PD-ABG-067

Regional Inspector General for Audit
Nairobi, Kenya

Audit of
The Christian Relief and Development Association (CRDA)
Various Grants Under the Displaced Children's Fund
and the Office of Foreign Disaster Assistance Fund

Report No. 3-663-93-23-N
June 11, 1993

FINANCIAL 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.

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

June 11, 1993

Memorandum

TO: Director, USAID/Ethiopia, Willard J. Pearson Jr.

Regional Inspector General for Audit/Nairobi

FROM: for RIG/A/Nairobi, Everette B. Orr

SUBJECT: Audit of the Christian Relief and Development Association (CRDA), Various Grants Under the Displaced Children's Fund and the Office of Foreign Disaster Assistance Fund Audit Report No. 3-663-93-23-N

Attached are five copies of the agency-contracted financial audit report of various grants to the Christian Relief and Development Association (CRDA), under the Displaced Children's Fund and the Office of Foreign Disaster Assistance Fund. The firm of Price Waterhouse performed the audit.

This audit included eight grants from the United States Agency for International Development (USAID) and covered the period July 27, 1988 to August 27, 1992. The following grant numbers were audited: 8037; 9001; 9005; 9006; 9008; 0001; 0002; and 0005. The goal of these grants was to assist in rehabilitating orphans and displaced children into normal life. This goal was accomplished by providing funding to CRDA, who in turn channeled the funds to a number of non-governmental organizations. These sub-grantees actually provided the commodities and services as specified in the grants.

Price Waterhouse audited revenues of $802,701 and expenditures of $359,604 for the period July 27, 1988 through August 27, 1992. The objectives of the audit were to:

- audit the CRDA Fund Accountability Statement and express an opinion as to whether the Fund Accountability Statement presents fairly, in all material respects, and in conformity with the basis of accounting described in the report, the use of funds in accordance with the grant agreements;

- consider the CRDA internal control structure in order to determine the auditing procedures for purposes of expressing an opinion on the Fund Accountability Statement and to report on significant internal control deficiencies and material weaknesses; and

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- test CRDA's compliance with the terms of the grant agreements as part of obtaining reasonable assurance as to whether the Fund Accountability Statement is free of material misstatement, and report on any identified material instances of noncompliance.

Due to the questioned costs noted, the auditors expressed a qualified opinion on the Fund Accountability Statement. The auditors identified ineligible expenditures of $19,644 and unsupported costs of $84,745. The report on the internal control structure noted several reportable conditions and material weaknesses. The auditors recommended that CRDA: (1) ensure that all of its files on sub-grantees are adequately maintained; (2) maintain a separate bank account for USAID funds; (3) reconcile expenditures claimed by CRDA and those approved by USAID; (4) maintain ledgers for each grant by sub-grantee; (5) prepare and maintain job descriptions for CRDA financial management personnel; and (6) consider implementing a budgeting system. The report on compliance noted that with respect to the items tested, CRDA complied in all material aspects with laws, regulations and the grant agreement, except that CRDA did not maintain adequate records to support disbursements of funds provided under the agreement. This instance of noncompliance resulted in $104, 389 of questioned costs. The compliance report also disclosed several immaterial instances of noncompliance that warranted the attention of CRDA management.

The draft audit report was submitted to CRDA and USAID/Ethiopia for comment and their comments (Appendix I and Appendix II, respectively) were incorporated in the final report by Price Waterhouse. In summary, CRDA and USAID/Ethiopia concurred in general with many of the auditor's recommendations, for several other recommendations CRDA did not make any comments and for a few recommendations CRDA provided explanations disagreeing with the recommendations. This Office has no additional comments.

We are including the following recommendations in the Office of the Inspector General audit recommendation follow-up system.

<u>Recommendation No.1:</u> We recommend that USAID/Ethiopia determine the allowability and recover as appropriate the following questioned costs from Christian Relief and Development Association:

1.1 ineligible costs of $19,644

1.2 unsupported costs of $84,745

<u>Recommendation No. 2:</u> We recommend that USAID/Ethiopia ensure that CRDA improves its internal controls to ensure that:

2.1 CRDA maintains adequate records to support the disbursement of funds under the agreements;

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2.2 CRDA establishes and maintains a separate bank account for USAID funds;

2.3 CRDA reconciles its claimed expenditures with those approved by USAID;

2.4 CRDA maintains ledgers for each grant by sub-grantee;

2.5 CRDA prepares and maintains job descriptions for CRDA financial management personnel; and

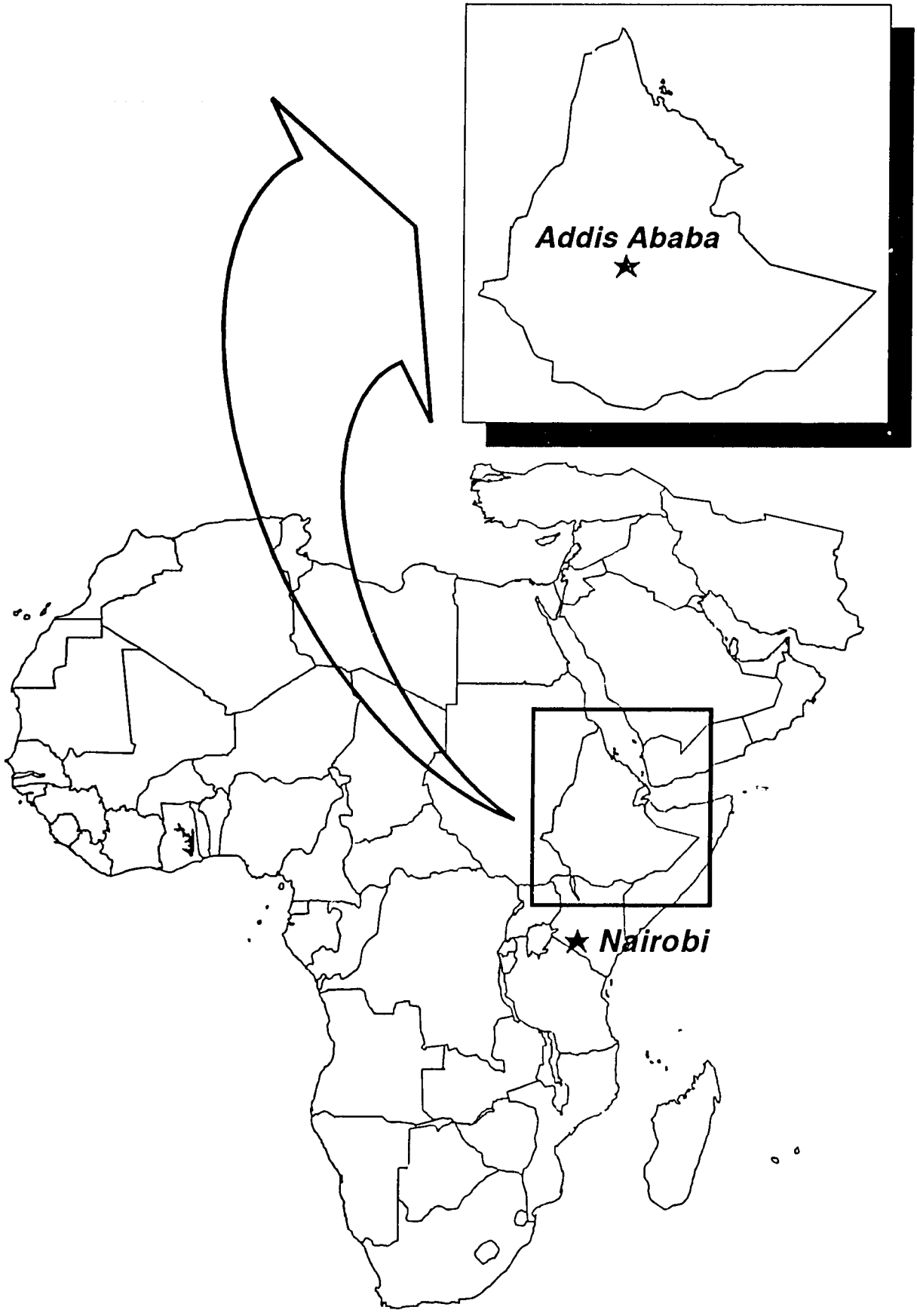
2.6 CRDA considers implementing a budgeting system.

We consider Recommendation Nos. 1 and 2 to be unresolved. Recommendation No. 1 may be resolved upon a final determination of the allowability of the indicated questioned costs. Recommendation No. 1 can be closed upon issuance of a bill of collection or other provision for recovery. Recommendation No. 2 can be resolved by USAID/Ethiopia's agreement to provide technical assistance or other resources to implement the needed improvements in internal controls. Recommendation No. 2 can be closed by providing this Office with documentation that technical assistance or other resources will be provided to correct the weaknesses identified above. Please notify us within 30 days indicating actions planned or already taken to implement the recommendation.

Thank you for the cooperation extended to Price Waterhouse and Regional Inspector General for Audit representatives during the audit.

Attachments: a/s.

Ethiopia



AUDIT OF
THE CHRISTIAN RELIEF AND DEVELOPMENT ASSOCIATION (CRDA)
VARIOUS GRANTS UNDER THE DISPLACED CHILDREN'S FUND
AND THE OFFICE OF FOREIGN DISASTER ASSISTANCE FUND
AUDIT REPORT NO. 3-663-93-23-N

ATTACHMENTS

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

ORPHANED AND DISPLACED CHILDREN GRANTS PROJECT

FINANCIAL AND COMPLIANCE AUDIT OF CHRISTIAN RELIEF AND DEVELOPMENT ASSOCIATION (CRDA)

FOR THE PERIOD JULY 27, 1988
THROUGH AUGUST 27, 1992

March 10, 1993

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

ORPHANED AND DISPLACED CHILDREN GRANTS

FINANCIAL AND COMPLIANCE AUDIT OF CHRISTIAN RELIEF AND DEVELOPMENT ASSOCIATION (CRDA)

FOR THE PERIOD JULY 27, 1988
THROUGH AUGUST 27, 1992

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I EXECUTIVE SUMMARY

BACKGROUND

The period audited under this report extends from July 27, 1988 through to August 27, 1992. During this period, there were a multiplicity of grants, project officers and different procedures followed by USAID Mission in Ethiopia. In order to put this into context the following background comments are provided.

During the period up to June 1992, USAID/Ethiopia was operating under the conditions of the Brooke Amendment. Activities were limited to relief and humanitarian assistance and the Mission functioned at a very low staff level. The funds that have been included under this audit derive from the Displaced Children's Fund as well as OFDA funds to be utilized for emergency non-food relief assistance.

On the onset of this period, project proposals were submitted directly to the Mission. This was the case for grants made to Jerusalem Memorial, Consolata Fathers, Church of Christ, Shashamane Orphanage, Emanuel Baptist, Bruh Tesfa Home, Daughters of Anne, L'Esperance, Makene Yesus and Hope Enterprises under the following Grant Nos: -8037; -9001; -9005; and -9006. Although money was channelled through CRDA to these organizations, there was no further CRDA involvement for monitoring and evaluation.

From July 1990, under Grant No: -0001, projects were all submitted through CRDA who passed on their recommendations to the Mission regarding funding. CRDA was therefore, from this time on, involved in recommending funding of submitted proposals as well as monitoring and evaluation. This procedure applied to all Grants under the various modifications from July 1990.

During the period covered by this audit report, there were several project officers. In addition, the country was undergoing considerable civil unrest. It was noted by the Mission, that several funded projects had either not been implemented at all or that there had been considerable delay due to the political situation within the country. However, despite all these difficulties, it was still possible to reach a considerable number of beneficiaries.

The following are the major breakdowns of USAID Grants specifically for the displaced and orphaned children in the country who were/are victims of civil strife and famine:

- Grant Nos. -9001, -9005, -9006, -0002 for the amount $305,775 went through CRDA to the various sub-grantees in support of their respective orphanages. The total beneficiaries from these grants are about 1850 orphaned Children.

- Grant Nos. -0001, -0001 Mod. No. 1, -0001 Mod. No. 2, and -0001 Mod. No. 3 are all under CRDA Umbrella Grants. The total amount of $880,000 went to 20 sub-grantees upon recommendations from CRDA and review by the Mission. The beneficiaries of these grants are estimated to be 9000 children.

The USAID Mission, despite this modest success with the funds audited in this report, had also acknowledged prior to the audit that there had been some weaknesses in management. Now that the conditions and staffing in the Mission have improved, many of these deficiencies have hopefully been rectified through a new Cooperative Agreement with CRDA which was signed in September 1992.

A Orphaned and Displaced Children Project

The goal of the Assistance to Orphaned and Displaced Children Project is to assist orphans and displaced children be rehabilitated into normal life.

Christian Relief and Development Association (CRDA) is an umbrella organisation through which all the grants for the Assistance to Orphaned and Displaced Children Project have been made. CRDA provides funds to a number of sub-grantees, all of which are non-governmental organizations (NGO's) in Ethiopia who actually provide the commodities and services as specified in the grants. CRDA does not implement any of the grants directly although it has received funds to help with its own day to day operations.

The Orphaned and Displaced Children Project started on July 27, 1988. Our audit covers all expenditure from July 27, 1988 to August 27, 1992. The value of disbursements to CRDA in this period was US $ 359,604. This amount represents USAID advances to CRDA for which liquidation documentation has been received and approved by USAID.

The total amount of money received by CRDA from USAID during the period was $802,701. The total amount of funds advanced by CRDA to sub-grantees during this period was $694,640, as shown in Exhibit 7. The balance of funds of $40,180 still held by CRDA is analyzed in Exhibit 1.

B **Accounting and Contract Monitoring Systems**

CRDA's responsibility for accounting and financial monitoring began on March 5, 1990, the first date of first payment under Grant 9008. Prior to Grant 9008, it was understood by USAID and CRDA, that CRDA's responsibility was to receive funds from USAID, and to transfer such funds to sub-grantees designated by USAID. The responsibility for accounting and financial monitoring resided with USAID.

During the initial stages of this project USAID used to advance 80% of the funds to CRDA. CRDA then released immediately the whole amount to the sub-grantee, net of bank charges. This policy later changed to the 80% being released to the sub-grantee in two equal instalments by CRDA. The second instalment being released after the initial instalment has been liquidated.

The final 20% is released by USAID only after the 80% initial advance has been liquidated.

Recently USAID changed its policy to 40% being advanced to CRDA. CRDA then releases the whole 40% to the sub-grantee. The next 40% is then released when the initial 40% has been liquidated. Finally 20% is released when the second 40% has been liquidated through CRDA.

During liquidation, the sub-grantee presents original supporting documentation to CRDA for review with their respective photocopies. The sub-grantee submits a statement of accounts with the documents and budget comparison. Photocopies of documents are then submitted to USAID for liquidation. CRDA Project Officers conduct visits to sub-grantees and report on the progress of projects when the sub-grantee requests additional funds to be released.

