

**Regional Inspector General for Audit
Tegucigalpa, Honduras**

**Audit of A.I.D./Colombia's
Participant Training Program
Managed by the Fulbright Commission
September 27, 1985 to September 30, 1990**

**Audit Report No. 1-514-92-47-N
August 19, 1992**



Contractor information contained in this report may be privileged. The restrictions of 18 USC 1905 should be considered before any information is released to the public.

**Regional Inspector General for Audit
Tegucigalpa, Honduras**

**Audit of A.I.D./Colombia's
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U. S. MAILING ADDRESS:
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AGENCY FOR INTERNATIONAL DEVELOPMENT

OFFICE OF THE REGIONAL INSPECTOR GENERAL
AMERICAN EMBASSY
TEGUCIGALPA - HONDURAS

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August 19, 1992

MEMORANDUM

TO: A.I.D. Representative/Colombia, Edward Kadunc

FROM: RIG/A/T, Lou Mundy 

SUBJECT: Audit of A.I.D./Colombia's Participant Training Program, Managed by the Fulbright Commission, September 27, 1985 to September 30, 1990

This report presents the results of a financial audit of the A.I.D./Colombia Participant Training Program (Program), managed by the Fulbright Commission (Commission) for the period September 27, 1985 to September 30, 1990. The audit firm of KPMG Peat Marwick prepared the report dated June 26, 1992.

The Commission received funding under two project grant agreements with a combined budget of \$1.8 million to carry out the Program. The purpose of the Program is to provide training to Colombians in the United States, Colombia, and other countries, primarily in the fields of agriculture, economics, business, labor, health, academia, and drug prevention and rehabilitation. The audit coverage included A.I.D. funds totaling \$196,364 provided to the Commission during the audit period under the following LAC Bureau projects:

- LAC Training Initiatives II, Project No. 598-0640, and
- Intercountry Technology Transfer Project, Project No. 598-0616.

The objectives of the audit were to determine whether: (1) the Commission's fund accountability statements present fairly, in all material respects, the financial activities under the Program for the period audited, (2) the Commission's internal control structure was adequate to manage Program operations, and (3) the Commission had complied with the terms of the grant agreements and applicable laws and regulations. The scope of the audit included an examination of Commission activities and transactions to the extent considered necessary to issue a report thereon for the period under audit.

The auditors concluded that the fund accountability statements present fairly, in all material respects, the Commission's financial activities for the period audited. Also, although the auditors identified no material weaknesses in the Commission's internal control structure for Program activities, they did report three areas in which the Commission's internal control could be improved.

With respect to the Commission's compliance with grant agreement terms and applicable laws and regulations, the auditors identified one material instance of noncompliance related to the lack of recording the required counterpart contribution from Colombian public and private entities.

The report was discussed with Commission officials who expressed general agreement with the report's contents. Management comments are presented as an annex to the audit report.

Since both project agreements with the Commission have ended we are not including the auditors' recommendations related to needed improvements concerning internal controls and compliance with agreement terms and applicable laws and regulations. However, we understand that A.I.D./Colombia is currently in the process of executing a new grant agreement with the Commission. In this regard we recommend that A.I.D./Colombia management obtain assurance, as a part of the evaluation process, that these problems have been corrected prior to the release of A.I.D. funds to the organization.

The report contains no findings and recommendations for inclusion in the Office of the Inspector General's audit recommendation follow-up system.

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**AUDIT OF THE PARTICIPANT TRAINING PROGRAM
ACTIVITIES MANAGED BY
THE FULBRIGHT COMMISSION OF COLOMBIA,
UNDER THE LAC TRAINING INITIATIVES II PROJECT AND
THE INTERCOUNTRY TECHNOLOGY TRANSFER PROJECT'
LAC BUREAU PROJECT NOS/ 598-0640 AND 598-0616
AS OF SEPTEMBER 30, 1990**

