

Review of Accounting, Inventory and Archiving Practices  
FINAL Report

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**Review of Accounting, Inventory and Archiving Practices**

This report was prepared by Ms. Lisa Chavez, in collaboration with Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.

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**Data Page**

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### **How the Locals Become an Invoice**

- 1.) FO sends locals to HO on 20<sup>th</sup>.
- 2.) HO reviews and asks questions.
- 3.) FO sends additional locals to HO on 25<sup>th</sup>.
- 4.) HO reviews and asks questions.
- 5.) On the 5<sup>th</sup> of the month, HO subcontractor invoices are due.
- 6.) PMU has usually 1 day to review.
- 7.) On the 7<sup>th</sup> (usually, though it might be a day or two later) the accounting department sends a draft invoice to the PMU; this draft includes the locals (which have already been reviewed) and additional charges generated from the HO (timesheets, expense reports, subcontractor charges, procurements, etc.). The PMU reviews all of the charges and makes sure that there is proper back up documentation. If there is not proper documentation, PMU sends a memo to accounting requesting the documentation or making corrections to the numbers.
- 8.) On or about the 10<sup>th</sup>, the accounting department sends the PMU the final invoice which will be submitted to USAID and the grants invoice.
  - 8a) Because the grants invoice is illustrative, USAID does not “pay” it. We get grant money from a different source. We request the money in advance and then disburse the money to the grantees. USAID sees the invoice only for their records, not action.
- 9.) We receive payment from USAID.

## QUESTIONS AND ANSWERS

Often, there exists a disconnect between the technical work and the financial management of both the field and home offices. In an effort to reinforce the importance of keeping the entire team focused on success across the board, I compiled a short survey for the Chief Accountant, Mustafa Shaaban. The purpose of the survey was to gain a sense of how the accounts understand their role and to lead to a more open dialogue about how the accounting staff can work more efficiently within both the AMIR program and the home office.

I received the initial survey, I met with each of the accountants (both separately and together) to clarify their responses. The following is the list of questions and responses, verbatim. The accountants' comments are in italics and, my additional observations and responses are in bold:

- 1.) Do you feel that your workload is manageable?

*MJ: Yes.*

*MS: Yes it is.*

**The discussions with both parties confirmed that they do feel that the workload is reasonable, though there are times when they do feel more pressure than others, namely during the preparation of the locals.**

- 2.) Do you feel that the duties in your job description match your actual work?

*MJ: Actually I have been with AMIR-Jordan since Nov. 1<sup>st</sup>, 2004; I haven't been introduced properly to all work. I need more time in order to answer this question more adequately. But I believe I have mastered every little aspect in grant accounting, been introduced, but not much, to locals. In general, as far as I can tell, I believe the answer is yes to your question.*

*MS: Actually, when I joined AMIR, there were five people in the accounting department. And now we are only two.*

**Because Mustafa Jallad is new, he hasn't had a chance to work through all the tasks in his job description. Mustafa Shaaban said he felt his job has shifted, in priorities more than tasks, since he started working with AMIR. I questioned him further regarding his comment about the shift from 5 people to two on the accounting team and he simply stated that the workload was manageable, but that he did some things more often than in the past when there was more help. Though he didn't explicitly say so, I understood that he was concerned and frustrated with George's efforts in particular.**

- 3.) Do you feel that the division of labor between the two accountants is fair?

*MJ: Well, I believe this is a question that's related to responsibilities, tasks, & assignments required from each one of us, according to job description. I'm sure such kind of questions would be addressed perfectly to departments containing more than one individual performing similar task at the same time.*

*MS: We have different levels of responsibilities. And job tasks.*

**They both responded that they couldn't really assess the fairness given their two different positions, but with this question, I was attempting to understand this amount of collaboration between the two accountants—not imply they had the same job. When we discussed it further both said they informally help each other out**

**when there is a lot of work. To me this is a sign that though they are not equals in responsibility; they realize their roles are interdependent.**

- 4.) Do you understand what happens once the locals leave AMIR and go to the home office?