In May 1992, CRDA started drawing up contract agreements with sub-grantees before any funds were released for new projects.

C **Audit Objectives and Scope**

Price Waterhouse was contracted under contract No. 623-0000-I-2003-00 to perform a financial and compliance audit for expenditures incurred under Orphaned and Displaced Children Project by CRDA and the sub-grantees who received funds from USAID via CRDA for the period July 27, 1988 through August 27, 1992.

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The objectives of this audit were to:

- audit the CRDA Fund accountability Statement and express an opinion as to whether the Fund Accountability Statement presents fairly, in all material respects and in conformity with the basis of accounting described in the report, the use of funds in accordance with the grant agreement

- consider CRDA's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Fund Accountability Statement and to report on significant internal control deficiencies and material weaknesses

- test CRDA's compliance with the terms of the grant agreement, as part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, and report on any identified material instances of noncompliance.

Our examination was performed in accordance with generally accepted auditing standards and the standards contained in the Government Auditing Standards (1988 revision) issued by the Comptroller General of the U.S. (1988 revision) and, accordingly, included such tests of the contractor's data and records and other auditing procedures as were considered necessary in the circumstances. The audit was performed under the supervision of the Regional Inspector General audit office based in Nairobi. Price Waterhouse auditors also adhered to the guidelines contained in various chapters of the "Guidelines for Financial and Compliance Audits of AID - Financed Agreements" and "Guidelines for Audits of Federal Awards to Non-Profit Institutions".

As required by Government Auditing Standards, we were subject to an external quality control review in July 1992. This review was undertaken by a Price Waterhouse firm independent of our firm.

D **Methodology**

A team from Price Waterhouse Nairobi visited Addis Ababa from July 20 to July 22, 1992 to perform the preliminary survey. The purpose of the survey was to secure an understanding of the grant recipient's accounting system, assess the overall strength of the system of internal controls, estimate the extent of compliance with the grant provisions and procurement regulations and determine the degree to which supporting documentation would be available to the audit team. The survey provided the groundwork from which Price Waterhouse developed its detailed audit work plan.

Price Waterhouse made a further visit to Addis Ababa from August 31 to September 19, 1992. During the course of this visit, field trips were made to Asmara (Mendefera) and Bahr Dar.

The terms of the grant agreement and the cost principles contained in the applicable U.S. Government regulations were used as criteria in the determination of unsupported or ineligible costs.

The scope of the audit consisted of the following:

- examination and testing of supporting documentation of CRDA and sub-grantee expenditures
- a review of sub-grantee Ethiopian Birr transactions for compliance with the Grant Agreement and applicable laws and regulations
- a study and evaluation of the internal accounting controls and accounting practices of CRDA to the extent necessary to render an opinion on the US Dollar component of the Fund Accountability Statement
- a review of the grant agreements, implementation letters, implementation reports, handbooks, relevant government regulations and other related documents.

E **Results of the Audit**

1 **Costs reported by assistance to Orphaned and Displaced Children Project**

We performed a financial and compliance audit for the Fund Accountability Statement relating to the Grant Agreement on the Orphaned and Displaced Children Project: Grantee CRDA for the period of July 27, 1988 through August 27, 1992.

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We identified certain transactions described in Note 2 to the Fund Accountability Statement (Section II) that, in our opinion, are unsupported. This amounted to $ 84,745. We identified another $ 19,644 as being ineligible. At the time the expenditures were US $359,604 as shown in Exhibit 7.

These unsupported and ineligible costs affected our opinion on the Fund Accountability Statement. The full text of our opinion is presented in Section II.

2 Internal Accounting Controls

We made a study and evaluation of the system of internal accounting controls to the extent required by generally accepted auditing standards and the Government Auditing Standards issued by the US Comptroller General (1988 Revision).

Our study and evaluation was designed to determine the nature, timing and extent of auditing procedures necessary to express an opinion on the Fund Accountability Statement. We do not, however, express an opinion on the system of internal accounting controls of CRDA or on any individual categories. The full text of our opinion is presented in Section III.

During the course of our audit the following internal control weaknesses were noted:

i) CRDA accountants do not review sub-grantee vouchers properly. Some sub-grantee vouchers were approved and processed without adequate supporting documentation. Hope Enterprises and L'Esperance vouchers included store issue vouchers and unauthorized cash payment vouchers.

ii) CRDA does not cancel sub-grantee documents. Instances were noted where copies of original invoices were not stamped CERTIFIED TRUE COPY to indicate that the voucher had been agreed to the original. The original document should also be suitably stamped. This control is critical to prevent double claiming.

iii) Record keeping at CRDA was found to be unsatisfactory. Sub-grantees files were found incomplete. Missing information was later obtained from other separate files. This scattered information does not provide adequate audit trail.

iv) CRDA does not maintain a separate bank account for USAID funds. This makes it difficult to reconcile USAID funds.

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v) Reconciliations of approved expenses between CRDA and Regional Financial Management Centre (RFMC) are not performed. CRDA does not have any information regarding approved or disapproved expenses. This practice makes reconciliations difficult.

vi) CRDA does not keep separate ledgers for each grant by sub-grantee. CRDA keeps a ledger that tracks the movement of funds for each sub-grantee but does not have a ledger that keeps track of expenses for each grant by sub-grantee. Thus balances for each grant are not available at CRDA.

vii) There are no Job Descriptions at CRDA for the financial management personnel.

viii) There are no reconciliations performed between the manual and computer cash book. Although no errors were found, this is a critical control procedure to ensure that data input and the manual cash book are accurate and complete.

3 Compliance With Cooperative Agreement Terms

Except as noted below, CRDA complied with those provisions of the Agreement, Laws and Regulations, non-compliance with which could have a material effect on the Fund Accountability Statement. However, we noted certain minor issues that we believe warrant the action of CRDA as described in the audit findings.

These issues are:

- CRDA/USAID need to reconsider CRDA role in this project. Currently CRDA is unsure if USAID procurement rules or their own apply to this project. CRDA is currently acting as an agent for USAID funds, whereby they receive funds from USAID and remit the same to appropriate sub-grantees. They take no responsibility on how the money is spent by the sub-grantees

- CRDA does not produce quarterly reports on grants as specified in the grant agreement

- CRDA conducts poor quality reviews of sub-grantee documents. We found that CRDA only checks copies of documents to originals but does not check expenditure details to the grant agreements for compliance. This could lead to undetected instances where grants are not complied with

sub-grantees do not understand USAID regulations. We came across incidents where source documents could not be located.

4 Summary of Management Comments

We have reviewed CRDA's management and USAID Mission comments and have attached them as Appendices I and II, respectively.

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II ORPHANED AND DISPLACED CHILDREN PROJECT, ETHIOPIA

REPORT ON FUND ACCOUNTABILITY STATEMENT

INDEPENDENT AUDITOR'S OPINION

We have audited the Fund Accountability Statement of the Orphaned and Displaced Children Project: Grantee CRDA for the period July 27, 1988 to August 27, 1992. The Fund Accountability Statement is the responsibility of the CRDA's management. Our responsibility is to express an opinion on this Fund Accountability Statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards contained in the Government Auditing Standards issued by the Comptroller General of the US (1988 Revision), with the exception that we have not been subject to a quality control review by a non Price Waterhouse Firm. We do not believe that this departure has affected our audit. We were subject to a quality control review in July 1992 undertaken by a Price Waterhouse firm independent of our firm.

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 Statements. 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 auditing provides a reasonable basis for our opinion.

As described in Note 1, this Fund Accountability Statement was prepared on the basis of cash receipts and dibursements which is a comprehensive basis of accounting other than generally accepted accounting principles.

With respect to incurred expenditures, the results of our audit include questioned costs of $ 104,389 (ineligible costs of $ 19,644 and unsupported costs of $ 84,745). These questioned costs have been identified on the Fund Accountability Statement.

In our opinion, except for the amounts described above, the Fund Accountability Statement examined by us presents fairly the US Dollars expenditures claimed by CRDA in relation to the Grant Agreement and Applicable Laws and Regulations with the United States Agency for International Development for the period July 27, 1988 to August 27, 1992.

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

This final report is intended solely for the use of the United States Embassy, Ethiopia, the United States Agency for International Development and the management of CRDA, but this is not intended to limit the distribution of the report, if a matter of public record.

September 30,1992

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EXHIBIT

FUND ACCOUNTABILITY STATEMENT
CHRISTIAN RELIEF DEVELOPMENT ASSOCIATION
ORPHANED AND DISPLACED CHILDREN GRANTS
FOR PERIOD JULY 27, 1988 THROUGH AUGUST 27, 1992

	TOTAL	GRANT No 8037	GRANT No 9001	GRANT No 9005	GRANT No 9006	GRANT No 9008	GRANT No 0001	GRANT No 0002	GRANT No 0005
Total Revenue	$802,701	$47,536	$10,759	$164,170	$14,814	$129,037	$263,120	$85,214	$88,052
Total Advances to sub-grantees									
Jerusalem Memorial	47,536	47,536							
Consolata Fathers	10,759		10,759						
Church of Christ	3,894			3,894					
Shashameme Orphanage	16,482			16,482					
Emmanuel Baptist	7,668			7,668					
Bruh Tesfa Home	27,545			27,545					
Jerusalem Memorial	19,644			19,644					
L'Esperance	29,512			29,512					
Daughters of Anne	10,828			10,828					
Mekene Yesus	11,618			11,618					
Hope Enterprises	14,814				14,814				
L'Esperance	23,661					23,661			
Hope Enterprises	47,216					47,216			
Jerusalem Memorial	48,328					48,328			
Financial Analyst	9,832					9,832			
Ethiopian Orthodox	13,486						13,486		
Lay Volunteers(LVIA)	9,275						9,275		
Ethiopian Orthodox	46,857						46,857		
Kale Hiwot	16,908						16,908		
Ethiopian Catholic	31,539						31,539		
CYFWO	9,897						9,897		
SOS	8,601						8,601		
SCF/UCA	32,317						32,317		
L'Esperance	5,614						5,614		
Radda Barnen	18,726						18,726		
SKIP	14,636						14,636		
Hope Enterprises	30,448						30,448		
CRDA Adm	7,807						7,807		
Mekene Yesus	11,536							11,536	
Jerusalem Memorial	3,623							3,623	
Shashameme Orphanage	9,532							9,532	
Emmanuel Baptist	37,714							37,714	
Salem Children	24,155								24,155
Bruh Tesfa Home	5,875								5,875
Tefki Orphan	10,530								10,530
SKIP									
Moses Children's Home									
Jerusalem Memorial	7,177								7,177
EOC/CCC	9,050								9,050
USAID Refunds	67,881			34,043			5,657	11,536	16,645
Total Advances to Sub-Grantees	$762,521	$47,536	$10,759	$161,234	$14,814	$129,037	$251,768	$73,941	$73,432
Balance of funds at CRDA	$40,180	0	0	$2,936	0	0	$11,352	$11,273	$14,620

Note:
The above figures have been extracted from the vouchers at CRDA and shows the US Dollar equivalent of monies advanced and then from CRDA to the sub-grantees. These amounts represent advances and not expenditures.

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EXHIBIT 2

CHRISTIAN RELIEF DEVELOPMENT ASSOCIATION
ORPHANED AND DISPLACED CHILDREN GRANTS
FOR PERIOD JULY 27, 1988 THROUGH AUGUST 27, 1992

Sub-Grantee	No.	Advanced	Expenditure	Accepted	Ineligible	Unsupported
Jerusalem Memorial	8037	$47,536	$47,536	$47,536		
Consolata Fathers	9001	$10,759	$10,759	$10,759		
Hope Enterprises	9006	$14,814	$14,814	$14,814		

Note:
Amounts claimed represent expenditures accepted by USAID RFMC. They need not necessarily agree with advances shown in Exhibit 1.

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EXHIBIT 3

CHRISTIAN RELIEF DEVELOPMENT ASSOCIATION
ORPHANED AND DISPLACED CHILDREN GRANTS
FOR PERIOD JULY 27, 1988 THROUGH AUGUST 27, 1992

Sub-Grantee	No.	Advanced	Expenditure	Accepted	Ineligible	Unsupported	Reference
	9005						
Church of Christ		3,894	3,894	3,737		157	2.1
Shasnameme Orphanage		16,482	16,482	16,482			
Emmanuel Baptist		7,668	7,668	7,668			
Bruh Tesfa Home		27,545	27,545	26,853		692	2.1
Jerusalem Memorial		19,644	19,644		19,644		2.2
L'Esperance		29,512	29,512	12,856		16,656	2.1
Daughters of Anne		10,828					
Mekene Yesus		11,618	11,618			11,618	
Total		$127,191	$116,363	$67,596	$19,644	$29,123	

Note:
Amounts claimed represent expenditures accepted by USAID RFMC. They need not necessarily agree with advances shown in Exhibit 1.

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EXHIBIT 4

CHRISTIAN RELIEF DEVELOPMENT ASSOCIATION
ORPHANED AND DISPLACED CHILDREN GRANTS
FOR PERIOD JULY 27, 1988 THROUGH AUGUST 27, 1992

Sub-Grantee	No.	Advanced	Expenditure	Accepted	Ineligible	Unsupported	Reference
	9008						
L'Esperance		23,661	14,237			14,237	2.1
Hope Enterprises		47,216	41,385			41,385	2.1
Jerusalem Memorial		48,328					
Financial Analyst		9,832	9,832	9,832			
Total		$129,037	$65,454	$9,832		$55,622	

Note:
Amounts claimed represent expenditures accepted by USAID RFMC. They need not necessarily agree with advances shown in Exhibit 1.

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EXHIBIT 5

CHRISTIAN RELIEF DEVELOPMENT ASSOCIATION
ORPHANED AND DISPLACED CHILDREN GRANTS
FOR PERIOD JULY 27, 1988 THROUGH AUGUST 27, 1992

Sub-Grantee	No.	Advanced	Expenditure	Accepted	Ineligible	Unsupported
	0002					
Mekene Yesus		11,536				
Jerusalem Memorial		3,623	3,623	3,623		
Shasnameme Orphanage		9,532	9,532	9,532		
Emmanuel Baptist		37,714	37,714	37,714		
Total		$62,405	$50,869	$50,869		

Note:
Amounts claimed represent expenditures accepted by USAID RFMC. They need not necessarily agree with advances shown in Exhibit 1.

