,000 and over awarded by tender.	Satisfactory
	Contracts under J\$250,000 awarded by negotiation.	Satisfactory
	Award supported by tender report or negotiation report.	Satisfactory
	<u>Approval of Contracts</u>	
	Contracts approved by NWC and USAID/Jamaica.	Satisfactory
	<u>Payments on Contracts</u>	
Payments supported by vouchers, contractors bills and consultants certificates which are approved.	Satisfactory	
	<u>Accounting and Reporting</u>	
	Requests to USAID/Jamaica for re-imburements supported by payments documentation.	Satisfactory

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-01582.2 INTERNAL ACCOUNTING CONTROL EVALUATION

<u>Area</u>	<u>Control Features</u>	<u>Evaluation</u>
<u>University of the West Indies</u>		
1. Receipt of Grant	Acknowledgement of receipt of funds.	Satisfactory
	Funds Lodged to Special Bank Account.	Satisfactory
2. Disbursement of Grant	Disbursements supported by Authorisation Voucher, Invoice, Order and acknowledgement of receipt of goods.	Satisfactory
	All payments approved by Bursar and Senior Accountant.	Satisfactory
3. Accounting and Reporting	Monthly Reconciliation of Special Bank Account.	Reconciliations are not prepared monthly as payments are few in number. Reconciliation is done to coincide with report date of Federal Cash Advance Status Report.
	Federal Cash Advance Status Reports supported by disbursement documentation.	Satisfactory

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-01582.2 INTERNAL ACCOUNTING CONTROL EVALUATION

<u>Area</u>	<u>Control Features</u>	<u>Evaluation</u>
<u>Jamaica Agricultural Development Foundation (JADF)</u>		
Poultry Programme		
1. Receipt of grant	Acknowledgement of receipt of funds by JADF.	Satisfactory
	Funds lodged to special bank account.	Satisfactory
2. Approval of loans	Evaluation of loan applicants done by JADF Project officers.	Satisfactory
	Loans of J\$500,000 and below are approved by the Managing Director. Loans above J\$500,000 are approved by the Board of Directors.	Satisfactory
3. Security of loans	Loan supported by crop lien.	Satisfactory
	Loan repayment deduction order signed by farmer.	Satisfactory
4. Disbursement of loans	Disbursement supported by relevant documentation.	Satisfactory
	Cheques signed by Managing Director and Finance Manager.	Satisfactory
	Acknowledgement of receipt of funds by farmer.	Satisfactory

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-01582.2 INTERNAL ACCOUNTING CONTROL EVALUATION

<u>Area</u>	<u>Control Features</u>	<u>Evaluation</u>
<u>Jamaica Agricultural Development Foundation: (Cont'd)</u>		
Poultry Programme (Cont'd)		
5. Repayment of loans	Farmers are contracted to market their produce through specified broiler companies over the period of the loan. The broiler companies are authorised to make deductions from farmers' proceeds and remit to JADF.	Satisfactory
	Prenumbered receipts issued by JADF.	Satisfactory
6. Accounting and Reporting	Federal Cash Advance Status Report supported by listing of disbursements.	Satisfactory
	Preparation of monthly bank reconciliation statements.	Satisfactory

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-01582.2 INTERNAL ACCOUNTING CONTROL EVALUATION

<u>Area</u>	<u>Control Features</u>	<u>Evaluation</u>
<u>All Island Banana Growers Association</u>		
1. Receipt of Grant	Acknowledgement of receipt of funds.	Satisfactory
	Funds lodged to special bank account.	Satisfactory
2. Disbursement of Grant	Expenditure supported by salary record.	Satisfactory
	Payments approved by Secretary to the Board and Chief Executive Officer.	Satisfactory
3. Accounting and Reporting	Submission of Federal Cash Advance Status Report to USAID/Jamaica on a monthly basis.	Unsatisfactory. Federal Cash Advance Status Report is not submitted on a monthly basis. However, we understand from USAID/Jamaica that a final Federal Cash Advance Status Report has been received.
	Preparation of monthly Bank Reconciliation.	Satisfactory

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-01582.2 INTERNAL ACCOUNTING CONTROL EVALUATION

<u>Area</u>	<u>Control Features</u>	<u>Evaluation</u>
<u>National Development Foundation</u>		
1. Receipt of Grant	Acknowledgement of receipt of funds.	Satisfactory
	Funds lodged to special Bank Account.	Satisfactory
2. Approval of Loans	Approval/ratification by Credit Committee.	Satisfactory
	Preparation of monthly list of loans approved and disbursed.	Satisfactory
3. Transfer of Funds to Branch Bank Accounts	Acknowledgement of receipt of funds.	Satisfactory
	Lodgement to branch bank account.	Satisfactory
4. Disbursement of loans	Supported by relevant documentation.	Satisfactory
5. Accounting and Reporting	Monthly reconciliation of special bank account.	Satisfactory
	Federal Cash Advance Status Reports supported by loan listings (Commitments and/or Disbursements).	Satisfactory

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-01582.2 INTERNAL ACCOUNTING CONTROL EVALUATION

<u>Area</u>	<u>Control Features</u>	<u>Evaluation</u>
<u>JAMPRO</u>		
<u>Small and Micro Enterprises</u>		
1. Receipt of Grant	Funds lodged to special bank account.	Satisfactory
2. Sub-Grantee Agreement	Screening of sub-grantee consequent to which sub-grantees are selected.	Satisfactory
	Sub Grantee Agreement signed.	Satisfactory
3. Transfer of Funds to Sub-Grantee Bank Accounts	Acknowledgement of receipt of funds.	Satisfactory
	Lodgement to Sub-Grantee Bank Accounts.	Satisfactory
4. Disbursements	Supported by relevant documentation.	Satisfactory
5. Accounting and Reporting	Preparation of monthly reconciliation of Special Bank Account.	Satisfactory
	Cash Advance Status Reports supported by listings of disbursements.	Satisfactory