AUDIT OF THE PARTICIPANT TRAINING PROGRAM
ACTIVITIES MANAGED BY
THE FULBRIGHT COMMISSION OF COLOMBIA,
UNDER THE LAC TRAINING INITIATIVES II PROJECT AND
THE INTERCOUNTRY TECHNOLOGY TRANSFER PROJECT,
LAC BUREAU PROJECT NOS/ 598-0640 AND 598-0616
AS OF SEPTEMBER 30, 1990

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KPMG Peat Marwick Ltda. 1

Auditores - Consultores

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June 26, 1992

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

Dear Mr. Howard:

In this report we present the results of our financial close-out audit of the participant training programs of USAID projects Lac Training Initiatives II and Intercountry Technology Transfer, Nos. 598-0640 and 598-0616, under Grant Agreements Nos. 514-598-A-00-5006-00 and 598-0616-G-00-7002-00 managed by The Fulbright Commission through September 30, 1990.

BACKGROUND

Since September 1985, the U.S. Agency for International Development (AID) has provided support to The Fulbright Commission to train Colombian men and women in different areas, to contribute to the formation of more effective human resources in Colombia. This support from AID has been provided by two grants as follows:

1. Grant No. 514-598-A-00-5006-00 under LAC Bureau Project No. 598-0640 (LAC Training Initiatives II). The purpose of this approximately US\$1,270,000 grant is to increase the number of US trained public and private sector individuals; especially in the planning, implementation, technical and administrative areas. The period of the grant is September 27, 1985 through September 30, 1990.

The specific objective of the program is to train Colombians in the United States in main areas such as agriculture, economics, business education and labor, and other miscellaneous areas such as health and natural resources. According to the grant agreement, the program should benefit 159 trainees (12 with long-term programs and 147 with short-term training).



Miembro de la Organización
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KPMG Peat Marwick Ltda.
Nit. 860.000.846-4

The program was divided in two phases: phase 1, effective September 27, 1985, which would cover most costs associated with training 41 people; and phase 2, effective July 11, 1986, which would cover most costs associated with training 118 persons. Program costs were to be covered from the A.I.D. grant of US\$1,265,553 (slightly over 80 percent) and the remaining US\$316,388 from Colombian public and private funds.

2. Grant No. 598-0616-G-00-7002-00 under the Intercountry Technology Transfer Project, LAC Bureau Project No. 598-0616. The purpose of this \$507,578 grant is to provide support for a program of participant training for Colombian professionals in the United States, Colombia and other countries, especially in Latin America. In addition to health professionals, this program provides training to personnel in family planning, population and child survival fields (including demography, population analysis, family planning logistics, administration and technical areas), academia (faculty members of six Colombian universities), drug prevention and drug rehabilitation. The period of the grant is June 30, 1987 through September 30, 1990.

AUDIT OBJECTIVES AND SCOPE

Objectives

The objective was to conduct a financial audit of USAID projects LAC Training Initiatives II and Intercountry Technology Transfer, Nos. 598-0640 and 598-0616, managed by The Fulbright Commission from the beginning of the respective agreement through September 30, 1990.

The audit 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 to determine whether:

1. The fund accountability statement of the programs managed by The Commission under grants Nos. 514-598-A-00-5006-00 and 598-0616-G-00-7002-00 during the periods from the beginning of the agreements present fairly, in all material respects, the accumulated income and expenses of each program through September 30, 1990.
2. The Fulbright Commission's internal control structure is sufficient to accurately record project activities managed by the entity in accordance with the agreement and is adequate for project purposes.
3. The Fulbright Commission complied in all material respects with the agreement terms and applicable laws and regulations which may affect the project's goals and incurred costs.

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4. We have not examined, nor have we audited the disbursements made by USAID/Washington or USAID/Peru on behalf of the AID projects 598-0640 and 598-0616.

Scope

We studied and evaluated The Fulbright Commission's control structure relating to the projects 598-0640 and 598-0616. We conducted compliance and substantive tests to determine the extent to which established procedures and controls are functioning as intended.

Also, we obtained a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed.

We followed the guidance contained in AICPA standards Nos. 55 and 63 entitled "Consideration of The Internal Control Structure in a Financial Statement Audit" and "Compliance Auditing Applicable to Governmental Entities and other Recipients of Governmental Financial Assistance".

