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OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/SOUTH AFRICA'S COMPLIANCE WITH FINANCIAL AUDIT REQUIREMENTS REGARDING FOREIGN RECIPIENTS

AUDIT REPORT NO. 4-674-06-006-P

March 30, 2006

PRETORIA, SOUTH AFRICA

Office of Inspector General

March 30, 2006

MEMORANDUM

TO: USAID/South Africa, Mission Director, Carlene Dei

FROM: RIG/Pretoria, Jay Rollins /s/

SUBJECT: Audit of USAID/South Africa's Compliance with Financial Audit Requirements Regarding Foreign Recipients (Report No. 4-674-06-006-P)

This memorandum transmits our report on the subject audit. In finalizing this report, we considered management comments on the draft report and have included those comments, in their entirety, as Appendix II.

The report has eight recommendations to help USAID/South Africa improve its financial audit program with regard to foreign recipients. In response to the draft report, the Mission concurred with seven of the recommendations. For Recommendation No. 1, the Mission has implemented corrective actions to address this recommendation. Therefore, we consider this recommendation to have received final action upon issuance of this report.

For Recommendation Nos. 3, 4, 5, 7 and 8, the Mission concurred with the recommendations, provided corrective action plans, and provided target completion dates. We, therefore, consider that a management decision has been reached for these recommendations. Please provide the Audit, Performance and Compliance Division (M/CFO/APC) with evidence of final action in order to close the recommendations.

Although the Mission concurred with Recommendation No. 2, it requested that some of the identified delinquent audits be removed from the list in Appendix III. The Mission did not concur with Recommendation No. 6. A management decision can be reached for Recommendation Nos. 2 and 6 when USAID/South Africa provides corrective action plans and target completion dates, or evidence of the need to modify our findings and/or recommendations. Please advise my office within 30 days of the actions you have planned or taken to implement Recommendation Nos. 2 and 6.

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

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SUMMARY OF RESULTS

The Regional Inspector General/Pretoria (RIG/Pretoria) performed this audit to determine whether USAID/South Africa effectively managed its financial audit program in accordance with USAID policies and procedures for fiscal years 2003, 2004, and 2005. (See page 2.)

USAID/South Africa did not effectively manage its financial audit program during the period covered by the audit. Specifically, USAID/South Africa did not ensure that planned audits of recipients were performed in a timely manner, delinquent audits were followed up on and completed, or standard statements of work were used. To help correct and strengthen these problem areas, we recommended that USAID/South Africa 1) develop and implement an audit tracking system to better monitor and ensure timely submission of planned audits, 2) complete all identified delinquent audits, and 3) develop a system to ensure that standard statements of work are included in future audit agreements. (See pages 4 and 8.)

In addition, although USAID/South Africa prepared annual audit plans for fiscal years 2003-2005, those plans were incomplete. Specifically, the plans omitted required closeout audits for 80 expired awards with amounts totaling $89.1 million. Further, the Mission funded 26 host country contracts, totaling $7.9 million, which were not included in the award inventories and were, therefore, not considered for inclusion in the audit plans. Two of those contracts had expired and required closeout audits. We recommended that USAID/South Africa 1) amend its Mission Order dealing with recipient audits to ensure that expiring awards requiring closeout audits are included in future audit plans, 2) complete all required closeout audits, 3) include identified host country contracts in the current award inventory, 4) amend Mission procedures regarding audits of host country contracts, and 5) have required closeout audits performed for two expired host country contracts. (See pages 8 and 10.)

The report has eight recommendations to help USAID/South Africa improve its financial audit program with regard to foreign recipients. In response to the draft report, USAID/South Africa concurred with seven of the recommendations. For Recommendation No. 1 the Mission has implemented corrective actions to address this recommendation. We, therefore, consider this recommendation to have received final action upon issuance of this report. For Recommendation Nos. 3, 4, 5, 7 and 8, USAID/South Africa concurred with the recommendations, provided corrective action plans and target completion date. We consider that a management decision has been reached for these recommendations. (See pages 13, 17-22.)

Although the Mission concurred with Recommendation No. 2, it requested that some of the identified delinquent audits be removed from the list in Appendix III. The Mission did not concur with Recommendation No. 6, stating that, contrary to the finding, all Host Country Contracts were included in the Mission's award inventories. A management decision can be reached for Recommendation Nos. 2 and 6 when USAID/South Africa provides corrective action plans and target completion dates, or evidence of the need to modify the findings and/or recommendations, to RIG/Pretoria. (See pages 13, 18 -19, and 21.)

BACKGROUND

USAID administers most of its foreign assistance programs by awarding contracts, grants and cooperative agreements to U.S.-based and foreign organizations. In order to help ensure accountability over funds given to such organizations, USAID and the Office of Inspector General (OIG) have jointly developed a financial audit program as outlined in Automated Directive System (ADS) 591. This section of the ADS requires that USAID missions, in consultation with the cognizant Regional Inspector General (RIG), ensure that required financial audits are conducted for foreign for-profit and nonprofit organizations and host government entities (including any Mission-funded activities in nonpresence countries), and local currency special accounts.

All foreign nonprofit organizations expending more than $300,000 of USAID funds during their fiscal year are required to have an annual financial audit performed. A closeout audit is required for recipients expending more than $500,000 throughout the life of an award. Incurred cost audits must be performed annually of all foreign for-profit organizations performing under direct awards or cost reimbursable host country contracts and subcontracts.[1] To ensure that such audits are performed in a timely and acceptable manner, Missions are required to develop annual audit plans which are populated from inventories maintained by the Missions of all contracts, grants and cooperative agreements, including cash transfer and nonproject assistance grants, awards financed with host country owned local currency and activities in nonpresence countries for use in determining audit requirements.