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EXHIBIT 6

CHRISTIAN RELIEF DEVELOPMENT ASSOCIATION
ORPHANED AND DISPLACED CHILDREN GRANTS
FOR PERIOD JULY 27, 1988 THROUGH AUGUST 27, 1992

Sub-Grantee	No.	Advanced	Expenditure	Accepted	Ineligible	Unsupported
	0001					
Ethiopian Orthodox		13,486				
Lay Volunteers(LVIA)		9,275				
Ethiopian Orthodox		46,857	47,211	47,211		
Kale Hiwott		16,908	6,598	6,598		
Ethiopian Catholic		31,539				
CYFWO		9,897				
SOS		8,601				
SCF/UCA		32,317				
L'Esperance		5,614				
Radda Barnen		18,726				
SKIP		14,636				
Hope Enterprises		30,448				
CRDA Adm		7,807				
Total		$246,111	$53,809	$53,809		

Note:
Amounts claimed represent expenditures accepted by USAID RFMC. They need not necessarily agree with advances shown in Exhibit 1.

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EXHIBIT 7

CHRISTIAN RELIEF DEVELOPMENT ASSOCIATION
ORPHANED AND DISPLACED CHILDREN GRANTS
FOR PERIOD JULY 27, 1988 THROUGH AUGUST 27, 1992

Sub-Grantee	No.	Advanced	Expenditure	Accepted	Ineligible	Unsupported
	0005					
Salem Children		24,155				
Bruh Tesfa Home		5,875				
Tefki Orphan		10,530				
Moses Children's Home		7,177				
Jerusalem Memorial		9,050				
Total		$56,787				
GRAND TOTAL		$694,640	$359,604	$255,215	$19,644	$84,745

Note:
Amounts claimed represent expenditures accepted by USAID RFMC. They need not necessarily agree with advances shown in Exhibit 1.

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ORPHANED AND DISPLACED CHILDREN PROJECT, ETHIOPIA

NOTES TO FUND ACCOUNTABILITY STATEMENT FOR THE PERIOD JULY 27, 1988 TO AUGUST 27, 1992

NOTE 1: Nature of Operation and Summary of Significant Accounting Policies

The Orphaned and Displaced Children Project is designed to assist orphans and displaced children to be rehabilitated into normal life. These children have been severely affected by the recent disturbances in Ethiopia.

The NGO's under these grants provide shelter, food and training skills to these children. Where possible the NGO's also assist the displaced children to be linked with their families.

Christian Relief Development Association (CRDA) has been contracted by USAID to implement and manage the program on their behalf. CRDA provides funds to its member sub-grantees (all NGO's) in Ethiopia who actually provide the services and commodities as specified in the grants. CRDA does not implement directly although it has received funds to help with its own day to day operations.

Accounting Records

The formal accounting records of CRDA are maintained in Ethiopian Birr at the headquarters in Addis Ababa where all sub-grantee vouchers are reviewed and copies forwarded to USAID for liquidation. The original supporting documentation are maintained at the sub-grantee's offices. Copies of the supporting documentation are retained by CRDA.

NOTE 2

Unsupported Costs

A summary of costs which, in our opinion, are unsupported for reimbursement under the terms of the Grant Agreement are presented below.

2.1 No supporting documentation provided.

GRANT #	SUB-GRANTEE	$ VALUE
9005	Church of Christ	157
9005	Bruh Tesfa Home	692
9005	L'Esperance	16,656
9005	Mekane Yesus	11,618
9008	L'Esperance	14,237
9008	Hope Enterprises	41,385
		84,745

These amounts relate to claims where CRDA was unable to produce appropriate supporting documentation. For the Church of Christ and Bruh Tesfa Home no supporting documentation was produced to support their expenditures. L'Esperence, Mekane Yesus and Hope Enterprises produced store issue vouchers and unauthorised petty cash vouchers, but these were considered inadequate documentation to support the expenditures noted above.

Recommendation

We recommend that CRDA pursue the above sub-grantees for the production of appropriate supporting documentation. If the appropriate documentation is not available then the Mission should consider whether the money is repayable.

Auditee Comments

The projects under Grant No. 9005 were handled directly by USAID mission. The projects under Grant No.9008 were handled by CRDA directly. The issue of accepting store issue vouchers for Grant No. 9008, was dicussed with USAID and accepted. These materials had been purchased in bulk to minimize the cost of transportation and to stock required materials as their availability could not be guaranteed.

USAID Comments

USAID concurs with audit findings and recommendation

Auditors Comments

Against claims under Grant 9005, USAID (who were handling this grant and accepted issue vouchers as supporting documentation) via CRDA pursue the sub-grantees for the production of appropriate supporting documentation. If the appropriate documentation is not available then the Mission should consider whether the money is repayable.

Against claims under Grant 9008, CRDA should visit L'Esperance and Hope Enterprises and decide if the bulk purchases were funded independently by the sub-grantee or by other donors. CRDA should satisfy themselves that disbursements from stores are bona fide and not funded by other donors. If this is found not to be the case then USAID should pursue a claim against the sub-grantees.

Ineligible Costs

2.2 Jerusalem Memorial (Grant # 9005) $19,644

This amount relates to non compliance with the grant agreement where Jerusalem Memorial purchased a generator which was not mentioned in the contract. The pump and pipes purchased, were meant for Bahr Dar rather than Mendefera.

Recommendation

We recommend that USAID amend the grant agreement to reflect the above changes and make the costs allowable as the documentation at the Mission indicates that the Project Officer agreed that the $ 19,644 had been spent correctly and in agreement with the grant.

Auditee Comments

No Comments

USAID Comments

USAID concurs with the audit finding and recommendation.

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III ORPHANED AND DISPLACED CHILDREN PROJECT, ETHIOPIA

INDEPENDENT AUDITORS REPORT ON INTERNAL ACCOUNTING CONTROLS

We have audited the Fund Accountability Statement of the Orphaned and Displaced Children Project: Grantee CRDA for the period July 27, 1988 to August 27, 1992 and have issued our final report thereon dated September 30, 1992.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the Unites States (1988 Revision), with the exception that we have not been subject to a quality control review by a non Price Waterhouse Firm. We do not believe that this departure has affected our audit. We were subject to a quality control review in July 1992 undertaken by a Price Waterhouse firm independent of our firm.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statements is free of material misstatement.

In planning and performing our audit of the Fund Accountability Statement of CRDA for the period July 27, 1988 to August 27, 1992, 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 local management of CRDA is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure 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 Fund Accountability Statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

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

- CONTROL ENVIROMENT
  Implementing institution personnel
  Project defination & implementing institution responsibilies
  Written policies & procedures (including job descriptions)

- ACCOUNTING SYSTEMS
  General record keeping
  Reporting to USAID
  Disbursement of Funds

- CONTROL PROCEDURES
  Purchasing procedures
  Authorization of transactions and activities
  Segregation of Duties
  Bank Reconciliations

For all of the internal control structure 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 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 for the internal control structure that, in our judgement, 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.

The following reportable conditions were noted:

- sub-grantee vouchers were approved and processed without adequate supporting documentation

- supporting documents were not stamped CERTIFIED TRUE COPY to indicate that the voucher had been agreed to the grant

- sub-grantees files were found to be incomplete

- there is no separate bank account for USAID funds

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- reconciliations of approved expenses between CRDA and RFMC are not performed
- there are no separate ledgers for each grant by sub-grantee
- there are no job descriptions for the financial management personnel
- no reconciliations are performed for the manual and computer cash book.

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 Statement 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 considered material weaknesses as defined above. However, we believe the reportable conditions described above constitute a material weakness in view of the fact that expenditures of $ 104,389 were ineligible or unsupported.

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

This final report is intended solely for the use of the United States Embassy, Ethiopia, the Agency for International Development and the management of CRDA, but this is not intended to limit the distribution of the report, if a matter of public record.

September 30,1992

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ORPHANED AND DISPLACED CHILDREN PROJECT, ETHIOPIA

REPORT ON INTERNAL CONTROLS

I Voucher Approval

Finding

CRDA accountants do not review sub-grantee vouchers properly. Some sub-grantee vouchers were approved and processed without adequate supporting documentation. Hope Enterprises and L'Esperance vouchers included store issue vouchers and unauthorized cash payment vouchers. We consider this to be a material weakness.

Recommendation

No sub-grantee vouchers should be cleared or approved without adequate documentation, i.e. invoice/receipt. If the sub-grantee cannot produce such a document then, it should be disallowed.

Auditee Comments

Due to the bulk buying of certain building materials, CRDA had approval from USAID to treat issue vouchers as proper supporting documentation.

USAID Comments

CRDA's responsibility to review sub-grantee supporting documentation began on March 5, 1990, the date of first payment under Grant 9008. Prior to Grant 9008, it was understood by USAID and CRDA that CRDA's sole responsibility was to receive funds from USAID, and to transfer such funds to sub-grantees designated by USAID. Voucher review was the responsibility of USAID.

With respect to store issue vouchers presented by the sub-grantees, Hope Enterprises and L'Esperance, USAID authorized such documentation provided copies of original purchase receipts were attached.

USAID believes that CRDA's voucher monitoring performance has improved during the past year. Notwithstanding this improvement, the USAID agrees with the audit recommendation and will work closely with CRDA to ensure adequate voucher review.

Auditor Comments

CRDA should review its records with USAID and if approval was given to accepting issue vouchers as proper documentation, then we would amend our opinion appropriately. We do however, suggest that CRDA visit L'Esperance and Hope Enterprises to satisfy themselves that the purchase of these materials was not undertaken by other donors or that the disbursements of materials has not been double funded.

II <u>Cancellation of Paid Documents.</u>

Finding

CRDA does not cancel sub-grantee documents. Instances were noted where copies of original invoices were not stamped CERTIFIED TRUE COPY to indicate that the voucher had been agreed to the original. The original document should also be suitably stamped. This control is critical to prevent vouchers being submitted more than once.

Recommendation

CRDA should ensure that all documents are marked when reviewed to indicate cancellation. A stamp indicating CERTIFIED TRUE COPY and signed off by CRDA would suffice.

Auditee Comments

CRDA did not cancel sub-grantees documents for reciepts submitted before 1991 but all original receipts presented presented to them for verification were initialled by CRDA Financial Officer to avoid double claiming. Since 1991 CRDA have stamped all original receipts with "CRDA PAID" stamp.

USAID Comments

USAID concurs with this recommendation and will discuss with CRDA the use of a stamp stating "**Invoice received and processed for payment - USAID**". Such stamps will be initialled by the responsible CRDA official.

III <u>Record Keeping</u>

Findings

Recording keeping at CRDA was found to be unsatisfactory. Sub-grantees files were found to be incomplete. Missing information was later obtained from other separate files. This scattered

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nature of information does not provide an adequate audit trail.

Recommendation

Management should ensure that all files are complete.

Auditee Comments

No Comment

USAID Comments

USAID accepts the recommendation.

IV Bank Account

Finding

CRDA does not maintain a separate bank account for USAID funds. This makes it difficult to reconcile USAID funds.

Recommendation

A separate bank account should be opened for all USAID funds received.

Auditee Comments

CRDA could not maintain a separate bank account for USAID funds previously because of the Ex-Government Banking Policy. This was explained to Mr Patel of USAID before the first grant transfer was effected and the use of CRDA bank account for USAID fund was accepted.
CRDA has now opened a separate bank account for USAID funds.

USAID Comments

Following the new Cooperative Agreement, CRDA opened a separate bank account for USAID funds. Until recently, Host Government policy prohibited the establishment of an additional separate account. USAID request this recommendation be closed.

Auditor Comments

This recommendation is now closed.

V CRDA and RFMC Reconciliation

Finding

Reconciliations of approved expenses between CRDA and RFMC are not performed. CRDA does not have any information regarding approved or disapproved expenses. This makes reconciliations difficult.

Recommendation

Management should ensure that there are periodic reconciliations between CRDA and RFMC of approved expenses. RFMC via the Mission should let CRDA know why costs have not been accepted.

Auditee Comments

CRDA has prepared quarterly Financial Statement of Accounts to USAID. However, CRDA has not so far received any statment of account from USAID for the purpose of reonciliation.

USAID Comments

USAID concurs with the audit finding and recommendation

VI Grant Ledgers

Finding

CRDA does not keep separate ledgers for each grant by sub-grantee. CRDA keeps a ledger that tracks the movement of funds for each sub-grantee but does not have a ledger that keeps track of expenses for each grant by sub-grantee. Thus balances for each grant are not readily available at CRDA.

Recommendation

CRDA should keep separate ledgers for each grant by sub-grantee.

Auditee Comments

CRDA has now established separate ledgers for each grant.

USAID Comments

CRDA has now established separate ledgers for each grant. USAID requests this recommendation be closed.

Auditor Comments

This recommendation is now closed.

VII Job Descriptions

Finding

There are no Job Descriptions at CRDA for the financial management personnel. These may present a problem of matching personnel qualifications to responsibilities.

These are currently being prepared by the Head of Finance Department.

Recommendation

The job descriptions currently being prepared should be completed and implemented as soon as possible.

Auditee Comments

CRDA disagrees with our finding and recommendation.

USAID Comments

USAID has requested CRDA to update the job descriptions for the financial management personnel.

Auditor Comments

Initial job descriptions provided to us were vague and handwritten. We were informed that these were being prepared for the whole of the finance department.In response to our draft report CRDA forwarded job descriptions of the Financial Controller and the Senior Project Accountant. These dated back to 1989. These should be updated in line with USAID comments.

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VIII Bank Reconciliations

Finding

There are no reconciliations being performed between the manual and computer cash books. Although no errors were found, this is a critical control procedure necessary to ensure that data input and the manual cash book are both accurate and complete.

Recommendation

CRDA should continue to maintain a manual cash book and reconcile the manual and computerized balances.

Auditee Comments

CRDA have stated that the manual and computerized balances are being reconciled monthly. In response to our draft audit report, CRDA forwarded copies of the manual cash book to indicate that this is the case.

USAID Comments

CRDA has stated that the manual and computerized balances are being reconciled monthly.

Auditor Comments

This earlier recommendation has now been closed.

IX Budgets

Finding

CRDA does not have a budgeting system in place.

Recommendation

CRDA should carefully consider having a budgeting system. The budgeting system should monitor actual performance against planned performance.

Auditee Comments

No Comments

USAID Comments

CRDA has an annual administration budget which is approved by the Executive Committee and full membership of the Association. Budget reviews are done on a quarterly basis.

Auditor Comments

This earlier recommendation is now closed.

Price Waterhouse

ORPHANS AND DISPLACED CHILDREN PROJECT, ETHIOPIA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH GRANT AGREEMENT TERMS AND APPLICABLE LAWS AND REGULATIONS

We have audited the Fund Accountability Statemer . of the Orphaned and Displaced Children Project: Grantee CRDA for the period July 27, 1988 to August 27, 1992 and have issued our final report thereon dated September 30, 1992.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the Unites Staces (1988 Revision), with the exception that we have not been subject to a quality control review by a non Price Waterhouse Firm. We do not believe that this departure has affected our audit. We were subject to a quality control review in July 1992 undertaken by a Price Waterhouse firm independent of our firm.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statements is free of material misstatement.