RESULTS OF THE AUDIT

Fund Accountability Statement

In our opinion, the fund accountability statements for the Grant Agreements Nos. 514-598-A-00-5006-00 and 598-0616-G-00-7002-00 under the projects Nos. 598-0640 and 598-0616, present fairly, in all material respects, the projects' receipts and expenditures for the periods September 27, 1985 to September 30, 1990 and June 30, 1987 to September 30, 1990, respectively, in accordance with the terms of the agreements between The Fulbright Commission and AID.

Internal Control Structure

We reported 3 adverse conditions in the internal control structure of the Commission involving the processing of applications, the lack of evidence of follow-up of trainees and the lack of confirmations of project expenditures incurred in the United States. However, we believe none of these reportable conditions is a material weakness.

Compliance with Agreement Terms and Applicable Laws and Regulations

The results of our tests disclosed that in regard to items tested, The Fulbright Commission complied in all material respects, except for inadequate recording of the counterpart contribution to the project with the terms of the agreements, applicable laws and regulations.

With respect to items not tested nothing came to our attention that caused us believe that the Fulbright Commission had not complied, in all material respects with those provisions.

Management Comments

The draft report was discussed at the exit conference held on June 2, 1992, that was attended by representatives of Fulbright Commission. At this meeting, management expressed their willingness to take the necessary measures to implement our recommendations and made the following comments:

1. Processing of Applications

In general, selection procedures are being carried out during the established time table. Exceptions occur that require action in less time, for example when a candidate is presented by AID and it is considered necessary to provide support considering the importance of the course and/or the interest of the institution receiving the benefit and/or participation in priority projects for the development of the country, inter alia.

2. Follow-up of Trainees

This is done by surveys and interviews with the participants and by visits to the institutions receiving the benefit. In addition, this is complemented by the reports presented by the beneficiaries.

3. Expenditures in USA

The information in respect to expenditures abroad is received occasionally by the AID agent in Bogotá. The Commission has been aware of the need to receive this information and is discussing with AID the adoption of more appropriate procedures.

4. The Colombian Contribution

We agreed with your recommendations and we will take note of it for future AID projects with this requirement.

KPMG Peat Marwick

AUDIT OF THE PARTICIPANT TRAINING PROGRAM
ACTIVITIES MANAGED BY
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UNDER THE LAC TRAINING INITIATIVES II PROJECT AND
THE INTERCOUNTRY TECHNOLOGY TRANSFER PROJECT,
LAC BUREAU PROJECT NOS/ 598-0640 AND 598-0616
AS OF SEPTEMBER 30, 1990

Fund Accountability Statements

Independent Auditors' Report

We have audited the accompanying fund accountability statements of The LAC Training Initiatives II and The Intercountry Technology Transfer LAC Bureau - Project Nos. 598-0640 and 598-0616 for the activities under Grant Agreements Nos. 514-598-A-00-5006-00 and 598-0616-G-00-7002-00 managed by The Fulbright Commission, for the periods September 27, 1985 to September 30, 1990 and June 30, 1987 to September 30, 1990. The funds accountability statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on the funds accountability statements based on our audit.

Except as discussed in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards and the United States Comptroller General's "Government Auditing Standards" (1988 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall fund accountability statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 of chapter 3 of Government Auditing Standards since no such quality review program is offered by professional organizations in Colombia. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the KPMG Peat Marwick Worldwide Internal Quality Control Program which requires the KPMG Peat Marwick Colombia office to be subjected, every three years, to an extensive quality control review by partners and managers from other KPMG Peat Marwick offices.

As described in note 1 (b), the fund accountability statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the fund accountability statements referred to in the first paragraph presents fairly, in all material respects, the project's revenues collected and expenses paid for the period September 27, 1985 to September 30, 1990, and June 30, 1987 to September 30, 1990 in accordance with the basis of accounting described in note 1 (b).