The audits are normally performed by independent auditors acceptable to the cognizant RIG office and contracted by recipients using a standard statement of work. On occasion, USAID missions may contract directly with an audit firm to conduct financial audits of foreign recipients or locally-incurred costs of U.S.-based recipients. Audits of USAID recipients are required to be performed in accordance with U.S. Government Auditing Standards as well as the OIG's Guidelines for Financial Audits Contracted by Foreign Recipients. Missions must ensure that such audit reports are submitted to the cognizant RIG office for review and issuance no later than nine months following the end of the audited period.

USAID/South Africa is one of the USAID missions in the Eastern and Southern Africa region with the largest number of recipients. In fiscal year 2005, the Mission had an estimated 76 non-U.S.-based recipients. During fiscal years 2003-2005, USAID/South Africa reported budget authorizations totaling $158 million for programs in:

- Democracy and Governance
- Education
- Economic Capacity Building
- Housing and Municipal Services
- HIV/AIDS and Primary Health Care
- Employment Creation.

[1] In terms of a 2005 revision to ADS 591, there is no automatic requirement for annual incurred cost audits for foreign for-profit organizations. Instead, Missions are required to annually assess risks to determine whether financial audits are warranted and the results of these risk assessments must be shared with the cognizant RIG office.

AUDIT OBJECTIVES

An audit of the Mission's compliance with financial audit requirements regarding foreign recipients was performed because Regional Inspector General/Pretoria's (RIG/Pretoria) experience is that USAID missions in eastern and southern Africa have generally not been complying with Automated Directives System (ADS) 591 in terms of ensuring that required financial audits of foreign recipients are conducted in a timely and acceptable manner. To determine USAID/South Africa's compliance with USAID rules and regulations regarding financial audits of its foreign recipients, the audit was performed to answer the following questions:

Objective No. 1: Did USAID/South Africa ensure that planned financial audits of foreign recipients were performed and submitted in accordance with USAID rules and regulations?

Objective No. 2: Did USAID/South Africa ensure that annual audit plans included all recipients from their award inventory that required a financial audit?

Refer to Appendix I for details of the audit scope and methodology.

AUDIT FINDINGS

Did USAID/South Africa ensure that planned financial audits of foreign recipients were performed and submitted in accordance with USAID rules and regulations?

USAID/South Africa did not ensure that all planned financial audits of foreign recipients[2] were performed and submitted in accordance with USAID rules and regulations.

During the last three years, USAID/South Africa has made a great deal of progress towards improving its recipient financial audit program. Reflecting a history of working through numerous foreign implementing partners, USAID/South Africa has planned for and submitted more recipient financial audits than any other mission in the region. Since October 1, 2002, RIG/Pretoria has issued 32 financial audit reports of USAID/South Africa recipients covering $47.5 million in expenditures of USAID funds. Those audits included recommendations that addressed $23 million in questioned costs, 98 reportable internal control weaknesses, and 194 instances of material noncompliance with applicable laws and regulations.

While the above financial audit work has undoubtedly had a positive effect on USAID/South Africa's accountability over USAID funds expended by foreign recipients, there were several areas in which USAID/South Africa could improve its recipient financial audit program including timeliness, follow-up on delinquent audits, and use of a standard statement of work.

Audit Reports Not Submitted Within Required Timeframe

Summary: According to Agency regulations, USAID missions must submit audit reports of foreign recipients to the cognizant Regional inspector General (RIG) no later than nine months after the end of the audited period. Only 4 of 47 audits in USAID/South Africa's audit plans for fiscal years 2003 to 2005 were submitted to RIG/Pretoria within the required timeframe. This occurred because USAID/South Africa had not developed a system to track and follow up on planned audits. Also, the Mission experienced staffing shortages in its Financial Management Office, and many audit reports had to be corrected and resubmitted due to noncompliance with applicable standards and guidelines. Audits that are not completed in a timely manner reduce USAID's accountability over funds awarded to recipients.

Automated Directives System (ADS) 591.3.2.1 requires that foreign nonprofit organizations and host governments that expend $300,000 or more of USAID funds during their fiscal year must have an annual audit conducted in accordance with the Office of Inspector General's *Guidelines for Financial Audits Contracted by Foreign Recipients* (Guidelines). Paragraphs 1.16 and 2.3 of the Guidelines spell out the

[2] For the purpose of this audit, foreign recipients include non-U.S.-based grantees and contractors who were awarded grants, contracts or cooperative agreements.

timeframe within which recipients must submit final audit reports to the cognizant USAID mission, which, in turn, will forward them to the RIG for review and issuance. According to the Guidelines, the cognizant RIG must receive the audit report no later than nine months after the end of the audited period.

USAID/South Africa's annual audit plans prepared for fiscal years 2003, 2004, and 2005 included 47 distinct planned financial audits of 24 different recipients. The breakdown of the 47 audits is presented in Table 1 below.

Table 1
Recipient Audits in Annual Plans for Fiscal Years 2003-2005

Number of recipients	# of annual audits in plans	Totals
1	5	5
1	4	4
4	3	12
8	2	16
10	1	10
24		47

Of the 47 planned audits, only 4 (8.5 percent) were submitted to RIG/Pretoria for review and issuance on or before the required due date. Fifteen of these planned audits were still outstanding as of December 31, 2005. On average, audit reports were submitted 201 days (approximately 7 months) after they were due.

The lack of timeliness was caused by several factors. One of the principal factors was that the Mission had not developed or implemented an effective tracking system to ensure that the planned audits were performed and submitted within the required timeframe. As a result, not only were the majority of planned audits not submitted in a timely manner, but many were not submitted at all. For example, only 32 of the 47 audits included in the Mission's audit plans for fiscal years 2003, 2004, and 2005 had been submitted to RIG/Pretoria as of December 31, 2005. The remaining 15 audits (listed in Attachment III) had either not been performed, or, if performed, had not been submitted to RIG/Pretoria.