Compliance with the terms of the Grant Agreement and applicable laws and regulations is the responsibility of CRDA's management. As part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, we performed tests of CRDA's compliance with certain provisions of agreement terms and referenced laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of agreement terms and referenced laws and regulations that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the Fund Accountability Statement. The results of our tests of compliance disclosed the following material instance of noncompliance:

> failure to maintain adequate records to support disbursement of funds provided under the agreement, resulting in $ 104,389 in unsupported and ineligible costs.

We considered this material instance of noncompliance in forming our opinion on whether CRDA's Fund Accountability Statement is presented fairly, in all material respects, in conformity with the basis of accounting described in Note 1 to the Fund Accountability Statement, and this report does not affect our

London Office
Other Representative Offices

report on the Fund Accountability Statement dated September 30,1992.

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

This final report is intended solely for the use of the United States Embassy, Ethiopia, the United States Agency for International Development and the management of CRDA, but this is not intended to limit the distribution of the report, if a matter of public record.

September 30, 1992

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ORPHANED AND DISPLACED CHILDREN PROJECT, ETHIOPIA

REPORT ON COMPLIANCE WITH GRANT AGREEMENT TERMS AND APPLICABLE LAWS AND REGULATIONS

I CRDA Role

Finding

CRDA/USAID need to reconsider CRDA role in this project. Currently CRDA is unsure about whether to follow USAID procurement rules and regulations or to follow their own procedures in this project. CRDA is currently acting as an agent for USAID funds, whereby they receive funds from USAID and remit the same to appropriate sub-grantees. They take no responsibility on how the money is spent by the sub-grantees.

Recommendation

USAID should meet with CRDA and revise the grant agreement. USAID should also provide CRDA with details of what the standard USAID documents and Handbooks contain, especially those relating to this project.

Auditee Comments

No Comments

USAID Comments

Current Cooperative Agreement No. 623-0002-A-00-2108-00 dated September 17, 1992 spells out specific details of USAID procurement regulations and guidelines to be followed by CRDA and sub-grantees.

Auditor Comments

This earlier recommendation is now closed.

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II Quarterly Reports

Finding

CRDA does not produce quarterly reports on grants as specified in the grant agreement.

Recommendation

The grant agreements should be amended, allowing CRDA to produce and submit half yearly reports to USAID rather than once every quarter (later agreements indicate half yearly reports).

Auditee Comments

No Comments

USAID Comments

Current procedures allow CRDA to submit status reports on a semi-annual basis.

Auditor Comments

This earlier recommendation is now closed.

III Voucher Reviews

Finding

CRDA conducts poor quality reviews of sub-grantee documents. We found that CRDA only checks copies of documents to originals but does not check expenditure details to the grant agreements for compliance. This could lead to instances where individual line items are not complied with, or are exceeded.

Recommendation

We recommend that CRDA reviews sub-grantee documents for agreement with the grants.

Auditee Comments

Expenditure details are checked against grant agreements and bubget comparison statement is also checked.

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USAID Comments

Current Cooperative Agreement No. 623-0002-A-00-2108-00 dated September 17, 1992 requires CRDA to monitor sub-grantee expenditures.

Auditor Comments

This earlier recommendation is now closed.

IV USAID Regulations

Finding

Sub-grantees do not understand USAID regulations. We came across instances where source documents could not be located and compliance with USAID standards had not been met.

Recommendation

We recommend that CRDA holds a training course for sub-grantees, indicating what is expected of them, when submitting vouchers for approval. The CRDA contract requires that supporting documents be retained for a period of three years after grant completion. In some instances we confirmed that this requirement is not being observed.

For new sub-grantees, CRDA should visit the sub-grantee, and observe if the accounting systems are good enough to identify USAID expenditures. If the answer is unfavourable, then USAID should consider requesting CRDA to help strengthen the sub-grantee's accounting function before disbursing funds to it.

This project has suffered from considerable number of project officers, and insufficient back up staff to monitor the project. We recommend that USAID looks at past discretion lightly, and take a hardline attitude once the training course has been held. The course should outline USAID basic requirements for allowable costs.

Auditee Comments

No Comments

USAID Comments

A training course for sub-grantees was held in August, 1992. Another training course is scheduled for March, 1993.

Auditor Comments

This earlier recommendation is now closed.

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APPENDICES

APPENDIX I

AUDITEE COMMENTS ON FINAL REPORT

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CHRISTIAN RELIEF & DEVELOPMENT ASSOCIATION

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Cable Address CRDA
Telex Address 21307
Telefax 65 22 80
ADDIS ABABA (Ethiopia)

Date November 19, 1992

Price Waterhouse
P.O. Box 41500
Nairobi
Kenya

Dear Sirs,

Thank you for the draft Financial and Compliance audit report reference 623-0000-I-00-2003.00 on USAID Funded Orphan and Displaced Children's Projects covering the period July 27, 1988 through August 27, 1992.

We have the following comments on the Draft Report and we hope the report will be amended taking our explanation into consideration

Section I.A.

Eventhough the Displaced Children's Projects are said to have been started on July 27, 1988, the transfer of money to CRDA for the above projects commenced in April, 1989.

The total amount of money received from USAID during the period from April, 1989 to August 27, 1992 is Birr 1,661,591.41 (US$802,701.18) and total amount of money disbursed to sub-grantees and refunded to USAID is Birr 1,437,904.60 (US$694,639.91) and Birr 140,513.89 (US$67,881.11) respectively.

Section I.B

The overall responsibility of accounting and financial monitoring for the following ten projects under Grant No. 663-0001-G-SS-9005 resided with USAID.

CRDA MEMBER & ASSOCIATE ORGANIZATIONS

○ ActionAid - Ethiopia ○ Action International Contre la Faim (AICF) ○ Adventist Development and Relief Agency ○ Africare ○ Africa Rural Development of Ethiopia ○ African Village Acadamy ○ American Joint Distribution Committee ○ Baptist General Conference Mission ○ Baptist Mission of Ethiopia ○ Berhan Children's Home ○ Biruh Tesfa Children's Village & School ○ Canadian Physicians for Aid & Relief ○ CARE-Ethiopia ○ Catholic Relief Services ○ Centre Internationale de Developpement et de Recherche (CIDR) ○ Christoffel Blinden Mission (CBM) ○ Church of Christ ○ CONCERN ○ Development Aid for Youth (DAY) ○ Emmanuel Baptist Church ○ Emmanuel Home for Destitute Children and Vocational Training ○ Ethiopian Catholic Secretariat ○ Ethiopian Evangelical Church Mekane Yesus ○ Ethiopian Gemini Trust ○ Ethiopian National Association of the Blind ○ Ethiopian Orthodox Church/ DICAD ○ Ethiopian Relief Organization (ERO) ○ Faith Mission ○ Family Development Project (FADEP) ○ Family Service Organization ○ Farm Africa ○ Feed the Children International Ministries ○ Finnish Mission ○ Food for the Hunery International ○ German Agro Action ○ GOAL Ethiopia ○ Good Shepherd Family Care Service ○ Handicap International in Ethiopia ○ Hope Enterprise ○ Hope International Development Agency ○ Japan International Volunteer Centre (JVC) ○ Jerusalem Memorial of Ethiopian Believers ○ Jesuit Relief Service ○ Kale Heywet Church Development Programme ○ Kindernothilfe (Help for Children in Need) ○ Kind Hearts Children's Village ○ Lay Volunteers International Association ○ L'Esperance Children's Aid ○ Lutheran World Federation/WS ○ Medecins du Monde ○ Medecins sans Frontieres (MSF) Belgium ○ Medecins sans Frontieres (MSF) France ○ Mennonite Mission in Ethiopia ○ Moses Children's Home ○ Natret Children's Center & Integrated Community Development (NACID) ○ Norwegian Church Aid ○ Norwegian Save the Children (REDD BARNA) ○ OXFAM/America ○ OXFAM/UK ○ Oromo Relief Association (ORA) ○ Patmos International ○ Pestalozzi Children's Foundation (SKIP) ○ Relief Society of Tigray (REST) ○ Ryder Cheshire Foundation for the Relief of Suffering ○ Save the Children Federation U.S.A. ○ Save the Children Fund U.K. ○ Secours Populaire Francais ○ Selam Children's Villa ○ Self Help ○ Signum Vitae ○ Society of International Missionaries ○ SOS Children's Village in Ethiopia ○ SOS Enfants Sans Frontieres ○ SOS Enfants Ethiopia ○ SOS-Sahel International UK ○ St. Mathew's Church ○ Swiss Evangelical Nile Mission ○ Swedish Philadelphia Church Mission ○ Swedish Save the Children RADDA BARNEN ○ Terre des Hommes Lausanne ○ Terre des Hommes Netherlands ○ Truck Aid ○ 24 Hours TV Charity NTV ○ Vision of Hope ○ Water Aid ○ World University Service of Canada (WUSC) ○ World Vision International Ethiopia

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CHRISTIAN RELIEF & DEVELOPMENT ASSOCIATION

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Cable Address CRDA
Telex Address 21307
Telefax 65 22 80
ADDIS ABABA (Ethiopia)

Date November 19, 1992

Price Waterhouse ....

1. Emmanuel Baptist Church/Nazareth Children's Home:
   To purchase and establish a submersible pump and fittings to pump water from the newly dug well to dormitories.

2. Abebech Gobena Orphanage & School/Biruh Tesfa Children's Village & School:
   For building dormitories, toilet and shower facilities.

3. Jerusalem Memorial Children's Fund, Mendefra Home. Eritrea:
   To establish a bore hole, pump and pipe water to the home and garden area.

4. L'Esperance Akaki Village, Shewa:
   To construct a dormitory with shower and toilet facilities.

5. Daughters of Anne, Catholic Secretariat Girls Orphan Home, Ambo
   To build a wire fence around the entire compound.

6. Church of Christ orphanage for the Deaf, Sidamo:
   To build a dormitory with kitchen, shower and toilet facilities in Shone, Sidamo.

7. Mekane Yesus Yirgalem Sidamo Home:
   To build toilet facilities.

8. Shashemane Orphanage for the Blind, Shashemane (ECS):
   To install a water storage system.

9. Consolata Fathers Asella Children's Home:
   For water project

10. Hope Enterprise Children's Home Project:
    For construction of a bridge.

CRDA MEMBER & ASSOCIATE ORGANIZATIONS

○ ActionAid - Ethiopia ○ Action International Contre la Faim (AICF) ○ Adventist Development and Relief Agency ○ Africare ○ Africa Rural Development of Ethiopia ○ African Village Academy ○ American Joint Distribution Committee ○ Baptist General Conference Mission ○ Baptist Mission of Ethiopia ○ Berhan Children's Home ○ Biruh Tesfa Children's Village & School ○ Canadian Physicians for Aid & Relief ○ CARE-Ethiopia ○ Catholic Relief Services ○ Centre Internationale de Developpement et de Recherche (CIDR) ○ Christoffel Blinden Mission (CBM) ○ Church of Christ ○ CONCERN ○ Development Aid for Youth (DAY) ○ Emmanuel Baptist Church ○ Emmanuel Home for Destitute Children and Vocational Training ○ Ethiopian Catholic Secretariat ○ Ethiopian Evangelical Church Mekane Yesus ○ Ethiopian Gemini Trust ○ Ethiopian National Association of the Blind ○ Ethiopian Orthodox Church/ DICAD ○ Ethiopian Relief Organization (ERO) ○ Faith Mission ○ Family Development Project (FADEP) ○ Family Service Organization ○ Farm Africa ○ Feed the Children International Ministries ○ Finnish Mission ○ Food for the Hungry International ○ German Agro Action ○ GOAL Ethiopia ○ Good Shepherd Family Care Service ○ Handicap International in Ethiopia ○ Hope Enterprises ○ Hope International Development Agency ○ Japan International Volunteer Centre (JVC) ○ Jerusalem Memorial of Ethiopian Believers ○ Jesuit Relief Service ○ Kale Heywet Church Development Programme ○ Kindernothilfe (Help for Children in Need) ○ Kind Hearts Children's Village ○ Lay Volunteers International Association ○ L'Esperance Children's Aid ○ Lutheran World Federation/WS ○ Medecins du Monde ○ Medecins sans Frontieres (MSF) Belgium ○ Medecins sans Frontieres (MSF) France ○ Mennonite Mission in Ethiopia ○ Moses Children's Home ○ Nazret Children's Center & Integrated Community Development (NACID) ○ Norwegian Church Aid ○ Norwegian Save the Children (REDD BARNA) ○ OXFAM/America ○ OXFAM/UK ○ Oromo Relief Association (ORA) ○ Patmos International ○ Pestalozzi Children's Foundation (SKIP) ○ Relief Society of Tigray (REST) ○ Ryder Cheshire Foundation for the Relief of Suffering ○ Save the Children Federation U.S.A. ○ Save the Children Fund U.K. ○ Secours Populaire Francais ○ Selam Children's Village ○ Self Help ○ Simum Vitae ○ Society of International Missionaries ○ SOS Children's Village in Ethiopia ○ SOS Enfants Sans Frontieres ○ SOS Enfants Ethiopia ○ SOS-Sahel International-UK ○ St. Mathew's Church ○ Swiss Evangelical Nile Mission ○ Swedish Philadelphia Church Mission ○ Swedish Save the Children (RADDA BARNEN) ○ Terre des Hommes Lausanne ○ Terre des Homme Netherlands ○ Truck Aid ○ 24 Hours TV Charity-NTV ○ Union of Hope ○ Water Aid ○ World Univers. Service of Canada (WUSC) ○ World Vision International Ethiopia

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Date November 19, 1992

Price Waterhouse ....

CRDA received funds and transferred same to sub-grantees as per the instruction of USAID. The understanding between CRDA and USAID on these projects was that USAID will be responsible for the accounting and monitoring of these projects and CRDA's responsibility was to receive funds from USAID and transfer them to sub-grantees upon the instruction of USAID, we did not have any access to receipts submitted directly to USAID by sub-grantees. We have enclosed copies of letters from USAID to sub-grantees informing them that funds will be channelled through CRDA. (Annex 1)

The project approval steps and procedures followed by CRDA indicated in this section of the draft report are not applicable to USAID funded projects. These are true only for CRDA funded projects. These points were misunderstood by the Auditors.

The financial reporting method on the following projects under Grant No. 66[illegible]-0000-G-SS-00-9008 and grants approved subsequently were changed. CRDA was responsible for the accounting and financial reporting of sub-grantees receiving USAID orphan grants.

1. Hope Enterprises; For construction of a dormitory
2. Jerusalem Children's Home Organization: Blue Nile Children's Home and Training Center
3. L'Esperance Children's Aid Organization: For development of a vocational training programme in cattle fattening.