This report is intended solely for the use of The Fulbright Commission and the U.S. Agency for International Development. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

K P M G Peat Marwick

December 3, 1991

LAC TRAINING INITIATIVES II - PROJECT No. 598-0640

Managed by

The Fulbright Commission

Fund Accountability Statement

For the period September 27, 1985 to September 30, 1990

(Expressed in U. S. Dollars)

<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Available</u>
Revenues:			
Funds provided by USAID/Peru	US\$ 65,000	65,000	-
Disbursements:			
Administrative expenses	<u>65,000</u>	<u>57,891</u>	<u>7,109</u>
Balance	<u>-</u>	<u>7,109</u> (note 3)	<u>-</u>

See accompanying notes to the fund accountability statement.

INTERCOUNTRY TECHNOLOGY TRANSFER PROJECT No. 598-0616

Managed by

The Fulbright Commission

Fund Accountability Statement

For the period June 30, 1987 to September 30, 1990

(Expressed in U. S. Dollars)

<u>Description</u>	<u>Budget</u>	<u>Total Actual</u>	<u>Fulbright Colombia</u>	<u>Available</u>
Revenues:				
Funds provided by USAID/Perú	US\$ 807,578	412,666 (1)	131,364	394,912
Disbursements:				
Health:				
Experts	52,200	19,037	8,557	33,163
Training in the United States of America	189,403	129,210	21,715	60,193
In-country training and research	30,000	-	-	30,000
Administrative costs	32,800	14,079	14,079	18,721
Sub-total for health	304,403	162,326	44,351	142,077
Prevention and drug rehabilitation:				
Experts	19,450	1,925	1,925	17,525
Training:				
In the United States of America and other countries	78,175	19,130	3,587	59,045
In-country training and research	31,250	-	-	31,250
Administrative costs	14,300	1,694	1,694	12,606
Sub-total prevention and drug rehabilitation	143,175	22,749	7,206	120,426
Family planning, population, child survival:				
Personnel and expert consulting:				
Experts, including international travel	93,600	60,968	24,946	32,632
Training, including international travel:				
International training	209,756	139,460	27,698	70,296
In-country training	26,644	-	-	26,644
Administrative costs	30,000	15,876	15,876	14,124
Sub-total family planning, popula- tion, child survival	360,000	216,304	68,520	143,696
Total expenses	807,578	401,379 (1)	120,077	406,199
Balance	US\$ -	11,287	11,287	11,287 (note 3)

(1) Include revenues and direct payments from USAID Washington amounting to US\$281,302.

See accompanying notes to the fund accountability statement.

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LAC BUREAU PROJECT NOS/ 598-0640 AND 598-0616
AS OF SEPTEMBER 30, 1990**

Notes to the Fund Accountability Statements

1. Nature of Operations and Summary of Significant Accounting Policies

- a. The Fulbright Commission was founded in 1957, in accordance with an agreement between the Governments of the United States of America and Colombia, signed on January 9, 1957.

Its objectives are to facilitate educational programs financed by funds provided and to encourage private and public entities in Colombia to provide academic cooperation of any nature that is related to educational inter-change, including financial assistance to complete the programs.

Grant No. 514-598-A-00-5006-00 under LAC Bureau Project No. 598-0640. The purpose of this approximately US\$1,720,000 grant is to increase the number of US trained public and private sector individuals. The period of the grant is September 27, 1985 through September 30, 1990.

Grant No. 598-0616-G-00-7002-00 under the Intercountry Technology Transfer Project, LAC Bureau Project No. 598-0616. The purpose of this US\$507,578 is to provide support for a program of participant training for Colombian professionals in the United States, Colombia and other countries, especially in Latin America. The period of the grant is June 30, 1987 through September 30, 1990.

- b. The fund accountability statement has been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Consequently, income is recognized when received rather than when earned and expenditures are recognized when paid rather than when the obligations are incurred.
- c. The fund accountability statement is prepared in U.S. dollars. Transactions in local currency were translated to U.S. dollars at the rate used by USAID/Perú.

2. Payments to USAID/Washington and Direct Payments

We have not examined, nor have we audited the disbursements made by USAID/Washington or USAID/Peru on behalf of the AID projects 598-0640 and 598-0616.

3. Balance

These funds are maintained in the bank account of Fulbright.