Further evidence that USAID/South Africa lacked an effective follow-up system was reflected by the fact that the Mission's audit plans for fiscal years 2003-2005 included more delinquent audits[3] than current audits as shown in the following table. While the table shows a total of 105 planned audits[4], the majority of those were delinquent audits that were listed multiple times in annual audit plans for two or more fiscal years.

[3] Audit reports that are not received by the cognizant RIG within the timeframe set forth under paragraph 1.16 of the Guidelines for Financial Audits Contracted by Foreign Recipients are considered delinquent audits.
[4] Although there was a total of only 47 distinct audits in the Mission's audit plans for fiscal years 2003-2005, many of those audits were listed two or more times in the plans, bringing the total number of audits listed in all three plans to 105.

Table 2
Delinquent Audits from USAID/South Africa's Annual Audit Plans

	FY 2003	FY 2004	FY 2005	Totals
# of current audits in plan	10	15	12	37
# of delinquent audits in plan	19	28	21	68
Total # of audits in plan	29	43	33	105

Many delinquent audits were carried forward from one annual audit plan to the next. For example, USAID/South Africa's audit plan for fiscal year 2003 included an audit of fiscal year 2002 expenditures by a ministry of the South African government under an 8-year, $10.5 million USAID grant. The same plan also included two delinquent audits of the same grant for fiscal years 2000 and 2001. All three audits were carried forward to the Mission's annual audit plan for fiscal year 2004 and again for fiscal year 2005. The audits were eventually completed and all three reports were submitted at the same time to RIG/Pretoria for final issuance in August 2005—respectively over 4, 3 and 2 years overdue. The three audits collectively covered over $4.8 million in expenditures. The audit reports questioned over $1 million of those expenditures and identified six internal control weaknesses and twelve instances of material noncompliance with applicable laws and regulations.

Annual audits for a number of other recipients were carried forward from one annual plan to the next without being accomplished. In several situations, "catch up" audits were performed that covered multiple years of expenditures by those recipients. As of December 31, 2005, USAID/South Africa had 15 planned audits from fiscal years 2003-2005 that were still delinquent. A list of the awards with delinquent audits is included as Appendix III in this report.

Other contributing factors included staffing shortages in USAID/South Africa's Financial Management Office (as of December 31, 2005 there were 3 vacant positions) and audit work that did not comply with applicable standards and regulations. This resulted in audit reports received by RIG/Pretoria that often had to be sent back to the audit firms for correction or additional work. Although these reports were eventually corrected and resubmitted to RIG/Pretoria, the additional work required added to their lack of timeliness. (The cause of substandard audit work will be addressed in the following section of this report.)

Delayed performance and submission of audit reports reduces USAID's accountability over funds awarded to recipients. This also increases the risk that recipients' financial records are no longer available for audit, or that their offices have ceased operations, making the determination and recovery of potential questioned costs difficult or impossible. Even when records do exist, or the recipient is still in operation, untimely audit reports lose their usefulness because management (USAID or recipient) cannot, based on the reports, implement corrective actions in a timely manner to help prevent fraud, waste and abuse. Total estimated expenditures not audited on a timely basis amounted to over $36 million.

For the mission to be able to submit timely audit reports to RIG/Pretoria, it must have a system to monitor the status of planned audits and dedicated personnel to provide interventions when targeted milestones are not being met. Therefore, we are making the following recommendations:

> *Recommendation No. 1: We recommend that USAID/South Africa develop and implement an audit tracking system to monitor the recipient financial audit process to ensure timely submission of reports to RIG/Pretoria. This system should, at a minimum, include controls to ensure that:*
>
> - *appropriate timing targets and milestones are set for each audit in the Mission's current audit plan;*
> - *audit instructions are sent to recipients prior to the recipient's fiscal year end requesting them to initiate the procurement for the audit;*
> - *periodic follow-up is performed to determine the implementation status of all planned audits; and*
> - *corrective actions are taken and documented for audits that are not progressing as planned.*
>
> *Recommendation No. 2: We recommend that USAID/South Africa obtain and submit all delinquent audit reports.*

Standard Statement of Work Not Used in Every Audit

Summary: Agency policy requires that audit agreements between recipients and independent auditors contain a standard statement of work (SOW) that incorporates all the requirements of the OIG Guidelines. Not all of the financial audits of USAID/South Africa's recipients contained a standard SOW that was reviewed and approved by the Mission. This occurred because USAID/South Africa did not have a system to ensure that all audit agreements incorporated standard SOWs. The lack of a standard SOW has resulted in many audits being rejected by RIG/Pretoria due to lack of compliance with applicable auditing standards and guidelines.

According to the OIG's Guidelines for Financial Audits Contracted by Foreign Recipients (Guidelines), a mandatory reference in ADS 591, USAID missions must ensure that audit agreements between USAID recipients and independent auditors include a standard statement of work (SOW) containing all of the requirements of the Guidelines. To ensure that this requirement is complied with, recipients must send all prospective audit agreements to the cognizant USAID mission for approval prior to finalization, as stated in paragraph 1.14 of the Guidelines.

According to RIG/Pretoria files, only 8 of the 32 planned audits that were submitted to RIG/Pretoria were performed under agreements that contained a standard SOW. Six out of the eight audits were Agency-contracted audits which, by their nature, entailed extensive RIG oversight. During fiscal years 2003-2005, RIG/Pretoria performed 15 Quality Control Reviews (QCRs) of independent audit firms in South Africa that were involved with various recipient-contracted audits. We found evidence of audit agreements that contained all the requirements of a USAID standard SOW in only 2 of the 15 QCRs.

On January 10, 2006, RIG/Pretoria requested the Mission to provide evidence that, for all audit reports submitted, the Mission had reviewed and approved audit agreements between recipients and its auditors that contained USAID's standard SOW. As of February 15, no response had been received from the Mission.

The majority of recipient audits were not performed under agreements which included the standard SOW because USAID/South Africa did not have a system in place to ensure that all audit agreements were reviewed and approved by the Mission prior to the commencement of the audits. Therefore, the Mission could not ensure that the standard SOW was incorporated into those audit agreements.