.../4

CRDA MEMBER & ASSOCIATE ORGANIZATIONS

○ ActionAid - Ethiopia ○ Action International Contre la Faim (AICF) ○ Adventist Development and Relief Agency ○ Africare ○ Africa Rural Development of Ethiopia ○ African Village Academy ○ American Joint Distribution Committee ○ Baptist General Conference Mission ○ Baptist Mission of Ethiopia ○ Berhan Children's Home ○ Biruh Tesfa Children's Village & School ○ Canadian Physicians for Aid & Relief ○ CARE-Ethiopia ○ Catholic Relief Services ○ Centre Internationale de Developpement et de Recherche (CIDR) ○ Christoffel Blinden Mission (CBM) ○ Church of Christ ○ CONCERN ○ Development Aid for Youth (DAY) ○ Emmanuel Baptist Church ○ Emmanuel Home for Destitute Children and Vocational Training ○ Ethiopian Catholic Secretariat ○ Ethiopian Evangelical Church Mekane Yesus ○ Ethiopian Gemini Trust ○ Ethiopian National Association of the Blind ○ Ethiopian Orthodox Church/ DICAD ○ Ethiopian Relief Organization (ERO) ○ Faith Mission ○ Family Development Project (FADEP) ○ Family Service Organization ○ Farm Africa ○ Feed the Children International Ministries ○ Finnish Mission ○ Food for the Hungry International ○ German Agro Action ○ GOAL Ethiopia ○ Good Shepherd Family Care Service ○ Handicap International in Ethiopia ○ Hope Enterprises ○ Hope International Development Agency ○ Japan International Volunteer Centre (JVC) ○ Jerusalem Memorial of Ethiopian Believers ○ Jesuit Relief Service ○ Kale Heywet Church Development Programme ○ Kindernothilfe (Help for Children in Need) ○ Kind Hearts Children's Village ○ Les Volunteers International Association ○ L'Esperance Children's Aid ○ Lutheran World Federation WS ○ Medecins du Monde ○ Medecins sans Frontieres (MSF) Belgium ○ Medecins sans Frontieres (MSF) France ○ Mennonite Mission in Ethiopia ○ Moses Children's Home ○ Nazret Children's Center & Integrated Community Development (NACID) ○ Norwegian Church Aid ○ Norwegian Save the Children (REDD BARNA) ○ OXFAM/America ○ OXFAM/UK ○ Oromo Relief Association (ORA) ○ Patmos International ○ Pestalozzi Children's Foundation (SKIP) ○ Relief Society of Tigray (REST) ○ Rider Cheshire Foundation for the Relief of Suffering ○ Save the Children Federation U.S.A. ○ Save the Children Fund,U.K. ○ Secours Populaire Francais ○ Selam Children's Village ○ Self Help ○ Signum Vitae ○ Society of International Missionaries ○ SOS Children's Village in Ethiopia ○ SOS Enfants Sans Frontieres ○ SOS Enfants Ethiopie ○ SOS-Sahel International UK ○ St. Mathew's Church ○ Swiss Evangelical Nile Mission ○ Swedish-Philadelphia Church Mission ○ Swedish Save the Children (RADDA BARNEN) ○ Terre des Hommes Lausanne ○ Terre des Hommes Netherlands ○ Tear Aid ○ 24 Hours TV Church (NTV) ○ Vision de Horn ○ Water Aid ○ World University Service of Canada (WUSC) ○ World Vision International Ethiopia.

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CHRISTIAN RELIEF & DEVELOPMENT ASSOCIATION

65 01 00
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Telex Address 21307
Telefax 65 22 80
ADDIS ABABA (Ethiopia)

Date November 19, 1992

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Section I.D-2

Hope Enterprises and L'Esperance had both projects approved under Grant No. 663-0001-G-SS-9005 of which original receipts were submitted to USAID directly by sub-grantees and Grant No. 663-0000-G-SS-00-9008 of which CRDA was responsible for the accounting and financial reporting. The acceptance of stores issue vouchers was discussed with USAID and accepted as some materials such as building materials have to be purchased in bulk to minimize cost of transport and to stock required materials as their availability in the future could not be guaranteed.

ii) CRDA did not cancel sub-grantees documents for receipts submitted before 1991 but all original receipts presented to us for verification were initialled by the CRDA Financial Officer to avoid double claiming. Since 1991 we have stamped all original receipts with "CRDA PAID" stamp.

iv) CRDA could not maintain a separate bank account for USAID funds previously because of the Ex-Government Banking Policy. This was explained to Mr. Patel of USAID before the first grant transfer was effected and the use of CRDA Bank account for USAID fund was accepted.

We have now obtained permission from the current Government to open a separate Non-Transferable (NT) Bank account for USAID funds with the Commercial Bank of Ethiopia. Details are as follows:-

CRDA/USAID Children's Programmes
A/C No. NT 604-9320-4 (NTC-53927)
Commercial Bank of Ethiopia
IBD Branch
P.O. Box 255, Addis Ababa

CRDA MEMBER & ASSOCIATE ORGANIZATIONS

O AcumbAid - Ethiopia O Action International Contre la Faim (AICF) O Adventist Development and Relief Agency O Africare O Africa Rural Development of Ethiopia O African Village Academy O American Joint Distribution Committee O Baptist General Conference Mission O Baptist Mission of Ethiopia O Berhan Children's Home O Birhan Tesfa Children's Village & School O Canadian Physicians for Aid & Relief O CARE-Ethiopia O Catholic Relief Services O Centre Internationale de Developpement et de Recherche (CIDR) O Christoffel Blinden Mission (CBM) O Church of Christ O CONCERN O Development Aid for Youth (DAY) O Emmanuel Baptist Church O Emmanuel Home for Destitute Children and Vocational Training O Ethiopian Catholic Secretariat O Ethiopian Evangelical Church Mekane Yesus O Ethiopian Gemira Trust O Ethiopian National Association of the Blind O Ethiopian Orthodox Church' DICAD O Ethiopian Relief Organization (ERO) O Fall Mission O Family Development Project (FADEP) O Family Service Organization O Farm Africa O Feed the Children International Ministries O Finnish Mission O Food for the Hungry International O German Agro Action O GOAL Ethiopia O Good Shepherd Family Care Service O Handicap International in Ethiopia O Hope Enterprises O Hope International Development Agency O Japan International Volunteer Centre (JVC) O Jerusalem Memorial of Ethiopian Believers O Jesuit Relief Service O Kale Heywet Church Development Programme O Kindernothilfe (Help for Children in Need) O Kind Hearts Children's Village O Lay Volunteers International Association O L'Esperance Children's Aid O Lutheran World Federation/WS O Medecins du Monde O Medecins sans Frontieres (MSF-Belgium) O Medecins sans Frontieres (MSF) France O Mennonite Mission in Ethiopia O Moses Children's Home O Nazret Children's Center & Integrate Community Development (NACID) O Norwegian Church Aid O Norwegian Save the Children (REDD BARNA) O OXFAM America O OXFAM UK O Oromo Relief Association (ORA) O Patmos International O Pestalozzi Children's Foundation (SKIP) O Relief Society of Tigray (REST) O Ryder Cheshire Foundation for the Relief of Suffering O Save the Children Federation U.S.A. O Save the Children Fund U.K. O Secours Populaire Francais O Selam Children's Village O Self Help O Sigmum Vitae O Society of International Missionaries O SOS Children's Village in Ethiopia O SOS Enfants Sans Frontieres O SOS Enfants Ethiopia O SOS-Sahel International UK O St. Mathew's Church O Swiss Evangelical Sale Mission O Swedish-Philadelphia Church Mission O Swedish Save the Children RADDA BARNEN O Terre des Hommes Lausanne O Terre des Homme Netherlands O Track Aid O 24 Hours TV O Vision NTV O Union of Hope O World Aid O World Lutheran Service Corps (WLSC) O World Vision International Ethiopia

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CHRISTIAN RELIEF & DEVELOPMENT ASSOCIATION

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ADDIS ABABA (Ethiopia)

Date November 19, 1992

Price Waterhouse ....

vi) Until July, 1992 CRDA did not maintain separate ledger accounts for each grant by each sub-grantee as the projects were few and could be managed through one ledger. However, we have a memorandum record for each grant by sub-grantee which showed the approved budget, total receipts to-date, total payments to-date and undisbursed balance. After July 1992, when approval of grants were increasing we opened separate ledgers for each sub-grantee.

vii) We would like to point out that this statement is incorrect. Job Descriptions are issued to each staff of the Finance Department let alone the Financial Management personnel. We have enclosed copies of the Job Description for your easy reference. (Annex 2)

viii) This statement is also incorrect: Receipt and payment vouchers are recorded daily on the manual cash book and posted to the computer. Manual Cash book balance is checked against the computer balance every month. The manual cash book is initialled at the end of every month attesting that computer cash account balance and manual cash book balance reconcile with the Bank Statement: We have enclosed copies of the manual cash book where the Financial Officer has signed confirming the computer account balance and manual cash book account balance are correct.(Annex 3)

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CRDA MEMBER & ASSOCIATE ORGANIZATIONS

○ ActionAid - Ethiopia ○ Action International Contre la Faim (AICF) ○ Adventist Development and Relief Agency ○ Africare ○ Africa Rural Development of Ethiopia ○ African Village Academy ○ American Joint Distribution Committee ○ Baptist General Conference Mission ○ Baptist Mission of Ethiopia ○ Berhan Children's Home ○ Biruh Tesfa Children's Village & School ○ Canadian Physicians for Aid & Relief ○ CARE-Ethiopia ○ Catholic Relief Services ○ Centre Internationale de Developpement et de Recherche (CIDR) ○ Christoffel Blinden Mission (CBM) ○ Church of Christ ○ CONCERN ○ Development Aid for Youth (DAY) ○ Emmanuel Baptist Church ○ Emmanuel Home for Destitute Children and Vocational Training ○ Ethiopian Catholic Secretariat ○ Ethiopian Evangelical Church Mekane Yesus ○ Ethiopian Gemini Trust ○ Ethiopian National Association of the Blind ○ Ethiopian Orthodox Church/ DICAD ○ Ethiopian Relief Organization (ERO) ○ Faith Mission ○ Family Development Project (FADEP) ○ Family Service Organization ○ Farm Africa ○ Feed the Children International Ministries ○ Finnish Mission ○ Food for the Hungry International ○ German Agro Action ○ GOAL Ethiopia ○ Good Shepherd Family Care Service ○ Handicap International in Ethiopia ○ Hope Enterprises ○ Hope International Development Agency ○ Japan International Volunteer Centre (JVC) ○ Jerusalem Memorial of Ethiopian Believers ○ Jesuit Relief Service ○ Kale Heywet Church Development Programme ○ Kindermothilfe (Help for Children in Need) ○ Kind Hearts Children's Village ○ Lay Volunteers International Association ○ L'Esperance Children's Aid ○ Lutheran World Federation WS ○ Medecins du Monde ○ Medecins sans Frontieres (MSF) Belgium ○ Medecins sans Frontieres (MSF) France ○ Mennonite Mission in Ethiopia ○ Moses Children's Home ○ Nazret Children's Center & Integrated Community Development (NACID) ○ Norwegian Church Aid ○ Norwegian Save the Children (REDD BARNA) ○ OXFAM America ○ OXFAM UK ○ Oromo Relief Association (ORA) ○ Patmos International ○ Pestalozzi Children's Foundation (SKIP) ○ Relief Society of Tigray (REST) ○ Ryder Cheshire Foundation for the Relief of Suffering ○ Save the Children Federation U.S.A. ○ Save the Children Fund U.K. ○ Secours Populaire Francais ○ Selam Children's Village ○ Self Help ○ Signum Vitae ○ Society of International Missionaries ○ SOS Children's Village in Ethiopia ○ SOS Enfants Sans Frontieres ○ SOS Enfants Ethiopia ○ SOS-Sahel International/UK ○ St. Mathew's Church ○ Swiss Evangelical Nile Mission ○ Swedish-Philadelphia Church Mission ○ Swedish Save the Children RADDA BARNEN) ○ Terre des Hommes Lausanne ○ Terre des Homme Netherlands ○ Truck Aid ○ 24 Hours TV Charity-NTV ○ Vision of Hope ○ Water Aid ○ World Universal Service of Canada (WUSC) ○ World Vision International Ethiopia

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CHRISTIAN RELIEF & DEVELOPMENT ASSOCIATION

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ADDIS ABABA (Ethiopia)

Date

November 19, 1992

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Section I Item 3

"CRDA only checks copies of documents to originals." Expenditure details are checked against grant agreements and budget comparison statement is also checked. We have enclosed copies of details of expenditure and Budget comparison statements of some projects for your reference.(Annex 4)

Section II

Fund Accountability Statement: As per our records amount of funds received from USAID is US$ 802,701.18 and the total amount disbursed is US$ 762,521.02. The balance remaining at CRDA is Birr 83,172.92 which is equivalent to US$ 40,180.16 and not US$ 95,202 as stated.

We have enclosed a statement showing funds received, disbursed and balance remaining at CRDA for your reference. (Annex 5)

Section II Note 2.1

As explained in Section I-B we cannot produce appropriate supporting documentation for projects under Grant No. 9005 as they were submitted directly to USAID. In the case of L'Esperance and Hope Enterprises as explained in Section 1, D-2 the acceptance of stores issue vouchers as receipts was discussed several times with USAID.

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Date November 19, 1992

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This issue was also discussed in the meeting held with sub-grantees, USAID and a representative from the Inspector General's Office. Considering the shortage of building materials in the country and the need to keep a stock of building materials and to decrease cost of transport it was agreed that stores issue vouchers could be accepted as a receipt for building materials purchased in bulk for several projects. The unauthorized petty cash payment vouchers are supported with appropriate supporting documentation and the representative of the organization sent their documents with a covering letter signed by them. The same have been authorized subsequently.

Church of Christ: The projects financial reports were directly submitted to USAId by Church of Christ. After having reviewed the reports USAID accepted certain amounts of the expenditure and requested the remaining balance to be returned through CRDA. Accordingly CRDA collected the balance and refunded USAID.

Biruh Tesfa Home: This projects financial reporting was submitted directly to USAID. USAID has informed us that they have transferred US$6,838.95 to Les Amis des Enfants du Monde for toilet fixtures purchased for the dormitory.

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The appropriate document for the remaining balance of US$1,208.05 could be checked with USAID.

Mekane Yesus: The financial reporting of this project was also submitted to USAID directly. USAID has confirmed that they have liquidated US$10,683.52 in their letter of May 20, 1992.

Section IV II

CRDA has prepared quarterly Financial Statement of Accounts to USAID. However, we have not so for received any statement of account from USAID for the purpose of reconciliation. We have enclosed a copy of the statement for your reference. (Annex 5)

We shall be glad to give further explanations should the need arise.