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-0158

2.2

INTERNAL ACCOUNTING CONTROL EVALUATION

<u>Area</u>	<u>Control Features</u>	<u>Evaluation</u>
<u>JAMPRO</u>		
<u>Export Recovery Programme</u>		
1. Receipt of Grant	Funds lodged to special bank account.	Satisfactory
2. Disbursements	Supported by relevant documentation.	Satisfactory
3. Accounting and Reporting	Preparation of monthly reconciliation of special bank account.	Satisfactory
	Cash Advance Status Reports supported by listings of disbursements.	Satisfactory

HURRICANE RECONSTRUCTION PROJECTUSAID/JAMAICA PROJECT NO. 532-01582.2 INTERNAL ACCOUNTING CONTROL EVALUATION

<u>Area</u>	<u>Control Features</u>	<u>Evaluation</u>
<u>CVSS/United Way of Jamaica</u>		
1. Receipt of Grant	Funds lodged to special bank account.	Satisfactory
2. PVO Agreements	Grant to Private Voluntary Organisations (PVO's) approved by the Allocations Committee.	Satisfactory
	PVO Agreement signed.	Satisfactory
3. Disbursements of Advances and reimbursement of Expenditure	Request for advances accompanied by estimates.	Satisfactory
	Disbursement of advances approved by Vice-President, Finance.	Satisfactory
	Requests for reimbursement supported by properly approved suppliers invoices.	Satisfactory
4. Accounting and Reporting	Preparation of monthly bank reconciliation.	Satisfactory
	Federal Cash Advance Status Report supported by listing of disbursements.	Satisfactory

HURRICANE RECONSTRUCTION PROJECT

USAID/JAMAICA PROJECT NO.532-0158

3.1 REPORT-COMPLIANCE WITH AGREEMENT TERMS, APPLICABLE LAWS AND  
REGULATIONS

We have performed a financial audit of the fund accountability statement of the Hurricane Reconstruction Project, USAID/Jamaica Project No. 532-0158 for the period February 15, 1989 to August 31, 1990.

In connection with our examination, we selected and tested transactions and records to determine compliance with agreement terms, applicable laws and regulations as considered necessary in the circumstances.

The results of our review indicated that for the items tested, the implementing entities were in compliance with agreement terms, applicable laws and regulations. Nothing came to our attention that caused us to believe that items not tested were not in compliance with agreement terms, applicable laws and regulations.

This report is intended solely for the use of the United States Agency for International Development. This restriction is not intended to limit distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

*Touche, Ross, Thorburn & Co.*

Kingston, Jamaica  
October 23, 1990

APPENDICES

AUDIT OF THE HURRICANE RECONSTRUCTION PROJECT

USAID/JAMAICA PROJECT NO. 532-0158

PERTINENT MATTERS

1.0 GENERAL

In our letter dated August 16, 1990 we sought the assistance of USAID/Jamaica in obtaining documentary evidence for disbursements made through AID/Washington amounting to US\$1,714,016 which are reflected in the fund accountability statement as at August 31, 1990. We understand from the Controller of USAID/Jamaica that AID/Washington is in the process of obtaining the relevant documentation for our review.

2.0 AGRICULTURAL CREDIT

Jamaica Agricultural Development Foundation:

The expenditure of US\$2,491,750 reflected in the fund accountability statement as at August 31, 1990 includes US\$26,316 (J\$170,000) which represents a cheque drawn in favour of loan beneficiary Oswald Stewart but which was not disbursed.

We are informed by USAID/Jamaica that this adjustment will be followed up.

3.0 JAMPRO

Final Federal Cash Advance Status Reports:

We understand from the Block Grant Co-ordinator JAMPRO that the final Federal Cash Advance Status Report for the Small and Micro Enterprises is being prepared and will be made available for our review, shortly.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
KINGSTON, JAMAICA

6B OXFORD ROAD  
KINGSTON 5 JAMAICA  
TEL: (809) 9263645 thru 9  
FAX: (809) 9293750 or 2



KINGSTON (ID)  
DEPARTMENT OF STATE  
WASHINGTON, D.C. 20521-3210

October 23, 1990

Touche, Ross, Ogle & Co.  
7 West Avenue  
Kingston Gardens  
Kingston 4

Gentlemen:

Thank you for the second interim report on the Audit of the Hurricane Reconstruction Project (532-0158) covering the period ending August 31, 1990.

After reviewing the report, we do not believe an exit conference is necessary. Instead, we offer the following comments on the three items which were listed as "unsatisfactory" in the internal control review section of your report.

- National Water Commission (NWC): The NWC's system of monitoring items shipped and received under the project was considered unsatisfactory. It appears that Touche Ross adopted other testing procedures to assure that the items purchased were delivered and used for the agreed purposes. If this is the case, please comment as to the opinion formed on shipment and receipt of items.

- All Island Banana Growers Association: USAID has received the final cash status and expenditures reports. Although some reports were not submitted on a monthly basis, we consider the provision of an acceptable final report sufficient to meet AIBGA's obligation. No reports, therefore, remain outstanding.

- University of the West Indies (UWI): Although monthly cash reconciliations were not prepared, it appears UWI's action was consistent with the activity of the account. Since the grant period is over, there is no action to be taken.

It would be appreciated if you could reflect these comments in the draft report.

Sincerely,

A handwritten signature in cursive script, appearing to read "M. Lewis".

MARJORIE A. LEWIS  
CONTROLLER