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**AUDIT OF THE PARTICIPANT TRAINING PROGRAM
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LAC BUREAU PROJECT NOS/ 598-0640 AND 598-0616
AS OF SEPTEMBER 30, 1990**

Internal Control Structure

Independent Auditors' Report

We have audited the fund accountability statements of The LAC Training Initiatives II and The Intercountry Technology Transfer LAC Bureau - Project Nos. 598-0640 and 598-0616 for the activities under Grant Agreements Nos. 514-598-A-00-5006-00 and 598-0616-G-00-7002-00 managed by The Fulbright Commission, for the periods September 27, 1985 to September 30, 1990 and June 30, 1987 to September 30, 1990, and have issued our report thereon dated December 3, 1991.

Except for not conducting an external quality control review by an unaffiliated audit organization as described further in our opinion of the fund accountability statement we conducted our audit in accordance with generally accepted auditing standards and the "Government Auditing Standards" (1988 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the funds accountability statements are free of material misstatement.

In planning and performing our audit of the fund accountability statements of LAC Training Initiatives II and The Intercountry Technology Transfer LAC Bureau - Project Nos. 598-0640 and 598-0616 for the activities under Grant Agreements Nos. 514-598-A-00-5006-00 and 598-0616-G-00-7002-00, managed by The Fulbright Commission for the period September 27, 1985 to September 30, 1990 and June 30, 1987 to September 30, 1990, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statements and not to provide assurance on the internal control structure.

The management of the Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the funds accountability statements in accordance with the basis of accounting described in note 1 b.



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 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.

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

- . Accounting process
- . Procurement system
- . Payroll procedures
- . Receipts and disbursements
- . Travel and transport procedures

For all of the internal control structure categories listed above, 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.

We noted certain matters described in findings 1 to 3 in the following pages involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the Fund Accountability Statements.

A material weakness is a reportable condition in which the design or operation of one or more of the 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 Statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the use of The Fulbright Commission, and the U. S. Agency for International Development. This restriction is not intended to limit the distribution of this report which, upon acceptance by the office of the Inspector General, is a matter of public record.

KPMG Peat Marwick

December 3, 1991



AUDIT OF THE PARTICIPANT TRAINING PROGRAM
ACTIVITIES MANAGED BY
THE FULBRIGHT COMMISSION OF COLOMBIA,
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AS OF SEPTEMBER 30, 1990

Internal Control Structures

Findings

1. Processing of Applications

Condition

The application dates for the some of the scholarships were just a few days before the beginning of the specific courses for the which the scholarships pertained.

Example:

Project 598-0640

<u>No. PIP/P</u>	<u>Application Date</u>	<u>Starting Date</u>
514-640-1-50006	October 28, 1985	November 4, 1985
514-640-1-50010	May 28, 1986	May 31, 1986
514-640-1-50009	May 27, 1986	June 1, 1986
514-640-1-50008	May 23, 1986	June 2, 1986
514-640-1-50007	March 18, 1986	March 18, 1986
514-640-1-50016	July 21, 1986	August 1, 1986
514-640-1-50017	July 30, 1986	August 16, 1986
514-640-1-50018	August 27, 1986	August 30, 1986
514-640-1-50019	September 8, 1986	September 11, 1986
514-640-1-50020	September 24, 1986	October 6, 1986
514-640-1-60009	June 16, 1987	June 29, 1987
514-640-1-60013	July 15, 1987	July 20, 1987
514-640-1-70047	November 16, 1988	June 5, 1988
514-640-1-50010	May 13, 1990	May 16, 1990 (ammendment 3)

Project 598-0616:

70058	June 22, 1989	June 26, 1989
70062	July 25, 1989	July 31, 1989
90008	March 2, 1990	March 5, 1990



Criterion

The process of granting scholarships should be conducted in a timely and efficient manner in order to comply with the terms and goals of the project agreement.

Cause

Inadequate planning when the application dates were set.

Effect

If the Commission does not have time to study each application under the conditions of the agreement, it is likely to include students that have not been properly selected.

Recommendation

We recommend that to fully comply with the terms of the project agreement, The Fulbright Commission, implement procedures to ensure that the selection process of scholarship candidates begin 30 days prior to the starting date of the specific instruction course for which the scholarship applies.