Yours sincerely,

Elizabeth Girma

Elizabeth Girma
Director, Finance & Administration

EG/ea

CC: USAID
Addis Ababa

CRDA MEMBER & ASSOCIATE ORGANIZATIONS

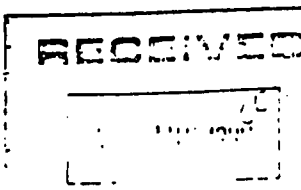
○ ActionAid - Ethiopia ○ Action International Contre la Faim (AICF) ○ Adventist Development and Relief Agency ○ Africare ○ Africa Rural Development of Ethiopia ○ African Village Academy ○ American Joint Distribution Commmittee ○ Baptist General Conference Mission ○ Baptist Mission of Ethiopia ○ Berhan Children's Home ○ Biruh Tesfa Children's Village & School ○ Canadian Physicians for Aid & Relief ○ CARE-Ethiopia ○ Catholic Relief Services ○ Centre Internationale de Developpement et de Recherche (CIDR) ○ Christoffel Blinden Mission (CBM) ○ Church of Christ ○ CONCERN ○ Development Aid for Youth (DAY) ○ Emmanuel Baptist Church ○ Emmanuel Home for Destitute Children and Vocational Training ○ Ethiopian Catholic Secretariat ○ Ethiopian Evangelical Church Mekane Yesus ○ Ethiopian Gemini Trust ○ Ethiopian National Association of the Blind ○ Ethiopian Orthodox Church/ DICAD ○ Ethiopian Relief Organization (ERO) ○ Feni Mission ○ Family Development Project (FADEP) ○ Family Service Organization ○ Farm Africa ○ Feed the Children International Ministries ○ Finnish Mission ○ Food for the Hungry International ○ German Agro Action ○ GOAL Ethiopia ○ Good Shepherd Family Care Service ○ Handicap International in Ethiopia ○ Hope Enterprise ○ Hope International Development Agency ○ Japan International Volunteer Centre (JVC) ○ Jerusalem Memorial of Ethiopian Believers ○ Jesuit Relief Service ○ Kale Heywet Church Development Programme ○ Kindernothilfe (Help for Children in Need) ○ Kind Hearts Children's Village ○ Lay Volunteers International Association ○ L'Esperance Children's Aid ○ Lutheran World Federation/WS ○ Medecins du Monde ○ Medecins sans Frontieres (MSF) Belgium ○ Medecins sans Frontieres (MSF) France ○ Mennonite Mission in Ethiopia ○ Moses Children's Home ○ Nazret Children's Center & Integrated Community Development (NACID) ○ Norwegian Church Aid ○ Norwegian Save the Children (REDD BARNA) ○ OXFAM/America ○ OXFAM/UK ○ Oromo Relief Association (ORA) ○ Patmos International ○ Pestalozzi Children's Foundation (SKIP) ○ Relief Society of Tigray (REST) ○ Ryder Cheshire Foundation for the Relief of Suffering ○ Save the Children Federation U.S.A. ○ Save the children Fund U.K. ○ Secours Populaire Francais ○ Selam Children's Village ○ Self Help ○ Sinnum Viaa ○ Society of International Missionaries ○ SOS Children's Village in Ethiopia ○ SOS Enfants Sans Frontieres ○ SOS Enfants Ethiopia ○ SOS-Sahel International UK ○ St. Mathew's Church ○ Swiss Evangelical Nile Mission ○ Swedish Philadelphia Church Mission ○ Swedish Save the Children (RADDA BARNEN) ○ Terre des Hommes Lausanne ○ Terre des Homme Netherlands ○ Trade Aid ○ 21 Hours TV Charities-NTV ○ Vision of Hope ○ Water Aid ○ World Univers of Service of Canada (WUSC) ○ World Vision International Ethiopia

Embassy of the United States of America

Addis Ababa, Ethiopia

Annex 1

August 14, 1990



The Reverend Benti Gerba
President, Addis Ababa Synod
Ethiopian Evangelical Church
Mekane Yesus
P.O. Box 5749
Addis Ababa

Dear Rev. Gerba:

I am pleased to inform you that the Ambo Hostel has been awarded US$ 23,248 to be used in the construction of toilet and shower facilities, and a septic tank.

The grant process may take one or two months. The money awarded to your project will be channeled through the Christian Relief & Development Association (CRDA). I suggest that you meet with CRDA's accountant as soon as possible so that you will know what is expected of you and what reporting procedures are required.

We congratulate you and those running the Ambo Hostel.

Sincerely,

Alan Van Egmond
Acting USTAD Representative

Embassy of the United States of America
Addis Ababa, Ethiopia

Annex 1

August 14, 1990

Rev. Charles P. Sherlock
Children's Homes Director
Jerusalem Memorial Association
P.O. Box 41742
Addis Ababa

RECEIVED
C. R. D. A.

Dear Rev. Sherlock:

I am pleased to inform you that the Blue Nile Children's Home has been awarded US$ 4,050 for the purpose of purchasing a brick making machine and molds.

The grant process may take one or two months. The money awarded to your project will be channeled through the Christian Relief & Development Association (CRDA). I suggest that you meet with CRDA's accountant as soon as possible so that you will know what is expected of you and what reporting procedures are required.

We congratulate you and those running this excellent children's home.

Sincerely,

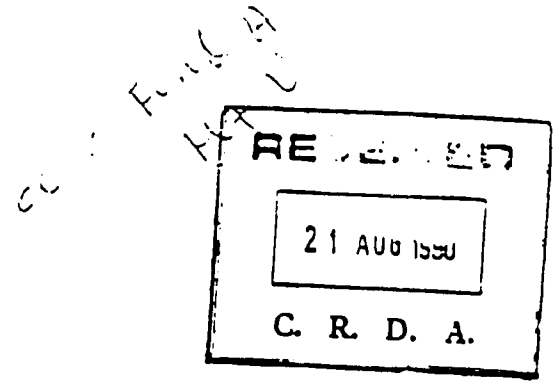
Alan Van Egmond
Acting USAID Representative

Embassy of the United States of America

Addis Ababa, Ethiopia

Annex 1

August 14, 1990



Father Jose Martin
Mission Superior
Catholic Mission-Shashemane
P.O. Box 13
Shashemane

Dear Father Martin:

I am pleased to inform you that the Shashemane Catholic Church Kindergarden has been awarded US$ 9,608 to be used in the construction of toilet and shower facilities and a septic tank.

The grant process may take one or two months. The money awarded to your project will be channeled through the Christian Relief & Development Association (CRDA). I suggest that you meet with CRDA's accountant as soon as possible so that you will know what is expected of you and what reporting procedures are required.

We congratulate you and those running this excellent school.

Sincerely,

Alan Van Egmond
Acting USAID Representative

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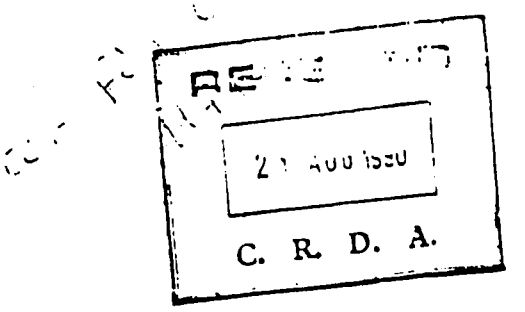
Embassy of the United States of America
Addis Ababa, Ethiopia

Annex

August 14, 1990



Ato Kassaye Haile
Manager
Emmanuel Baptist Church
P.O. Box 33042
Addis Ababa

Dear Ato Kassaye:

I am pleased to inform you that the Emmanuel Baptist Children's Home outside of Nazareth has been awarded US$ 38,000 toward the installation of electrical poles, lines and a transformer to your orphanage. We hope that this amount will help the orphanage in installing electricity to the home.

The grant process may take one or two months. The money awarded to your project will be channeled through the Christian Relief & Development Association (CRDA). I suggest that you meet with CRDA's accountant as soon as possible so that you will know what is expected of you and what reporting procedures are required.

Congratulations. I look forward to visiting the Emmanuel Baptist Orphanage.

Sincerely,

Alan Van Egmond
Acting USAID Representative

Annex 2

(10)

October 5th, 1989

Ato Melesse Birru
Addis Ababa

Dear Ato Melesse,

You are hereby provided with the enclosed job description. We trust this job description will better define your specific duties and responsibilities enhancing your effectiveness and facilitating better personnel relation.

Acknowledging receipt of the original of your job description kindly sign at the place provided below.

Thanking you,

I remain,

Yours sincerely,

Augustine O'Keeffe (Bro.)
Executive Director

BO/mt

Melesse 06/10/89
Ato Melesse Birru

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(9)

JOB DESCRIPTION

Post : Financial Controller
Immediate Supervisor : Director of Finance and Administration
Department : Finance and Administration

1. Preparation of weekly work plan for CRDA's main accounts and Transport Fleet accounts section and in general ensures that the activites are properly carried out and submission of same to Director together with report on previous week.

2. Weekly review of the progress of the work of the accounts office and the overall adherence to the generally accepted accounting principles and procedures and other relevant matters with accounts staff and review of any policy issues raised with Director.

3. Routine supervision of work of cashiers, and accountants of both accounts sections.

4. Checking cash and petty cash records of cashier for replenishment and periodic check of records with cash on hand.

5. Checking of periodic lists of disbursements and donations prepared by accountants.

6. Preparing Financial Reports to Donors, (Members) for the various funds.

7. Recording and controlling funds held overseas by donors for CRDA use. Monthly reporting of details to Executive Director.

8. Review and check computer printouts.

9. Prepare project funding in liaison with Director.

10. Prepare quarterly financial statements.

11. Preparation of annual accounts for audit, liaison with external auditors and prepare replies to quiries arising from external auditors report.

12. Periodic review of dormant projects and submission of same to relevant departments for appropriate action.

13. Liaison with Director, Deputy Executive Director, & Executive Director on financial policy matters.

14. Answering and preparing correspondences/telexes relating to donors.

15. Checking of all invoices sent to members.

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(8)

16. Preparation of periodic statements of accounts for receivables and shipping expenses.

17. Liaison with Bank, Insurance and other relevant authorities.

18. Ensure that Bank advices are collected on time.

19. Preparation of Administration Budget and reviewing budget variances and submitting same to Director.

20. Ensuring that appropriate accounting systems and procedures are used. To that effect undertake studies of the existing systems and procedures from time to time. Developing and improving systems and functions within the Finance and Administration Department and CRDA.

21. Ensuring that employees in the Finance department get proper training to enable them carry out their assignments.

22. Participate in meetings of financial matters or in meetings of external bodies as required.

23. Ensuring that adequate internal control machanism exists for protecting the properties of the Association including coverages by insurance.

24. Ensuring that there is adequate control over printed accounting forms, particularly over pre-numbered forms.

25. Performing any other task that may be assigned by Director from time to time.

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November 11, 1991

Ato Adane Shibru
CRDA
Addis Ababa

Dear Ato Adane,

We are pleased to inform you that you are promoted to the position of Senior Projects Accountant effective November 1, 1991.

Your salary is increased to Birr 1000.00 per month.
Enclosed please find your job description. Acknowledging receipt of your job description please sign at the space provided below.

Hoping you will continue with your good performance.

I remain
Yours sincerely

Augustine O'Keeffe(Bro.)
Executive Director

Adane 11.11.91
Signature

EG/kt

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JOB DESCRIPTION

Position: *Senior Project Accountant*

Department: *Finance & Administration Dept.*

Immediate Supervisor: *Financial Controller*

Duties and responsibilities are given below:

1. Review the project budget request with the concerned department heads before submission to the relevant committee.

2. Responsible to check the mathematical accuracy of the requested project budget.

3. Advise the concerned Department Heads on the project agreement.

4. Check the proposal and approval of the CRDA Secretariat Committee against the project request.

5. Check the approval of the secretariat is within their capacity and also responsible to check that the final approval is obtained from the Executive Committee before any payment is effected.

6. Responsible to check payment requests initiated by the concerned departments.

7. Give expert advice to project holders as to the maintenance of the project accounts.

8. Check timely the maintenance of project accounts by project holders and ascertain that separate books of accounts are maintained by project holders and also responsible to ascertain that this accounts can be audited.

9. Verify the project expenditure statement and ensure that narrative report is obtained from the project holders before the release of the following installment.

10. Responsible to check the final report of the project and responsible to initiate the relevant accounting entries.

11. Responsible to provide timely project status and required information to the management supported by statistical analysis.

12. Ensure that CRDA guidelines for projects are fully implemented by all CRDA project departments and project holders.

13. Responsible to prepare project financial statements for audit and assist external auditors during the course of project accounts audit by providing detailed project information and replying any queries that might have been raised by the external auditors.

14. Prepare yearly project accounts reconciliation with project holders.

15. Responsible to check material aid and medical supplies files with finance records and ascertain that issuance of materials are as per approved requests.

16. Responsible to check that project files are maintained for all projects with concerned departments (i.e., D&R, H&N and MAS) and ascertain that completed project files are closed properly.

17. Perform additional duties assigned by the Department Head and Financial Controller.

CHRISTIAN RELIEF AND DEVELOPMENT ASSOCIATION

Statement of Account

Project Name: CHRISTIAN RELIEF AND DEVELOPMENT ASSOCIATION

USAID Grant No: 663 - 000 - G - SS - 90 - 9008

Amount US$: 10,000 Birr 20,700.-

Item No.	Details	Amount in Birr
	Salary for Project monitoring	3,900.-
	Salary for project Accounting	1,500.-
	Perdiem for field visit	600.-
	Fuel for field trip	210.-
	TOTAL	6,210.-

Adanech

Prepared by

Checked by

Original receipts should be attached with this statement of accounts.

SUMMARY AND BUDGET COMPARISON

Project holder CHRISTIAN RELIEF AND DEVELOPMENT ASSOCIATION

USAID Grant No. 663 - 000 - G - SS - 009008

Amount USD 10,000.- Birr 20,700.-

Item No.	Budget Details	Budget	Expenditure	Difference
3(D)	Salary and benefits			
	For a financial Analyst to			
	monitor acounting and			
	financial reporting	20,700.-	6,210.-	14,490.-

Prepared by

Checked by

CHRISTIAN RELIEF AND DEVELOPMENT ASSOCIATION

Statement of Account

Project Name: L'Esperance Children's Aid Organisation

USAID Grant No: 663-000-G-SS-00-9008

Amount: US$ 30,132 Birr 62,373.24

Item No	Details	Amount in Birr
V. No.		
3646	Cost of Sand	1,890.00
3651	Wage for the Contractor	100.00
3658	Wage for Wood Splitting	150.00
3659	Cost of Stone	240.00
3667	Wage for Contractor	200.00
3692	Cost of Construction Wood	1,280.00
3693	Wage for Contractor	200.00
3676	Daily Labourer's Wage	30.00
3701	Wage for Contractor	440.00
3738	Daily Labourers Wage	20.00
3763	Transportation	3.00
3765	Transporting Iron Sheet	50.00
280802	Cost of Iron Sheet	1,805.00
3772	Cost of Nails	355.00
	TOTAL	6,763.00

Prepared by

Checked by

*Original receipts should be attached with this statement of accounts.