Experience has shown that independent audit firms conducting USAID recipient audits without a standard SOW typically perform "statutory" audit work in accordance with local standards. Such audits do not address the unique fieldwork and reporting requirements of USAID audits relating to such areas as testing expenditures for eligibility, allocability, and compliance with U.S. laws and regulations. Financial audit requirements for USAID recipients differ substantially from statutory audit requirements within South Africa. Consequently, audits that are conducted without a Mission-approved agreement containing the standard SOW, which refers to the audit requirements in the OIG Guidelines, are less likely to be performed in accordance with U.S. Government Auditing Standards and/or the OIG Guidelines. This was reflected in the large percentage of recipient audit reports that RIG/Pretoria rejected due to lack of conformity with those standards and guidelines. Of the 32 reports submitted to RIG/Pretoria, 16 (50 percent) were initially rejected due to lack of compliance with applicable standards and guidelines.

The review and approval of prospective audit agreements, and the inclusion of a standard SOW in those agreements which references specific USAID audit requirements, will help prevent audits from being performed that do not comply with U.S. Government Auditing Standards and/or the OIG Guidelines. Once incorporated into the audit agreement, the standard SOW becomes binding and should compel the audit firms to comply with necessary USAID audit requirements. Therefore, we are making the following recommendation:

> *Recommendation No. 3: We recommend that USAID/South Africa develop and implement a system to ensure that the Mission reviews, approves and maintains a copy of an audit agreement containing a standard statement of work that incorporates USAID's audit requirements for every recipient audit.*

Did USAID/South Africa ensure that annual audit plans included all recipients from their award inventory that required a financial audit?

USAID South Africa did not ensure that annual audit plans included all recipients from their award inventories that required a financial audit.

As required by ADS 591.3.4.2, USAID/South Africa developed award inventories for fiscal years 2003, 2004, and 2005 which included the required information for each award, including contractor/grantee name, type of organization, award number, amount in U.S. dollars, start/completion dates, prior audits and period covered, receipt date for required audits, dates for planned audits, and reason(s) for not including an award in the annual audit plan. The Mission also developed an annual plan for each of those fiscal years which included 47 distinct audits of foreign recipients receiving awards listed in those inventories.

Although USAID/South Africa prepared the award inventories and related audit plans as required, not all awards that required audits were included in the audit plans.

Awards Requiring Closeout Audits Need To Be Included In Audit Plans

Summary: Agency policy requires that all awards in excess of $500,000 be subject to a final closeout audit. The policy also states that annual incurred cost audits must be accepted as fulfilling closeout audit requirements. USAID/South Africa's annual audit plans omitted 80 expired direct awards that required closeout audits. This occurred because Mission officials were unaware that closeout audits were required. As a result, $89.1 million in expenditures of USAID funds that should have been audited remains unaudited.

Automated Directives System (ADS) 591.3.3.2 states that "Contract Information Bulletin (CIB) 90-12 requires that all awards in excess of $500,000 be subject to a final close-out audit." This section of the ADS also states that annual audits, performed in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" must be accepted as fulfilling the close-out audit requirements for foreign nonprofit organizations.

The intent of CIB 90-12 was to ensure that awards[5] that did not exceed the $300,000 threshold for requiring an annual audit, but that amounted to significant amounts of expenditures on a cumulative basis, were audited to ensure proper closeout of the award. The Mission's award inventories included columns such as "Prior Audits & Dates Covered" and "Reason not in Audit Plan." The data from these columns provided information as to the most recent annual audit prior to the recipient's award completion date. This information was used to determine whether a close-out audit was required for a given recipient.

USAID/South Africa's award inventories for fiscal years 2003, 2004, and 2005 included 68 recipients with 80 expired direct awards over the $500,000 threshold which were not included in the Mission's respective annual audit plans. According to the Mission's award inventory for fiscal year 2003 – 2005, these expired awards had no recent annual audits prior to the recipient's award completion date. Consequently, required closeout audits were not required for those awards. A list of the 81 awards requiring closeout audits is included as Appendix IV in this report. The following table presents the aging of the unaudited expired awards as of December 31, 2005. As shown in the table, the majority of these awards expired more than five years ago, indicating that this has been a long-standing problem that has improved during the more recent years.

[5] For the purpose of this audit, awards include grants, contracts, cooperative agreements, and implementation letters.

Table 3
Aging of Expired Awards Requiring Closeout Audits

0-1 yr.	2-3 yrs.	4-5 yrs.	Over 5 yrs.	Total
3	14	15	48	80

Mission officials did not include these expired awards in annual audit plans because they were unaware of the policy regarding closeout audits. The reasons listed in the Mission's award inventories for not including such awards in the annual audit plans included statements such as "Fully Expended," "Agreement Expired," and "Estimated Expenditure less than $300,000." Also, USAID/South Africa's Mission Order No. 591.002, which addresses recipient financial audits, did not include any procedures regarding the planning or performance of closeout audits of awards exceeding $500,000.

As a result, 11 expired direct awards that should have received closeout audits remain unaudited. The amount of USAID funding included in those awards totaled $89.1 million. Further, any expenditures that a recipient with an expired direct award may have had under USAID-funded subawards during the same period should have also been included in the closeout audit.

Closeout audits are important tools in the control and accountability of USAID funds. Such audits may be used, among other things, to finalize indirect cost rates and to determine whether the disposition of USAID-funded assets was properly performed at the end of a project or activity. A closeout audit of expenditures of USAID funds would be especially important when a recipient may have expended less than $300,000 in any single year, but the total award was over $500,000. Such recipients may never have been subjected to a USAID audit as required. Further, according to ADS 591.3.3.2, Contract/Grant Officers cannot proceed with the closeout process until final action has been taken on all audit recommendations. Finally, because they were not included in the Mission's audit plans during the period they were due, such audits would not be performed within the required timeframe. We are, therefore, making the following recommendations:

Recommendation No. 4: We recommend that USAID/South Africa amend its Mission Order No. 591.002 to ensure that closeout audits of expiring awards in excess of $500,000 are included in future audit plans and performed as required.