2. Lack of Evidence of Follow-up of Trainees

Condition

The Fulbright Commission did not carry out a formal follow-up of those students sent to the United States for courses.

Criterion

The Commission is required to ensure that the training courses benefit the country by following-up on the trainees.

Cause

Lack of implemented procedures requiring the follow-up of each trainee.

Effect

If there is not an adequate follow-up, it is likely that the students do not take full advantage of the courses, nor will they benefit their country.

Recommendation

We recommend The Fulbright Commission establish formal procedures to review the activities of the participants receiving scholarship assistance under the project subsequent to the courses to determine if Colombia benefitted by the scholarship that was given to the individual.

3. Confirmation from USAID/Washington of Expenditures did not Receive Opportunely

Condition

The majority of reimbursable expenses that have been incurred by the trainees in foreign countries, have not been opportunely communicated or confirmed to the Fulbright Commission.

Criterion

The Commission should obtain from AID confirmation of expenses incurred in foreign countries on behalf of the project.

Cause

The Commission lacked procedures to follow-up with AID/Washington concerning the expenditures AID/Washington incurred on behalf of the project.

Effect

Expenses recorded without confirmation from USAID may result in errors in the amounts recorded and incorrect deviations from the original budget.

Recommendation

We recommend The Fulbright Commission, in order to better manage the project and to comply with the project budget, design and implement procedures to ensure that it receives from AID a report of the project related expenses incurred in other countries.



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LAC BUREAU PROJECT NOS/ 598-0640 AND 598-0616
AS OF SEPTEMBER 30, 1990

Compliance with Agreement Terms and Applicable
Laws and Regulations

Independent Auditors' Report

We have audited the Fund Accountability Statement of The LAC Training Initiatives II and Intercountry Technology Transfer LAC Bureau - Project Nos. 598-0640 and 598-0616 for the activities under Grant Agreements Nos. 514-598-A-00-5006 and 598-0616-G-00-7002-0 managed by The Fulbright Commission for the periods September 27, 1985 to September 30, 1990 and June 30, 1987 to September 30, 1990 and have issued our report thereon dated December 3, 1991.

Except for not conducting an external quality control review by an unaffiliated audit organization as described further in our opinion of the fund accountability statement we conducted our audit in accordance with generally accepted auditing standards and the "Government Auditing Standards" issued by the Comptroller General of the United States (1988 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 laws, regulations, contracts and agreements applicable to the agreement is the responsibility of the Commission's management. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of the Commission's compliance with laws, regulations, contracts and agreement terms. However, our objective was not to provide an opinion on overall compliance with such provisions.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the fund accountability statements. The results of our tests of compliance disclosed material instances of noncompliance, described in finding 1, in the following pages.



We considered these material instances of noncompliance in forming our opinion on whether the Fulbright fund accountability statement is presented fairly, in all material respects, in conformity with the basis of accounting described in note 1.b to the fund accountability statement, and this report does not affect our report dated December 3, 1991 on that statement.

Except as described above, the results of our test of compliance indicate that, with respect to the items tested, Fulbright complied, in all material respect, with the provisions referred to in the third paragraph of this report, and with respect to items not tested, nothing came to our attention that caused us to believe that Fulbright had not complied, in all material respects, with those provisions.

This report is intended solely for the use of The Fulbright Commission and the U.S. Agency for International Development. This restriction is not intended to limit the distribution of this report which, upon acceptance by the office of the Inspector General, is a matter of public record.

KPMG Peat Marwick

December 3, 1991



AUDIT OF THE PARTICIPANT TRAINING PROGRAM
ACTIVITIES MANAGED BY
THE FULBRIGHT COMMISSION OF COLOMBIA,
UNDER THE LAC TRAINING INITIATIVES II PROJECT AND
THE INTERCOUNTRY TECHNOLOGY TRANSFER PROJECT,
LAC BUREAU PROJECT NOS/ 598-0640 AND 598-0616
AS OF SEPTEMBER 30, 1990

Compliance with Agreement Terms
and Applicable Laws and Regulations

Findings

1. The Colombian Contribution was not Valued or Recorded

Condition

The Fulbright Commission did not record the amount granted by Colombian public and private entities. Such contribution included international airplane tickets, in the majority of cases, and the trainees salaries in all of them.