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SUMMARY AND BUDGET COMPARISON

Project Name: L'Esperance Children's Aid Organisation

USAID Grant No: 663-000-G-SS-009008

Grant Amount: 30,132 Birr 62,373.24

Item No	Budget Detail	Budget	Expenditure	Difference
3(A)	Purchase of oxen	14,877.09	-	14,877.09
	Fence Construction	27,117.00	-	27,117.00
	Barn construction	20,379.15	6,763.00	13,616.15
	TOTAL	62,373.24	6,763.00	55,610.24

Prepared by

Checked by

SUB-GRANTEES	INCOME BIRR	INCOME USD	EXPENDITURE BIRR	EXPENDITURE USD	UNDISBURSED BALANCE BIRR	UNDISBURSED BALANCE USD
JERUSALEM MEMORIAL	98,399.89	17,536.18	98,399.89	17,536.18	0.00	0.00
CONSOLATA FATHERS	22,272.23	10,759.53	22,272.23	10,759.53	0.00	0.00
CHURCH OF CHRIST	78,529.01	37,936.73	8,060.10	3,893.77	+1 70,1[illegible].91	1,012.56
SHASHEMENE ORPHANAGE	34,117.71	16,481.99	34,117.71	16,481.99	0.00	0.00
EMMANUEL BAPTIST	15,873.61	7,668.13	15,873.61	7,668.13	0.00	0.00
BIRUH TESFA	57,017.21	27,511.56	57,017.21	27,511.56	0.00	0.00
JERUSALEM MEMORIAL	40,663.05	19,613.99	40,663.05	19,613.99	0.00	0.00
L'ESPERANCE	61,089.59	29,511.88	61,089.59	29,511.88	0.00	0.00
DAUGHTERS OF ANNE	22,113.12	10,827.59	22,113.12	10,827.59	0.00	0.00
EECMY	30,128.21	14,554.71	21,019.70	11,618.21	6,078.51	2,9[illegible]
HOPE ENTERPRISE	30,664.51	11,813.79	30,664.51	11,813.79	0.00	0.00
L'ESPERANCE	48,977.39	23,660.57	48,977.39	23,660.57	0.00	0.00
HOPE ENTERPRISE	97,736.93	17,215.91	97,736.93	17,215.91	0.00	0.00
JERUSALEM MEMORIAL	100,039.18	18,328.11	100,039.09	18,328.06	0.09	0.05
ORDA-Financial Analyst	20,351.81	9,831.79	20,351.81	9,831.79	0.00	0.00
FOC	27,916.80	13,486.38	27,916.80	13,486.38	0.00	0.00
IATA	19,200.01	9,275.37	19,200.01	9,275.37	0.00	0.00
EOC/CCC	97,000.00	46,859.90	96,993.00	46,856.52	7.00	3.38
KHCDP	35,000.00	16,908.21	35,000.00	16,908.21	0.00	0.00
ECS	76,000.00	36,714.98	65,286.61	31,539.13	10,713.39	5,175.85
JARI CHILDREN'S VILLAGE	50,000.00	21,151.59			* 50,000.00	21,151.59
CYFWO	0.00	0.00 *	20,186.00	9,896.62	(20,186.00)	(9,896.62)
SOS	0.00	0.00 *	17,805.00	8,601.15	(17,805.00)	(8,601.15)
SCF/USA	79,672.31	38,489.05	66,896.07	32,316.91	12,776.24	6,172.14
L'ESPERANCE	11,620.00	5,613.53	11,620.00	5,613.53	0.00	0.00
RADDA BARNEN	38,763.70	18,726.13	38,763.70	18,726.13	0.00	0.00
SKIP	30,297.00	14,636.23	30,297.00	14,636.23	0.00	0.00

HOPE ENTERPRISE	63,027.66	30,118.14	63,027.66	30,118.11		0.00	0.00
CRDA-Administration	16,160.00	7,806.76	16,160.00	7,806.76		0.00	0.00
CRDA-Consultancy	23,333.01	11,272.00				23,333.01	11,272.00
EECMY	17,761.56	23,073.22	23,831.66	11,536.71	*3	23,880.56	11,536.51
JERUSALEM MEMORIAL	7,500.00	3,623.19	7,500.00	3,623.19		0.00	0.00
SHASHEMENE ORPHANAGE	19,730.75	9,531.76	19,730.75	9,531.76		0.00	0.00
EMMANUEL BAPTIST	78,067.35	37,713.70	78,067.35	37,713.70		0.00	0.00
EECMY	19,503.26	23,914.62			*1	19,503.26	23,914.62
EECMY	18,511.13	8,957.07			*2	18,511.13	8,957.07
SELAM CHILDREN'S VILLAGE	52,800.00	25,507.25	50,000.00	24,154.59		2,800.00	1,352.66
BRGH TESFA	12,162.46	5,875.58	12,162.46	5,875.58		0.00	0.00
ARDE-TEFKI ORPHANAGE	21,796.16	10,529.55	21,796.16	10,529.55		0.00	0.00
SKTP	16,267.99	7,858.93				16,267.99	7,858.93
MOSES CHILDREN'S HOME	9,611.01	1,658.91				9,611.01	1,658.91
JERUSALEM MEMORIAL	0.00	0.00	*1 14,857.00	7,177.29		(14,857.00)	(7,177.29)
EOC/CCC	0.00	0.00	*1 18,732.00	9,049.28		(18,732.00)	(9,049.28)
RECEIPT IN EXCESS	1,552.59	750.01				1,552.59	750.01
	1,661,591.11	802,701.18	1,437,901.60	691,639.91		223,689.51	108,061.27
REFUND TO USAID:-							
FROM JARI CHILDREN'S PROJECT			11,709.00	5,656.52	*	(11,709.00)	(5,656.52)
FROM EECMY PROJECT			15,911.26	7,688.05	*1	(15,911.26)	(7,688.05)
FROM EECMY PROJECT			18,511.13	8,957.07	*2	(18,511.13)	(8,957.07)
FROM EECMY PROJECT			23,880.56	11,536.50	*3	(23,880.56)	(11,536.50)
FROM CHURCH OF CHRIST			70,168.94	31,042.97	*1	(70,168.94)	(31,042.97)
			110,513.89	67,881.11		(110,513.89)	(67,881.11)
T O T A L	1,661,591.11	802,701.18	1,578,118.19	763,521.02		83,172.92	40,180.16

NOTE :-

1 Amount of Birr 50,000 (USD 21,151.59) from Jari Children's Village project was reallocated to:-

	BIRR	USD
1. CYEWO	20,186.00	9,896.62
2. SOS	17,805.00	8,601.45
Sub-Total	38,291.00	18,498.07
Refund to USAID	11,709.00	5,656.52
Grand Total	50,000.00	21,151.59

*1 Amount of Birr 49,503.26 (USD 23,911.62) from EECMY Project was reallocated to:-

	BIRR	USD
1. Jerusalem Memorial	14,857.00	7,177.29
2. EOC/CCC	18,732.00	9,049.28
Sub-Total	33,589.00	16,226.57
Refund to USAID	15,914.26	7,688.05
Grand Total	49,503.26	23,911.62

*2 The full amount of Birr 18,511.13 (USD 8,957.07) was refunded to USAID.

*3 50% of transfer of Birr 47,761.56 (USD 23,073.22) made for EECMY amounting to Birr 23,880.56 (USD 11,536.50) was refunded to USAID.

*4 Amount of Birr 70,168.94 (USD 31,042.97) from Church of Christ Project was refunded to USAID.

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Annex 6

CHRISTIAN RELIEF AND DEVELOPMENT ASSOCIATION

USAID Fund

Statement of Receipt and Payment

For the year 1989

	Net Receipt Birr	Bank Charges Birr	Payment Birr	Balance Birr
Consolata Fathers Orphanage Assela Arsi Orphan water project	21,529.61	412.39	21,529.61	-0-
Hope Enterprises Children's Home project - Orphan Programme	24,475.67	467.00	24,475.67	-0-
Shashemene Orphanage for the Blind Shashemene, Arsi - water project	31,122.19	590.21	31,122.19	-0-
Daughters of Anne, Ambo - For compound fencing (Birr 4,478.40 received and paid in 1990)	22,431.12	442.38	22,431.12	-0-
Jerusalem Memorial Children's Fund Mendefera Home - Water Project	36,461.47	615.83	32,504.17	3,957.30
Church of Christ Orphan School - For the deaf Sidamo - Dormitory toilet and shower facilities	78,529.04	1,469.01	78,529.04	-0-
Emmanuel Baptist Church - Nazareth Children's Home - Water Project	12,668.67	248.13	12,668.67	-0-
Abebech Cobena - Bruh Tesfa Home Shower & toilet	56,892.08	1,067.92	56,892.08	-0-
Mekane Yesus - Yirgalem Orphanage in Sidamo - Toilet Facility	24,049.70	459.10	24,049.70	-0-
L'Esperance Akaki Children's Village Shewa - Orphan dormitory and toilet facilities	48,762.77	917.23	48,762.77	-0-
	356,922.22	6,689.20	352,965.02	3,957.30

Note:- Receipt represented 80% advance for all expenditure to be incurred for Orphanage Programme. All the funds received in 1989 have been paid to the project holders in the same year.

CHRISTIAN RELIEF AND DEVELOPMENT ASSOCIATION

USAID Children's Fund

Statement of Receipt and Payment

For the year 1990

	Net Receipt Birr	Bank Charges Birr	Advance Payment Birr	Balance Birr
Jerusalem Children's Home: For vocational Training Center - 80% advance	100,039.18	1,867.75	50,019.59	50,019.59
Hope Enterprises Children's Home: For the construction of dormitory - 80% advance	78,016.89	1,459.52	24,488.70	53,528.19
L'Esperance Children's Home: For cattle fattening project - 80% advance	48,977.39	921.20	39,008.45	9,968.94
	227,033.46	4,248.47	113,516.74	113,516.72

Note:- Received by CRDA for USAID Children's Fund Administration -

1. Birr 16,245.56 net of bank charges. Bank charges amounted to Birr 314.45

2. Birr 4,478.40 received in 1990 but for comparison purposes reflected in the receipt and payment of the year 1989.

SUB-GRANTEES	INCOME BIRR	INCOME USD	EXPENDITURE BIRR	EXPENDITURE USD	UNDISBURSED BALANCE BIRR	UNDISBURSED BALANCE USD
JERUSALEM MEMORIAL	98,399.89	17,536.18	98,399.89	17,536.18	0.00	0.00
CONSOLATA FATHERS	22,272.23	10,759.53	22,272.23	10,759.53	0.00	0.00
CHURCH OF CHRIST	78,529.04	37,936.73	8,060.10	3,893.77 *1	70,168.94	34,042.96
SHASHEMENE ORPHANAGE	34,117.71	16,481.99	34,117.71	16,481.99	0.00	0.00
EMMANUEL BAPTIST	15,873.61	7,668.13	15,873.61	7,668.13	0.00	0.00
BIRUH TESFA	57,017.24	27,541.56	57,017.24	27,541.56	0.00	0.00
JERUSALEM MEMORIAL	40,663.05	19,643.99	40,663.05	19,643.99	0.00	0.00
L'ESPERANCE	61,089.59	29,511.88	61,089.59	29,511.88	0.00	0.00
DAUGHTERS OF ANNE	22,413.12	10,827.59	22,413.12	10,827.59	0.00	0.00
EECMY	30,128.24	14,554.71	24,049.70	11,618.21	6,078.54	2,936.50
HOPE ENTERPRISE	30,664.54	14,813.79	30,664.54	14,813.79	0.00	0.00
L'ESPERANCE	48,977.39	23,660.57	48,977.39	23,660.57	0.00	0.00
HOPE ENTERPRISE	97,736.93	17,215.91	97,736.93	17,215.91	0.00	0.00
JERUSALEM MEMORIAL	100,039.18	18,328.11	100,039.09	18,328.06	0.09	0.05
CRDA-Financial Analyst	20,351.81	9,831.79	20,351.81	9,831.79	0.00	0.00
EOC	27,916.80	13,486.38	27,916.80	13,486.38	0.00	0.00
LVIA	19,200.01	9,275.37	19,200.01	9,275.37	0.00	0.00
EOC/CCC	97,000.00	46,859.90	96,993.00	46,856.52	7.00	3.38
KHCDP	35,000.00	16,908.21	35,000.00	16,908.21	0.00	0.00
ECS	76,000.00	36,714.98	65,286.61	31,539.43	10,713.39	5,175.55
JARI CHILDREN'S VILLAGE	50,000.00	24,154.59		*	50,000.00	24,154.59
CYFWO	0.00	0.00 *	20,486.00	9,896.62	(20,486.00)	(9,896.62)
SOS	0.00	0.00 *	17,805.00	8,601.15	(17,805.00)	(8,601.15)
SCF/USA	79,672.34	38,489.05	66,896.07	32,316.91	12,776.27	6,172.14
L'ESPERANCE	11,620.00	5,613.53	11,620.00	5,613.53	0.00	0.00
RADDA BARNEN	38,763.70	18,726.13	38,763.70	18,726.13	0.00	0.00
SKIP	30,297.00	14,636.23	30,297.00	14,636.23	0.00	0.00

HOPE ENTERPRISE	63,027.66	30,448.14		63,027.66	30,448.14	0.00	0.00
CRDA-Administration	16,160.00	7,806.76		16,160.00	7,806.76	0.00	0.00
CRDA-Consultancy	23,333.04	11,272.00			[illegible]	23,333.01	11,272.00
EECMY	47,761.56	23,073.22		23,881.06	11,536.71	*3 23,880.56	11,536.51
JERUSALEM MEMORIAL	7,500.00	3,623.19		7,500.00	3,623.19	0.00	0.00
SHASHEMENE ORPHANAGE	19,730.75	9,531.76		19,730.75	9,531.76	0.00	0.00
EMMANUEL BAPTIST	78,067.35	37,713.70		78,067.35	37,713.70	0.00	0.00
EECMY	49,503.26	23,914.62				*1 49,503.26	23,914.62
EECMY	18,541.13	8,957.07				*2 18,511.13	8,957.07
SELAM CHILDREN'S VILLAGE	52,800.00	25,507.25		50,000.00	21,154.59	2,800.00	1,352.6[illegible]
BRUH TESFA	12,162.46	5,875.58		12,162.46	5,875.58	0.00	0.00
ARDE-TEFKI ORPHANAGE	21,796.16	10,529.55		21,796.16	10,529.55	0.00	0.00
SKIP	16,267.99	7,858.93				16,267.99	7,858.93
MOSES CHILDREN'S HOME	9,611.01	4,658.91				9,611.01	1,658.91
JERUSALEM MEMORIAL	0.00	0.00	*1	14,857.00	7,177.29	(11,857.00)	(7,177.29)
EOC/CCC	0.00	0.00	*1	18,732.00	9,019.28	(18,732.00)	(9,019.28)
RECEIPT IN EXCESS	1,552.59	750.01				1,552.59	750.01
	1,661,591.41	802,701.18		1,437,904.60	694,639.91	223,686.81	108,061.27
REFUND TO USAID:-							
FROM JARI CHILDREN'S PROJECT				11,709.00	5,656.52	* (11,709.00)	(5,656.52)
FROM EECMY PROJECT				15,911.26	7,688.05	*1 (15,911.26)	(7,688.05)
FROM EECMY PROJECT				18,511.13	8,957.07	*2 (18,511.13)	(8,957.07)
FROM EECMY PROJECT				23,880.56	11,536.50	*3 (23,880.56)	(11,536.50)
FROM CHURCH OF CHRIST				70,168.91	31,012.97	*1 (70,168.91)	(31,012.97)
				140,513.89	67,881.11	(140,513.89)	(67,881.11)
TOTAL	1,661,591.41	802,701.18		1,578,418.19	762,521.02	83,172.92	10,180.16

NOTE :-

4 Amount of Birr 50,000 (USD 24,154.59) from Jari Children's Village project was reallocated to:

	BIRR	USD
1. CYFWO	20,486.00	9,896.62
2. SOS	17,805.00	8,601.45
Sub-Total	38,291.00	18,498.07
Refund to USAID	11,709.00	5,656.52
Grand Total	50,000.00	24,154.59

41 Amount of Birr 49,503.26 (USD 23,911.62) from EECMY Project was reallocated to:-

	BIRR	USD
1. Jerusalem Memorial	14,857.00	7,177.29
2. EOC/CCC	18,732.00	9,049.28
Sub-Total	33,589.00	16,226.57
Refund to USAID	15,914.26	7,688.05
Grand Total	49,503.26	23,911.62

42 The full amount of Birr 18,511.13 (USD 8,957.07) was refunded to USAID.

43 50% of transfer of Birr 47,761.56 (USD 23,073.22) made for EECMY amounting to Birr 23,880.56 (USD 11,536.50) was refunded to USAID.