Recommendation No. 5: We recommend that USAID/South Africa complete and submit audit reports for all expired awards requiring closeout audits.

Host Country Contracts Need To Be Included in Award Inventories

Summary: Agency policy requires missions to maintain an inventory of all awards from which annual audit plans may be developed. Agency policy also dictates that host country contracts[6] are subject to the same USAID audit requirements as direct contracts. Twenty-six host country contracts, active during fiscal year 2003-2005, were not included in the Mission's award inventories for those years. This occurred because Mission officials were not aware that host country contracts needed to be included in award inventories, or that host country contracts were subject to USAID audit requirements. As a result, 26 host country contracts, totaling $7.9 million in USAID funds, were not considered for inclusion in the Mission's annual audit plan for potential financial audits and therefore, adequate oversight of USAID funds was diminished.

ADS 591.3.4.2 requires missions to "maintain an inventory of all contracts, grants and cooperative agreements, including cash transfer and nonproject assistance grants, awards financed with host country-owned local currency, and activities in nonpresence countries for use in determining audit requirements." Country Contracting Handbook section 3.8 states that an audit of non-U.S.-based firms shall be a cost-incurred, financial audit performed by the principal audit agency to the host country or an independent audit agency acceptable to USAID Inspector General and as set forth in the Strategic Objective Agreement (SOAG) or a SOAG Implementation Letter. It further adds that the Guidelines should be followed in the selection of auditors and that the auditors should observe the Guidelines in planning, conducting, and reporting the results of the audit. Moreover, section 3.9 of the Country Contracting Handbook specifically states that "Final payment to the contractor is withheld until the contractor provides evidence that it has met all of its obligations under the contract and all required certifications (including acceptance of the work by the Contracting Agency) have been executed and the contract has been **audited**, as provided above. The USAID Activity Manager will be notified of contract closeout and contract files will be maintained in storage at least three years from the final disbursement under the SOAG." (emphasis added)

RIG/Pretoria obtained a list of USAID-funded host country contracts from USAID/South Africa that were active during the fiscal years 2003-2005. A comparison of this list to the Mission's award inventories revealed that 26 of the host country contracts, with amounts totaling $7.9 million, were not included in the award inventories. A list of the 26 contracts appears as Appendix V in this report. Two of the 26 contracts had expired and were over the $500,000 threshold for requiring a closeout audit.

This occurred because Mission officials were unaware that host country contracts should have been included in the Mission's award inventories and considered for potential financial audits.

[6] ADS Glossary defines Host Country Contracting as "A means of program implementation in which USAID finances, but is not a party to, contractual arrangements between the host country and the supplier of goods and/or services." ADS 301.5.1a states that when USAID decides to use host country contracting procedures – it acts as financier and not a contracting party, reserving certain rights of approval and activity monitoring.

Consequently, 26 host country contracts, with amounts totaling $7.9 million, were not included in the Mission's award inventories and, consequently, were not considered for inclusion into the Mission's annual audit plans for receiving potential financial audits.

To prevent the omission of host country contracts from the Mission's award inventories in the future, we are making the following recommendations:

Recommendation No. 6: We recommend that USAID/South Africa include all identified host country contracts in its award inventory for fiscal year 2006.

Recommendation No. 7: We recommend that USAID/South Africa amend Mission Order 591.002 to include procedures for including host country contracts in award inventories and annual audit plans, as appropriate.

Recommendation No. 8: We recommend that USAID/South Africa complete and submit closeout audits for the two expired host country contracts with expenditures over $500,000 as required in Section 3.9 of the Country Contracting Handbook.

EVALUATION OF MANAGEMENT COMMENTS

In response to our draft report, USAID/South Africa concurred with seven of the eight recommendations. For Recommendation No. 1, the Mission has implemented corrective actions to address this recommendation. Therefore, we consider this recommendation to have received final action upon issuance of this report. For Recommendation Nos. 3, 4, 5, 7 and 8, the Mission concurred with the recommendations, provided corrective action plans and target completion dates. Therefore, we consider that a management decision has been reached for these recommendations.

Although the Mission concurred with Recommendation No. 2, it requested that eight of the sixteen[7] delinquent audits identified in this report be removed from the list in Appendix III citing the following reasons: a) USAID/South Africa has taken action on one delinquent audit, b) three delinquent audits were for recipients with Fixed Amount Reimbursement Agreements which have no audit requirement, c) one recipient's annual actual expenditures were less than the $300,000 audit threshold and d) a three recipients were U.S.-based organizations whose audit requirements fall under the Single Audit Act outlined in the Office of Management and Budget's Circular A-133. However, these recipients were included in the Mission's audit plans. A management decision may be reached when the Mission provides RIG/Pretoria with evidence that these eight delinquent audits were not required per ADS 591, and upon subsequent correction of the Mission's audit plans.

The Mission did not concur with Recommendation No. 6, stating that all of the Host Country Contracts identified in this report were included in the Mission's award inventories. USAID/South Africa recognizes that the audit support documentation created some confusion due to the names of organizations and multiple Project Implementation Letters for one organization. However, a management decision cannot be reached, nor can we modify our finding and/or recommendation, until USAID/South Africa provides RIG/Pretoria with evidence that these host country contracts were listed in their award inventories.

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[7] Appendix III lists 15 delinquent audits. USAID/South Africa's management comments referred to 16 delinquent audits. The difference is due to one recipient with two different awards. ADS 591.3.2.1 requires a foreign recipient to have a single audit performed when it has expended over $300,000 of USAID funds. This audit should include all awards from which those funds were disbursed during the period audited.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Pretoria (RIG/Pretoria) performed this audit in accordance with generally accepted government auditing standards. The audit was performed at the office of the Regional Inspector General in Pretoria, South Africa from December 14, 2005 though February 15, 2006.