Criterion

The Commission should keep a record of the amount of expenses associated with international airplane tickets and trainees' salaries to ensure that the Colombian contribution accounts for 20% of the total grant.

Cause

In row number 15 of each PIP/P there should be a detail of the Colombian contribution, but it was not recorded.

Effect

It is difficult to establish if Colombia's share equalled the percentage it was committed to contribute.

Recommendation

We recommend the Commission establish procedures to value and record the Colombian counterpart contributed to the project.



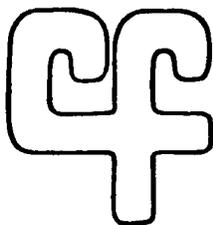


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LAC BUREAU PROJECT NOS/ 598-0640 AND 598-0616
AS OF SEPTEMBER 30, 1990

List of Recommendations

1. We recommend that to fully comply with the terms of the project agreement, The Fulbright Commission, implement procedures to ensure that the selection process of scholarship candidates begin 30 days prior to the starting date of the specific instruction course for which the scholarship applies.
2. We recommend The Fulbright Commission establish formal procedures to review the activities of the participants receiving scholarship assistance under the project subsequent to the courses to determine if Colombia benefitted by the scholarship that was given to the individual.
3. We recommend The Fulbright Commission, in order to better manage the project and to comply with the project budget, design and implement procedures to ensure that it receives from AID a report of the project related expenses incurred in other countries.
4. We recommend The Commission establish procedures to value and record The Colombian counterpart to the project.





COMISION PARA INTERCAMBIO EDUCATIVO
COLOMBIA - ESTADOS UNIDOS

COMISION FULBRIGHT

Santafé de Bogotá, Junio 4 de 1992

Señores
KPMG Peat Marwick
La ciudad

Estimados señores:

En relación con las recomendaciones formuladas por ustedes en su Informe de Auditoría de los Proyectos Nos. 598-0616 y 598-0640, tenemos los siguientes comentarios:

En conversación de la semana pasada con el señor Carlos Chaves se analizó cada uno de los puntos y se discutieron los procedimientos que atañen directamente a cada caso, a saber:

1. Trámite oportuno de la selección de candidatos:

En general y como norma estamos cumpliendo con el proceso de selección dentro del tiempo preestablecido. Se presentan, sin embargo, casos especiales que obligan a tomar acción en término más restringido, como por ejemplo cuando el candidato es presentado directamente por la oficina de la A.I.D., quien considera necesario brindarle apoyo en razón de la importancia del curso y/o el interés de la institución beneficiaria y/o la participación en proyectos prioritarios para el desarrollo del país, entre otros.

2. Seguimiento y evaluación de participantes

Se está realizando por medio de encuestas y entrevistas a los participantes y mediante visitas a las instituciones beneficiarias. Adicionalmente se complementa con los informes presentados por los becarios.

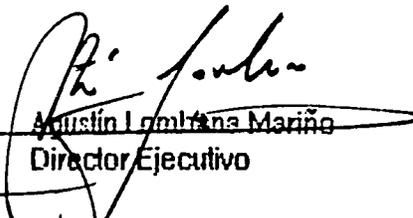
3. Gastos en Estados Unidos

La información relativa a los gastos en el exterior se recibe esporádicamente por intermedio de la A.I.D. Bogotá. La Comisión ha estado pendiente de la obtención de esta información y se están realizando gestiones con A.I.D. para la adopción del mecanismo informativo más adecuado.

4. Tendremos en cuenta su recomendación sobre valorización de la participación de la contraparte para aplicarla en el futuro a los Convenios en los que allí se estipule.

Adjuntamos, de acuerdo con su solicitud, la "Carta de representación" firmada por el Director Ejecutivo.

Atentamente,


Agustín Lombana Mariño
Director Ejecutivo

APPENDIX I

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