*MJ: I'm afraid the answer is NO*

*MS: My only information is, HO has software which is compatible with QB, they import the QB file to the software, and the software do the review for the locals.*

**I felt it was important for them to understand what happens once they send the locals to the home office: How the Locals Become an Invoice. Their answers led to an interesting discussion about how many intervening steps there are in the financial review process from the home office side. I walked them through the process and explained how the PMU and accounting department look for discrepancies in CLIN, incorrect GL codes, and anomalies in expenses. They were surprised that the review was so extensive. I explained that the PMU has to “approve” the locals so that anything we approve will be addressed to us in an audit; they understood why we ask so many questions. Additionally, I explained the descriptions of charges are very important because sometimes the description doesn't make sense to the PMU. Because the PMU is held accountable, we need clear descriptions.**

**To add to their perspective, I explained the PMU review of costs incurred in the home office related to timesheets, expense reports, travel, procurement, and subcontracts. Overall, this was the most fruitful part of my meeting(s) because they got a better understanding of what happens in the home office and how the financials from the home and field offices integrate with each other. Hopefully, this will lead to a better environment for speedy, thorough communication. They both seemed to understand the emphasis on time when I explained how little time the PMU has to review the locals and the home office charges.**

- 5.) Are there ways that the home office can assist you?

*MJ: This question is related to the above question, in a way or another. Once we understand the work process at the home offices, we would be pleased to submit our visions of how HO can assist us.*

*MS: It my first experience with HO, Osama was doing all the correspondence.*

**Mustafa Shaaban's answer was telling, and emphasized the importance of communicating well with both the accountants. He seemed to be unsure of whether it was proper for him to communicate with the home office. I told both of them that the PMU would try to copy both of them on accounting-related emails and that they should feel free to communicate directly with the home office and copy each other on such correspondence.**

- 6.) Are the field accounting manuals clear, and do you receive clear instruction from the home office accounting staff?

*MJ: Yes, even more than clear.*

*MS: Yes the field accounting manual is clear, and all the instructions that I received from HO are cleared too.*

**They both had high praise for the field accounting manual and Mustafa Jallad said he thought it was the best manual of this type that he had ever seen. They said the instructions and examples were clear. Overall, they were happy with the manual, but Mustafa Jallad said it was lacking descriptions of the GL codes. Mustafa Shaaban agreed, and they both said that training charges are among the most confusing since they can't always tell the difference between the codes. Mustafa Shaaban said he often goes directly to the USAID training approval to find out how to code the charges. Exactly! As Rebecca Sherwood said, "They should always be doing this." I reiterated this point to them both.**

- 7.) Do you feel that the files are orderly and easy to research? If not, are there ways we can improve this?

*MJ: Yes.*

*MS: Yes they are reachable.*

**With this question, I was trying to find out how often they are asked to review the files and whether this is an easy task, or difficult because of poor records. They indicated that they get regular requests from the Component Leaders, Susanna, and Rebecca to find old documents, and this is a fairly easy task. I told them that the next accounting visit with John Shin will focus on lessons learned from the audit and that they should be prepared for possible changes in the filing process though probably not anything disruptive.**

- 8.) What's the hardest part of your job?

*MJ: I still need more time to answer this question.*

*MS: All are the same, all needs hard work and time to finish.*

**I didn't gain any substantive insights; I had hoped to find a stronger statement. The next question was better in terms of understanding how they view their jobs.**

- 9.) What is the most time-consuming part of your job?

*MJ: Reviewing Grants liquidation report, reimbursement report & Checks first level approval.*

*MS: Locals (locals' means everything locally related to AMIR such as POs, Salaries, Per diems, Checks, Venders, Bills, LQA, etc)*

**It was interesting to know what was time-consuming versus hard, especially since they didn't share much in the previous question. Mustafa Jallad said he refers to the grants regulations that Rebecca has shared with him, and I told him I would compile a list of links for grants and other USAID regulations. It was appropriate that Mustafa Jallad said the locals take up a lot of time, as it is the primary responsibility that he has, according to his job description.**

Mustafa Jallad and Mustafa Shaaban clearly understand their roles and responsibilities in terms of accounting tasks. I tried to show them the bigger picture of home office and field office integration. The discussion about the home office lead to an interesting question: "How does the home office accounting think we do our job?" I explained that overall we get very good locals and responses from AMIR and that we are lucky that the skill level is so high in Jordan. They expressed relief that the home office thought they were doing well. They seemed heartened that they were doing a good job. Afterwards, I

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realized that accounting isn't one of the glory jobs—it is hard to be innovative or recognized for your work. Perhaps the lesson to learn is that our project accounting staffs need reinforcement and interaction with the home office. They both asked a lot of questions about the home office in terms of the PMU and overall office structure. When I was describing each PMU member's responsibilities, they were both taking notes. I left them both with the PMU organizational chart that had been previously handed out to the Component Leaders. Overall, I think they will feel more comfortable interacting with the PMU and more open about ways we can help each other.