The audit covered financial audit requirements for USAID/South Africa's awards to non-U.S.-based recipients during fiscal years 2003, 2004, and 2005.

The type of evidence examined during the audit included, but was not limited to, award inventories and audit plans submitted by the Mission for fiscal years 2003-2005, RIG/Pretoria's Audit Management Database and archives, and correspondence from the Mission.

For the most part, we relied on the accuracy and completeness of the award inventories that were submitted by the Mission to RIG/Pretoria because we believe that the responsibility for preparing award inventories rests with the Mission's Audit Management Officer, who should have the technical capacity to prepare reliable award inventories. The primary focus of our audit was the development and execution of the annual audit plans from those award inventories. Thus, with few exceptions, we limited our procedures to determine whether data in the award inventories were properly used to develop the audit plans and whether those audit plans were executed in an acceptable and timely manner. We recognize the limitations of our reliance on the accuracy and completeness of the award inventories, and hereby disclose this in the audit report--the primary limitation being that all awards requiring a financial audit may not have been included in the Mission's award inventories. Further, expiration dates and total amounts of awards in inventories may not have been accurate.

With regard to internal controls, we assessed:

- award inventories;
- audit plans; and
- mission orders regarding financial audits.

Methodology

To accomplish the audit objectives, we reviewed and analyzed annual audit plans and award inventories submitted to RIG/Pretoria for fiscal years 2003, 2004 and 2005 for USAID/South Africa. We compared audit reports actually submitted to RIG/Pretoria to planned audits listed in the Mission's audit plans in order to determine the timeliness of the submission. We compared the audit plans to the award inventories to determine the accuracy of the audit plans. To determine recipients requiring closeout audits, we reviewed the Mission's award inventories and selected awards that were not subject to an annual audit prior to the program completion date. The audit also included a review of correspondence between RIG/Pretoria and the Mission regarding award inventories and annual audit plans. We also requested additional information from the Mission when required.

For materiality thresholds, we considered the following to be material:

- timeliness of submission of audit reports - if the number of acceptable audit reports submitted after the 9-month due date was > 10 percent of the number of planned audits, we considered the lack of timeliness to be material;

- delinquent audit reports – any number of delinquent planned audit reports was considered to be material; and

- completeness and accuracy of audit plans – any number of required audits not included in the audit plans was considered to be material.

This was one of a total of nine similar audits that we are performing of USAID missions within the eastern and southern Africa region. As RIG/Pretoria already possesses most of the information needed to conduct the audits, we did not consider travel to the locations of the respective missions to be necessary. Any questions regarding audit procedures or preliminary results could be handled via email or telephone.

MANAGEMENT COMMENTS

USAID | SOUTH AFRICA
FROM THE AMERICAN PEOPLE

UNITED STATES GOVERNMENT
ACTION M E M O R A N D U M

DATE	:	March 6, 2006
TO	:	Jay Rollins, Regional Inspector General/Pretoria
FROM	:	Carlene Dei, Mission Director /s/
SUBJECT	:	Management comments – Audit of USAID/South Africa's Compliance with Financial Audit Requirements Regarding Foreign Recipients (Report No. 4-674-06-xxx-P

The Mission would like to thank the Regional Inspector General's Office for their work on this audit, and for their recognition of the Mission's achievements in greatly improving the recipient financial audit program over the last three years. While the audit report highlights a number of weaknesses that existed prior to three years ago, it also shows the success of our efforts to create an audit division within the financial management office, bring in additional staff, and the systems that have been put in place to build capacity with our implementing partners and increase effectiveness and accountability of USG funds.

The Mission has reviewed the subject audit report. The following is our management response and comments:

Recommendation #1: We recommend that USAID/South Africa develop and implement an audit tracking system to monitor the recipient financial audit process to ensure timely submission of reports to RIG/Pretoria. This system should, at a minimum, include controls to ensure that:

- Appropriate timing targets and milestones are set for each audit in the Mission's current audit plan;
- Audit instructions are sent to recipients prior to the recipient's fiscal year end requesting them to initiate the procurement for the audit;
- Periodic follow-up is performed to determine the implementation status of all planned audits; and

- Corrective actions are taken and documented for audits that are not progressing as planned.

Management Response:
USAID/ South Africa concurs with this recommendation. In recognizing the weakness in monitoring the audit program an audit tracking system was subsequently put in place in October 2004. This includes a regularly-updated audit tracking report, recipient letters, periodic follow up and an action plan for those organizations that are delinquent or fail to comply in a timely manner.

- Appropriate timing targets & milestones:
  USAID/South Africa has developed a tracking system that provides amongst other things, the timing targets and milestones for each audit in the Mission's audit plan. The tracking system is filed on USAID Public Drive - P\:Audit Tracking System. This system is updated periodically to reflect changes and is kept as current as possible. A copy of the tracking system is hereon attached and labeled – attachment #1;

- Audit instructions to recipients:
  USAID/South Africa is sending letters to recipient notifying them of audits due at least four (4) months prior to the recipient's fiscal year end. Audit instructions are clearly stated in the letter. A copy of the letter is hereon attached and labeled – attachment #2;

- Periodic follow-up is performed:
  USAID/SA performs follow-ups to recipients to determine whether the audit process has commenced. The audit tracking system is reviewed at least once a month by the Audit Management Officer, Deputy Controller and the Financial Analyst (audits) and a follow up via email is sent to those recipients that have not submitted audit reports on due dates. Copies of emails are attached as evidence and are labeled attachment #3;

- Corrective actions documented for audits that are not progressing as planned:
  Corrective actions for audits that are not progressing as planned have been documented and filed in the audit tracking system which is available on the USAID Public directory. On a monthly basis, the directory is printed and reviewed by the Deputy Mission Director and audit management staff. In accordance with our standard operating procedures, a lack of responsiveness from the recipient is elevated to the next level. See attachment #4.

