



Regional Inspector General
Pretoria

October 2, 1997

MEMORANDUM FOR USAID REPRESENTATIVE, Edward Spriggs

FROM: Regional Inspector General/Pretoria, Joseph Farinella

SUBJECT: Audit of USAID/Zimbabwe's Review and Certification of
USAID/Namibia's Unliquidated Obligations for Project and Non-project
Assistance, Report Number 4-673-98-002-F

This is our final report on the subject audit. Your comments are included in their entirety in Appendix II.

I appreciate the cooperation and courtesy extended to my staff during the audit.

Background

This audit is part of the Office of the Inspector General's (OIG) worldwide review of the Agency's obligations for project and non-project assistance. The OIG's Division of Performance Audits (IG/A/PA) is leading this worldwide effort, with the assistance of auditors from all offices of Regional Inspectors General.

The worldwide audit is limited to obligations for project and non-project assistance which had unliquidated balances on September 30, 1996. It does not cover obligations funded with U.S.-owned local currency, obligations for disaster relief, or obligations maintained by USAID for the Trade and Development Agency.

IG/A/PA randomly selected USAID sites for detailed audit work and also determined the number of unliquidated obligations to be randomly selected and then reviewed at each site. A total of 19 sites (USAID/Washington and 18 missions) were selected for review. USAID/Namibia was among those missions randomly selected for review.

At September 30, 1996, the controller's office at USAID/Zimbabwe had the responsibility of reviewing the obligations requirements for any USAID/Namibia projects still active at that date.

USAID/Regional Center for Southern Africa became the accounting station for Namibia on October 1, 1996. As of September 30, 1996, USAID/Namibia had 73 unliquidated obligations for project and non-project assistance with balances totaling \$34.9 million.

Audit Objective

As part of an Agency-wide audit, the Office of the Regional Inspector General, Pretoria, conducted this audit to answer the following question:

Did USAID/Zimbabwe review and certify USAID/Namibia's unliquidated obligations for project and non-project assistance in accordance with U.S. laws and regulations and Agency policies and procedures?

Appendix I describes the audit's scope and methodology.

Audit Findings

For the items tested, USAID/Zimbabwe, the accounting station for USAID/Namibia, reviewed and certified USAID/Namibia's unliquidated obligations for project and non-project assistance in accordance with U.S. laws and regulations and Agency policies and procedures.

Section 1501(a) of Title 31 of the U.S. Code states that amounts shall be recorded as obligations only when supported by certain documentary evidence. Nine criteria are listed. The U.S. General Accounting Office has stated that the nine criteria listed in this section taken together may be said to comprise the "definition" of an obligation. In addition, each year USAID's Bureau for Policy and Program Coordination issues guidance for the preparation of mission and office budgets.

We selected a random sample of 15 USAID/Namibia obligations totaling \$1.6 million which remained obligated as of September 30, 1996, to test whether the obligations met USAID requirements. After reviewing these obligations, we found that all of the obligations did meet the applicable USAID requirements.

In addition, we found that USAID/Namibia performed periodic Section 1311 reviews although the annual certification was the responsibility of the accounting station at USAID/Zimbabwe. Although we did not audit USAID/Zimbabwe, we noted that the certification signed by USAID/Zimbabwe's controller appears to have been done timely and according to prescribed procedures. Furthermore, the USAID/Zimbabwe controller performed the required certifications.

We also reviewed the commitment balances of the 15 obligations and found that they were reasonable and valid as of September 30, 1996.

Management Comments and Our Evaluation

USAID/Namibia agreed with our audit findings.

Scope and Methodology

As part of an Agency-wide audit, we audited USAID/Namibia's unliquidated obligations for project and non-project assistance as of September 30, 1996. The review and certification of USAID/Namibia's unliquidated obligations was performed by its accounting station USAID/Zimbabwe which we did not audit. Our audit was made in accordance with generally accepted government auditing standards.

The audit was conducted in Windhoek, Namibia, from July 21, 1997 to August 1, 1997, and covered USAID/Namibia's 73 unliquidated project and non-project obligations totaling \$34.9 million as of September 30, 1996. It did not include obligations incurred from operating expenses, disaster relief, U.S.-owned local currency and those maintained by USAID for the U.S. Trade and Development Agency.

To accomplish the audit objective, we tested a randomly-selected sample of 15 unliquidated obligations with balances totaling \$1.6 million as of September 30, 1996. The tests included reviewing each unliquidated obligation to determine if it was: (1) valid according to criteria established by Title 31 U.S.C. 1501 and the General Accounting Office, (2) sufficient to cover anticipated expenses in accordance with Agency guidance, and (3) needed to be deobligated, decommitted, or reprogrammed, as appropriate. Although we reviewed and discussed the Section 1311 review and certification we did not audit USAID/Zimbabwe, the accounting station for USAID/Namibia as of September 30, 1996. The accounting station for USAID/Namibia was moved to USAID/Regional Center for Southern Africa (RCSA) at Botswana October 1, 1996.

Furthermore, we reviewed USAID/Namibia's internal control assessment reports for fiscal year 1996 to identify any material weaknesses with regard to the Mission's review and certification of unliquidated obligations and obtained written representations from cognizant Mission officials for all essential assertions relating to our audit objective.

The audit universe and our sample of unliquidated obligations were obtained from USAID/RCSA's Mission Accounting Control System database.

Complete Text of Management Response



U.S. Agency For International Development

memorandum

DATE : 8/2/97

REPLY TO
ATTN OF : Edward J. Spriggs 

SUBJECT : Audit of USAID/Zimbabwe's Review and Certification of
USAID/Namibia's Unliquidated Obligations for Project and Non-
project Assistance

TO : Joseph Farinella - Regional Inspector General/Pretoria

REF : Memorandum dated 14 August 1997

The Mission has received your draft audit report and has no comments.

We, however, greatly appreciate the positive manner in which your staff approached the audit.