In moving forward, the next accounting field trip should be focused on responding to audit requests and better explanation of the GL codes, especially with training. Perhaps home office accounting might be persuaded to adopt an FAQ for the most common questions.

## Useful Links

Following is a list of links that might be useful.

<http://www.usaid.gov/policy/ads/>

**Description:** USAID's policies and essential procedures. Includes interim policy updates, USAID Handbook chapters, a resource library, and glossary. Section 300 is the most useful for AMIR work, as it includes the specific rules for acquisitions (contracts) and assistance (grants). Series 300 includes a complete searchable list of the AIDARs in PDF format.

<http://www.arnet.gov/far/>

**Description:** Uniform policies for acquisition (contract) of supplies and services by executive agencies. This is the link to the FAR, all of the clauses in both our prime contract and our subcontracts. You can find specific FAR clauses that are applicable to contracts and subcontracts (not grants) in the last few pages of the contract titled: Clauses Incorporated by Reference.

[http://www.usaid.gov/business/business\\_opportunities/cib/](http://www.usaid.gov/business/business_opportunities/cib/)

**Description:** Notification of changes in acquisition or assistance regulations, reminders, and procedures. At times used to implement new requirements, pending formal amendment of acquisition or assistance regulations.

<http://www.state.gov/m/a/als/prdm/> and

<http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/perd05d.html>

**Description:** These links have foreign and US per diem rates. These are established annually (normally in October) for travelers on official Government business to use for their lodging, meals and incidental expenses. This might be useful for when subcontractors, grantees, or trainees need to budget per diem.

<http://www.gsa.gov/Portal/gsa/ep/programView.do?pageTypeId=8199&ooiid=14161&programPage=%2Fep%2Fprogram%2FgsaDocument.jsp&programId=8955&channelId=-14863>

**Description:** The FTR governs travel and transportation requirements. Chapter 300 includes a general introduction to the FTR and agency reporting requirements. This is probably not too important for your work, but this has all the rules on how we buy airline tickets.

<http://www.access.gpo.gov/nara/cfr/waisidx/>

**Description:** Rules published in the Federal Register. You probably won't use this very often. Sometimes grants language is here, but this is mostly for a boring day at work.

[http://www.usaid.gov/business/business\\_opportunities/cib/](http://www.usaid.gov/business/business_opportunities/cib/)

**Description:** Notification of changes in acquisition or assistance regulations, reminders, and procedures. At times used to implement new requirements, pending formal amendment of acquisition or assistance regulations.

<http://www.usaid.gov/policy/ads/>

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**Description:** Uniform policies for acquisition of supplies and services by executive agencies

<http://www.access.gpo.gov/nara/cfr/waisidx/>

Rules published in the Federal Register

<http://www.gsa.gov/Portal/gsa/ep/programView.do?pageTypeId=8199&oid=14161&programPage=%2Fep%2Fprogram%2FgsaDocument.jsp&programId=8955&channelId=-14863>

**Description:** The FTR governs travel and transportation allowances for Federal civilian employees (chapter 301); relocation allowances for Federal civilian employees and certain new appointees (chapter 302); payment of expenses connected with the death of Government civilians under certain circumstances (chapter 303); and payment from a non-Federal source for travel expenses (chapter 304). Chapter 300 includes a general introduction to the FTR and agency reporting requirements.

<http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/perd05d.html>

**Description:** Continental United States (CONUS) and U.S. Overseas (e.g. Alaska, Hawaii) per diem rates. These are established annually (normally in October) by GSA for travelers on official Government business to use for their lodging, meals and incidental expenses.

## AMIR 2.0 Billing Codes and the Re-organization

As we are working diligently on the AMIR re-organization and new strategy I thought it may be useful to refresh everyone's memory about AMIR's billing codes (BC).

**What is a billing code?** In AMIR 2.0 we identify and track project expenses by component, and sub-component. Further, within each component, we identify costs as either general or technical assistance. This tracking facilitates improved reporting to USAID and allows us to manage our finances better. Billing Codes is the mechanism (devised by the accounting department) which facilitates all of this tracking.

**Who uses the billing codes?** The simple answer is EVERYONE. No one but accounting needs to worry about the actual numerical codes associated with the different components. *However*, anyone working with a work plan or filling out a purchase order must be familiar with the classifications.

- Work Planning. Work plan activities should be categorized as either general or technical assistance, and in the case of PSPI a further breakdown is necessary into sub-components.
- Purchase orders. When completing a purchase order it is important to determine the following: (1) First what component you are procuring goods for; (2) Second – If the goods/services are for general or technical assistance, and (3) In the case of PSPI – what sub-component the goods/services are for.