Based on the corrective actions above, it is requested that the recommendation be closed upon issuance of the final report.

Recommendation #2: We recommend that USAID/South Africa complete and submit all delinquent audit reports

Management Response:
USAID/South Africa concurs with this recommendation. We have made tremendous progress in monitoring/following up on the delinquent audits. Of the sixteen delinquent audit reports, two are US-based organizations, three are FARAs, and one did not meet the threshold. The Mission is working to complete the remaining ten delinquent reports. The following is the status of the audit reports cited as delinquent:

<u>CA-674-0309-A-00-0038 (Education Opportunity Council) (one report listed):</u>
The Mission has been working actively to ensure completion of this report. The audit report was submitted on February 02, 2004 and rejected by the RIG/Pretoria on May 20, 2004. The auditors have been working with the RIG/Pretoria office to have all issues that led to rejection of the report corrected. A revised draft audit report has been sent by the auditors to the RIG/Pretoria (Emmanuel Qua-Enoo) on March 10, 2006 for review and comment. The Mission is awaiting the final report that will be issued after review and acceptance of corrections by the RIG/Pretoria.

Based on the above, it is requested that this report be removed from the list because action has been taken by the Mission and is now in the hands of the RIG/Pretoria office.

<u>CA-674-0322-G-SS-00-7045 (Joint Center for Political Studies) (two reports listed):</u>
This is a US-based organization and falls under the A-133 single audit act.

Based on the above, the Mission requests that this report be removed from a list of delinquent audit reports in question.

<u>GA-674-0309-G-SS-2044 (Medical Education for South African Blacks - MESAB) (three reports listed):</u>
The Mission has and is following up with the recipient to have the audit submitted. The closeout audit report is expected to reach USAID not later than September 30, 2006.

<u>PIL-674-0323-5041-08 (SAQA) (one report listed):</u>
This is a Fixed Amount Reimbursement Agreement and thus no audit is required.

Based on above, the Mission requests that the requirement for this audit report be removed from the list of delinquent audit reports.

<u>PIL-674-0309-5048-05 (National Youth Commission) (one report listed)</u>
This is a Fixed Amount Reimbursement Agreement and thus no audit is required.

Based on above, the Mission requests that this report be removed from the list of delinquent audit reports cited in the draft report.

PIL-674-0309-5048-06 (National Youth Commission) (one report listed)
This is a Fixed Amount Reimbursement Agreement and thus no audit is required.

Based on above, the Mission requests that the report be removed from the list of delinquent audit reports cited.

PIL-674-0315-5042 (Peninsula Technikon): The audit plan for each year is developed using an estimated expenditure for the year. Pentech was included in the audit plan for year 2003 based on anticipated expenditure. The actual expenditure for Pentech for audit that was included in audit plan 2003 is $222,870.80, $77,129.20 less than the $300,000 audit threshold. This audit report is not delinquent because the audit threshold was not exceeded.

Based on above, the Mission requests that the report be removed from the list of delinquent audit reports cited in this recommendation. Please note, that because the organization did expend more than $500,000 through the life of the agreement, a closeout audit will be address in recommendation # 5.

CA/GA-674-A-00-01-00002 (Read Education Trust) (two reports listed):
The audit is in process. Report is expected at USAID/SA not later than April 30, 2006.

CA-674-0309-A-00-0039 (Desmond Tutu Trust) (one report listed)
A draft report has been received and a final report will be issued not later than April 30, 2006;

PIL-674-0315-5042-UDW (University of Durban Westville) (three reports listed):
The University has merged with the University of Kwa-Zulu Natal. The Mission will include this audit in the Agency Contracted Audit of the University of Kwa-Zulu Natal expected to commence in June 2006. The report is to be submitted to the RIG by December 2006.

GA-674-0303-G-SS-4128 (USSALEP) (one report):
This is a US organization and falls under the A-133 Single Audit Act. Audits are a responsibility of the US office and not the USAID/SA.

Based on above, the Mission requests that the report be removed from the list of delinquent audit reports cited in the draft report.

The comments above constitute the USAID/ South Africa management response for recommendation #2 of the draft audit report.

Recommendation #3: We recommend that USAID/South Africa develop and implement a system to ensure that the Mission reviews, approves and maintains a copy of an audit agreement containing a standard statement of work that incorporates USAID's audit requirements for every recipient audit.

Management Response
USAID/ South Africa concurs with the recommendation. The Audit Tracking Systems (attachment #1) ensures that the Mission reviews, approves and maintains a copy of an audit agreement containing a standard statement of work that incorporates USAID's audit requirements for every recipient audit.

The Audit Management Office, at least (4) months prior to end of recipient's financial year end, sends out a notification to recipient that an audit of USAID funds will have to be conducted. Included in this letter is a clause that requires that USAID's standard statement of work be used and that it be reviewed and approved by USAID. A copy of the approved statement serves as an audit agreement and is kept on file in the USAID audit management office for reference. See attachment #5 (emails with statement of work and approval).

Based on above, it is requested that the issue be considered corrected and be closed upon issuance of the final report.

Recommendation #4: We recommend that USAID/South Africa amend its Mission Order No. 591.002 to ensure that closeout audits of expiring awards in excess of $500,000 are included in future audit plans and performed as required.

Management Response
USAID/ South Africa concurs with the recommendation. The draft Mission Order that ensures that closeout audits of expiring awards in excess of $500,000 are included in future audit plans and are performed as required is being reviewed by Mission management.. A final document will be issued out by May 30, 2006.

Recommendation #5: We recommend that USAID/South Africa complete and submit audit reports for all expired awards requiring closeout audits.