44 Amount of Birr 70,468.94 (USD 31,042.97) from Church of Christ Project was refunded to USAID.

APPENDIX II

AGENCY COMMENTS ON FINAL REPORT

ANNEX 1

MISSION COMMENTS ON THE DRAFT AUDIT REPORT

ORPHANS AND DISPLACED CHILDREN PROJECT

The Mission would like to suggest that the following Background information should be added into the audit report.

BACKGROUND

The period audited under this report extends from July 27, 1988 through to August 27, 1992. During this period, there were a multiplicity of grants, project officers and different procedures followed by the USAID Mission in Ethiopia. In order to put this into context the following background comments may be helpful.

During the period up to June 1992, USAID/Ethiopia was operating under the conditions of the Brooke Amendment. Activities were limited to relief and humanitarian assistance and the Mission functioned at a very low staff level. The funds that have been included under this audit derive from the Displaced Children's Fund as well as OFDA funds to be utilized for emergency non-food relief assistance.

At the onset of this period, project proposals were submitted directly to the Mission. This was the case for grants made to Jerusalem Memorial, Consolata Fathers, Church of Christ, Shashamane Orphanage Emanuel Baptist, Bruh Tesfa Home, Daughters of Anne, L'Esperance, Makane Yesus and Hope Enterprises under the following Grant Nos: -8007; -9001; -9005; -9006. Although money was channelled through CRDA to these organizations, there was no further CRDA involvement for monitoring and evaluation.

From July 1990, under Grant No: -0001, projects were all submitted through CRDA who passed on their recommendations to the Mission regarding funding. CRDA was therefore, from this time on involved in recommending funding of submitted proposals as well as monitoring and evaluation. This procedure applied to all Grants under the various modifications from July 1990.

During the period covered by this audit report, there were several project officers. In addition, the country was undergoing considerable civil unrest. It was noted by the Mission, that several funded projects had either not been implemented at all or that there had been considerable delay due to the political situation within the country. However, despite all these difficulties, it was still possible to reach a considerable number of beneficiaries.

The following are the major breakdowns of USAID Grants specifically for displaced and orphaned children in the

country who were/are victims of civil strife and famine:

- Grant Nos. -9001, -9005, -9006, - 0002 for the amount of $305,775 went through CRDA to the various sub-grantees in support of their respective orphanages. The total beneficiaries from these grants are about 1850 orphan children.

- Grant Nos. -0001, 0001 Mod. No. 1, -0001 Mod. No 2, and -0001 Mod. No 3, are all under CRDA Umbrella Grants. The total amount of $880,000 went to 20 sub-grantees upon recommendations from CRDA and review by the Mission. The beneficiaries of these grants are estimated to be 9000 children.

The USAID Mission, despite this modest success with the funds audited in this report, had also acknowledged prior to the audit that there had been some weaknesses in management. Now that conditions and staffing in the Mission have improved, many of these deficiencies hopefully have been rectified through a new Cooperative Agreement with CRDA which was signed in September 1992.

I. EXECUTIVE SUMMARY

The following comment is specific for Para IA as the particular points mentioned in this paragraph do not appear in other sections of the draft report. All other comments mentioned in the Executive Summary have been covered in other sections and will be dealt with accordingly.

Paragraph IA of the Executive Summary of the draft audit report states that the value of disbursements to CRDA was $357,669 during the audit period July 27, 1988 to August 27, 1992. It should be noted that although the Project Agreement was signed July 27, 1988, initial release of funds to CRDA did not take place until April 1989. We suggest further the report state that $357,669 represent USAID advances to CRDA for which liquidation documentation has been received and approved by USAID.

II. REPORT ON COST ACCOUNTABILITY STATEMENT

Note 2:

" Unsupported Costs:

A summary of costs which, in our opinion, are unsupported for re-imbursement under the terns of the Grant Agreement are presented below.

2.1 No supporting documentation provided.

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Grantee #	Sub-Grantee	$ Value
9005	Church of Christ	195
9005	Bruh Tesfa Home	8,147
9005	L'Esperance	8,703
9005	Makane Yesus	10,468
9008	L'Esperance	14,237
9008	Hope Enterprises	41,385
		83,135

These amounts relate to claims where CRDA was unable to produce appropriate supporting documentation. For the Church of Christ and Bruh Tesfa Home no supporting documentation were produced to support their expenditures. L'Esperance, Makane Yesus and Hope Enterprises documents were store issue vouchers and unauthorized petty cash vouchers.

Recommendation

We recommend that CRDA pursue the above sub-grantees for the production of appropriate supporting documentation. If the appropriate documentation is not available then the Mission should consider whether the money is repayable."

USAID Comments:

USAID accepts this recommendation.

"2.2 Jerusalem Memorial (Grant # 9005) $20,000

This amount relates to non-compliance with the grant agreement where Jerusalem Memorial purchased a generator which was not mentioned in the contract. The pump and pipes purchased were meant for Bahar Dar rather than Mandefera.

Recommendation

We recommend that USAID amend the grant agreement to reflect the above changes and make the costs allowable as the documentation at the Mission indicates that the Project Officer agreed that $20,000 had been spent correctly and in agreement with the grant."

USAID Comments:

USAID accepts this recommendation.

III. REPORT ON INTERNAL ACCOUNTING CONTROLS

I. Voucher Approval

"Finding

CRDA Accountants do not review sub-grantee vouchers properly. Some sub-grantee vouchers were approved and processed without adequate supporting documentation. Hope Enterprises and L'Esperance vouchers included store issue vouchers and unauthorized cash payment vouchers.

Recommendation

No sub-grantee vouchers should be cleared or approved without adequate documentation, i.e. invoice/receipt. If the sub-grantee cannot produce such a document, then it should be disallowed."

USAID Comments

CRDA's responsibility to review sub-grantee supporting documentation began on March 5, 1990, the date of first payment under Grant 9008. Prior to Grant 9008, it was understood by USAID and CRDA, that CRDA's sole responsibility was to receive funds from USAID, and to transfer such funds to sub-grantees designated by USAID. Voucher review was the responsibility of USAID.

With respect to store issue vouchers presented by sub-grantees, Hope Enterprises and L'Esperance, USAID authorized such documentation provided copies of original purchase receipts were attached.

USAID believes CRDA's voucher monitoring performance has improved during the past year. Notwithstanding this improvement, the USAID agrees with the audit recommendation and will work closely with CRDA to ensure adequate voucher review.

II. Cancellation of Paid Documents

"Finding

CRDA does not cancel sub-grantee documents. Instances were noted where copies of original invoices were not stamped CERTIFIED TRUE COPY to indicate that the voucher had been agreed to the original. The original document should also be suitably stamped. This control is critical to prevent vouchers being submitted more than once.

Recommendation

CRDA should ensure that all documents are marked when reviewed

to indicate cancellation. A stamp indicating CERTIFIED TRUE COPY and signed off by CRDA would suffice."

USAID Comments

CRDA's voucher review responsibility began in 1990 with Grant 9008. For the first several months, receipt documentation reviewed by CRDA were initialed by the CRDA Financial Officer. During the past year, CRDA has been stamping all receipts with a "CRDA PAID" stamp.

We agree that improvement is needed. We plan to discuss with CRDA using a stamp stating "Invoice received and processed for payment - USAID." Such stamps will be initialled by the responsible CRDA official.

III. Record Keeping

"Finding

Record keeping at CRDA was found to be unsatisfactory. Sub-grantees files were to be found incomplete. Missing information was later obtained from other separate files. This scattered nature of information does not provide an adequate audit trail.

Recommendation

Management should ensure that all files are complete."

USAID Comments

USAID accepts the recommendation.

IV. Bank Account

"Finding

CRDA does not maintain a separate bank account for USAID funds. This makes it difficult to reconcile USAID funds.

Recommendation

A separate bank account should be opened for all USAID funds received."

USAID Comments

Following the new Cooperative Agreement, CRDA opened a separate bank account for USAID funds. Until recently, Host Government policy prohibited the establishment of an additional separate account. USAID requests this recommendation be closed.

V. CRDA and RFMC Reconciliation

"Finding

Reconciliations of approved expenses between CRDA and RFMC are not performed. CRDA does not have any information regarding approved or disapproved expenses. This makes reconciliations difficult.

Recommendation

Management should ensure that there are periodic reconciliations between CRDA and RFMC of approved expenses. RFMC via the Mission should let CRDA know why costs have not been accepted.

USAID Comments

USAID accepts the recommendation.

VI..Grant Ledgers

"Finding

CRDA does not keep separate ledgers for each grant by sub-grantee. CRDA keeps a ledger that tracks the movement of funds for each sub-grantee but does not have a ledger that keeps track of expenses for each grant by sub-grantee. Thus balances for each grant are not readily available at CRDA.

Recommendation

CRDA should keep separate ledgers for each grant by sub-grantee."

USAID Comments

CRDA has established separate ledgers for each grant. USAID requests this recommendation be closed.

VII. Job Descriptions

"Finding

There are no Job Descriptions at CRDA for the financial management personnel. These may present a problem of matching personnel qualifications to responsibilities.

These are currently being prepared by the Head of Finance Department.

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Recommendation

The job descriptions currently being prepared should be completed and implemented as soon as possible."

USAID Comments

CRDA records show job descriptions for financial management personnel were prepared in 1989 and 1991. We have asked CRDA to update these descriptions to provide for the USAID grants.

VIII. Bank Reconciliations

"Finding

There are no reconciliations being performed between the manual and computer cash books. Although no errors were found this is a critical control procedure necessary to ensure that data input and the manual cash book are both accurate and complete.

Recommendation

CRDA should continue to maintain a manual cash book and reconcile the manual and computerized balances."

USAID Comments

CRDA officials have stated that the manual and computerized balances are being reconciled monthly.

USAID requests this recommendation be closed.

IX. Budgets

"Finding

CRDA does not have a budgeting system in place.

Recommendation

CRDA should carefully consider having a budgeting system. The budgeting system should monitor actual performance against planned performance."

USAID Comments

CRDA has an annual administration budget which is approved by the Executive Committee and full membership of the Association.
They review budget performance on a quarterly basis.

USAID requests this recommendation be closed.

IV. REPORT ON COMPLIANCE WITH GRANT AGREEMENT TERMS AND APPLICABLE LAWS AND REGULATIONS

I. CRDA Role

"Finding

CRDA/USAID need to reconsider CRDA role in this project. Currently CRDA is unsure about whether to follow USAID procurement rules and regulations or to follow their own procedures in this project. CRDA is currently acting as an agent for USAID funds, whereby they receive funds from USAID and remit the same to appropriate sub-grantees. They take no responsibility on how the money is spent by the sub-grantees.

Recommendation

USAID should meet with CRDA and revise the grant agreement. USAID should also provide CRDA with details of what the standard USAID documents and Handbooks contain, especially those relating to this project."

USAID Comments

Current Cooperative Agreement No. 623-0002-A-00-2108-00 dated September 27, 1992 spells out in specific detail USAID procurement regulations and guidelines to be followed by CRDA and sub-grantees. USAID requests this recommendation be closed.

II. Quarterly Reports

"Finding

CRDA does not produce quarterly reports on grants as specified in the grant agreement.

Recommendation

The grant agreements should be amended, allowing CRDA to produce and submit half yearly reports to USAID rather than once every quarter (later agreements indicate half yearly reports)."

USAID Comments

Current procedures allow CRDA to submit status reports on a semi-annual basis. USAID requests this recommendation be closed.

III. Voucher Reviews

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"Finding

CRDA conducts poor quality reviews of sub-grantee documents. We found that CRDA only checks copies of documents to originals but does not check expenditure details to the grant agreements for compliance. This could lead to instances where individual line items are not complied with, or are exceeded.

Recommendation

We recommend that CRDA reviews sub-grantee documents for agreement with the grant."

USAID Comments

The current Cooperative Agreement No. 623-00002-A-00-2108-00 dated September 17, 1992 requires CRDA to monitor sub-grantee expenditures. USAID requests this recommendation be closed.

IV. USAID Regulations

"Finding

Sub-grantees do not understand USAID regulations. We came across instances where source documents could not be located and compliance with USAID standards had not been met.

Recommendation

We recommend that CRDA holds a training course for sub-grantees, indicating what is expected of them, when submitting vouchers for approval. The CRDA contract requires that supporting documents be retained for a period of three years after grant completion. In some instances we confirmed that this requirement is not being observed.

For new sub-grantees, CRDA should visit the sub-grantee, and observe if the accounting systems are good enough to identify USAID expenditures. If the answer is unfavorable, then USAID should consider requesting CRDA to help strengthen the sub-grantee's accounting function before disbursing funds to it.

This project has suffered from considerable number of project officers, and insufficient back up staff to monitor. We would recommend that USAID looks at past discretion lightly, and take a hardline attitude once the training course has been held. The course should outline USAID basic requirement for allowable costs."

USAID Comments

A training course for sub-grantees was held in August, 1992. Another training course is scheduled for March, 1993.

ATTACHMENT II

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