### ***BILLING CODES DEFINED***

**General.** This code should be used for expenses that are administrative in nature and have been incurred to support the staff here at AMIR 2.0. These expenses would include but are not limited to, certain salaries, rent, office supplies, maintenance charges and IT needs at the AMIR 2.0 office. In general these costs will be split among each of the four components.

**Technical Assistance (TA).** These are expenses that can be directly linked to AMIR 2.0 activities. For example, short-term consultants, training, events, and commodity procurements for third parties should all be tied to a specific TA billing code.

### ***SPECIFIC EXAMPLES***

#### ***Salaries***

**General Split** (split across the four general billing codes – 32101, 32102, 32103, 32104)

- Steve Wade (US hire)
- Rebecca Sherwood (US hire)
- Faraj Abu-Nofal
- Zuhair Jweinat
- Alaa' Al-Aloul
- Khaled Al-Shrouf
- Ruba Hattar
- Bara' Zeidan
- Ayman Nimer

#### **General Specific to a Component**

#### **Technical Assistance Billing Codes (Post Re-org)**

- **Component Leaders**  
-Greta Boye (US hire) – **SPLIT** 3 ways: 32124, 32134 & 32154

- 
- Abed Shamalawi – 32113
- Khush Choksy (US hire) – 32144
- Brad Fusco (US hire) –**SPLIT** three ways: 32114, 32111 & 32112

- **Professional Staff**- working directly in one component  
**ECI/MEI**  
-Suhair El-Khatib – 32111

**ICTI**  
-Bara Zeidan – 32113

**PSPI**  
-Jamal Olaimat – 32134

### **Non-Training Events**

Non-training events are always TA and should be billed to the appropriate component/sub-component TA code.

### ***Training Events***

Training events are usually TA unless it is training for the AMIR 2.0 project staff – in which case it would be general and split across the four general billing codes.

Example: A BMI Training event is component specific and should therefore be billed to the BMI TA Billing Code, 32112.

### **Commodity Procurement**

- Recipient is AMIR 2.0 home office. If the procurement is for the use of the staff at the AMIR 2.0 office – then it is a general expense and should be split among the four general billing codes.

Example: A new photocopier is purchased for use in the AMIR 2.0 office – it should be billed to the AMIR 2.0 general billing codes – 32101, 32102, 32103, 32104.

- Third-Party Recipient. If the procurement is for a specific location then it is considered TA and must be billed to the specific billing code of that component.

Example: A computer is purchased for the SDC – it should be billed to 32144 Financial Markets Component

### **Office Supplies, Rent, Utilities, Maintenance, Guard Services, etc.**

These are AMIR 2.0 general expenses and should be split across the four general billing codes.

Example: The AMIR 2.0 office springs a leak. The costs associated with fixing this leak are general and should be billed to the four general billing codes – 32101, 32102, 32103, and 32104.

## Subcontractors

- **Regular Subcontractors.** Regular subcontractors should be billed to TA under a specific component. However, at times we may have a subcontractor that will do general work and TA
- **CNS**  
A scope of work to develop the AMIR 2.0 web site: The costs associated with this scope are general and should be split among the four general codes – 32101, 32102, 32103, and 32104.

A scope of work for MEI to develop a web site for the Ministry of Planning. The costs associated with this scope should be billed to MEI TA 32111.

- **Al-Jidara.**  
***Salary Expenses.*** Al-Jidara salary expenses are general and should be split evenly among the four general codes – 32101, 32102, 32103, 32104.

***Other Scope Related Expenses.*** These are expenses that are incurred because a scope was issued. These costs would primarily be TA – unless otherwise specified.

## Short-Term Consultants

99% of the time these expenses are TA and should be billed to TA under a specific component/sub-component. This includes per-diem, lodging, and other expenses. The exception would be when a short-term assignment might be a cross-component item. For example, if we field a STer to perform a security assessment of the AMIR office. This type of activity would be split evenly among the four general codes—3201, 32102, 32103, 32104.

## Home Office Consultants

Fieldings from the home office can be general or TA, and should be billed accordingly.

Example: In July 2004 Kristen Totino was fielded to Jordan for administrative activities related to MM&E – her time and expenses should be billed across the four general billing codes (32101, 32102, 32103, 32104)

Example: In November 2003 Jim Dry was fielded to Jordan for activities related Financial Markets and his time and expenses should be billed to 32144.