Management Response
USAID/ South Africa concurs with the recommendation. An extensive review of the 92 awards listed as requiring closeouts showed that all but three (National Health Lab Services, Peninsula Technikon, and Home Loan Guarantee Company) were over three years old (many were significantly more than three years old). Of the three, the Home Loan Guarantee Company is a US-based organization and not subjected to the same audit requirement.

According to US government guidelines (included in ADS 502, Appendix 6a), organizations are not required to maintain financial documentation more than three years. This presents a problem in auditing organizations, especially those that go back five or seven years. The mission recognizes the error that occurred in not requiring closeout audits on each of these organizations. Fortunately, the error has been corrected during the last three years and close-out audits are required for all organizations that expend more than $500,000 for the life of the agreement.

Regretfully, it is no longer viable to go back and attempt to audit the older projects. As such, the Mission has made a decision to only complete closeout audits on those awards that have expired within the last three years. We are currently in the process of concluding close-out audits of National Health Lab Services, and Pennisula Technikon. These close-out audits will be completed by December 2006.

Recommendation #6: We recommend that USAID/South Africa include all identified host country contracts in its award inventory for fiscal year 2006.

Management Response
USAID/ South Africa does not concur with the recommendation. For the period that was audited, Host Country Contracts were included in the award inventory. A review of the audit support documentation revealed some confusion due to the names of organizations (ie. The Department of Education was listed as National DoE in the Agreement, but Department of Education in the Audit Inventory) or other factors (such as multiple PILs for one organization). Each Host Country Contract was, in fact, included in the inventory. The Mission respectfully requests the recommendation be removed.
(Documentation in support of the Mission's position is available for review in the Financial Management Office).

Recommendation #7: USAID/SA amend Mission Order 591.002 to include procedures for including host country contracts in award inventories and annual audit plans, as appropriate.

Management response:
USAID/ South Africa concurs with the recommendation. The draft Mission Order that includes procedures for including host country contracts in award inventories and annual audit plans is being reviewed by Mission management. A final document will be issued out by May 30, 2006.

Recommendation #8: USAID/SA to complete and submit closeout audits for the two expired host country contracts with expenditures over $500,000 as required in Section 3.9 of the Country Contracting Handbook.

Management response:
USAID/ South Africa concurs with the recommendation. A letter requesting that a closeout audit be performed will be sent to the two host country contractors referred to in the draft report by March 30, 2006. The audit will be completed by December 2006.

LIST OF DELINQUENT AUDITS AS OF DECEMBER 31, 2005

	Award Number	Recipient's Fiscal Year End	Total Amount of Award (in US $)	Estimated Annual Expenditures (in US $)[8]	# of Days Between Audit Report Due Date and 12/31/05
1	CA-674-0309-A-00-0038	12/31/03	15,958,394	1,597,197	457
2	CA-674-0322-A-00-7045*	12/31/99	2,047,000	533,997	1,918
3	CA-674-0322-A-00-7045*****	12/31/00	2,047,000	302,022	1,553
4	GA-674-0309-G-SS-2044*****	12/31/01	1,933,600	921,619	1,187
5	GA-674-0309-G-SS-2044*****	12/31/02	1,933,600	302,022	822
6	GA-674-0309-G-SS-2044	12/31/03	1,933,600	436,185	457
7	PIL-674-0323-5041-08*****	3/31/02	1,377,791	331,387	1,096
8	PIL-674-0309-5048-05 & PIL-674-0309-5048-06*****	3/2/02	572,500 200,000	594,401	1,126
9	PIL-674-0315-5042	12/31/03	1,733,534	309,139	457
10	CA/GA-674-A-00-01-00002	3/31/03	4,000,000	n/a	731
11	CA/GA-674-A-00-01-00002	3/31/04	4,000,000	n/a	365
12	CA-674-0309-A-00-0039	3/31/04	15,000,000	n/a	365
13	PIL-674-0315-5042-UDW	12/30/02	1,408,816	364,036	823
14	PIL-674-0315-5042-UDW	12/31/03	1,408,816	n/a	457
15	GA-674-0303-G-SS-4128	12/31/98	3,868,117	n/a	2,192

[8] Agreement numbers with no corresponding estimated expenditures are presented as they appear in the Mission's audit plans.

* The award numbers were obtained from the Mission's award inventory for fiscal year 2003.

LIST OF EXPIRED AWARDS REQUIRING CLOSEOUT AUDITS

	Award Number	Recipient's Fiscal Year End	Total Amount of Award (in US $)	# of Days Between Audit Report Due Date and 12/31/05
1	GA-674-A-00-00-00029	02/28/02	1,133,378	1,126
2	PIL-674-0315-5042/5073	12/31/04	531,638	457
3	674-0309-G-SS-1016-01	4/30/2000	1,567,922	1,795
4	GA-674-0301-G-SS-5062	3/31/2002	568,842	1,096
5	GA-674-0301-G-SS-2089	10/31/1996	986,913	3,074
6	674-A-00-01-00055-00	12/31/02	1,448,200	822
7	GA-674-0301-G-SS-2009	3/31/1997	972,392	2,923
8	GA-674-0301-G-SS-4095	10/31/1999	1,805,000	1,979
9	GA-674-0301-G-SS-2061	12/31/1996	1,197,743	3,013
10	GA-674-0301-G-SS-4133	10/31/1998	831,750	2,344
11	PIL-674-0312C-010	09/30/04	877,851	183
12	GA-674-0314-G-SS-3038	11/30/1997	1,109,813	2,679
13	GA-674-0301-G-SS-4127	3/31/1997	1,120,500	2,923
14	674-A-00-01-00057-00	1/31/2005	630,000	58
15	GA-674-0302-G-SS-1057	10/31/1996	1,833,365	3,072
16	GA-674-0301-G-SS-4012	9/30/1997	655,582	2,739
17	CA-674-0312-A-00-6077	1/31/1999	500,000	2,252
18	GA-674-0305-G-SS-0047	6/30/1997	788,404	2,832
19	GA-674-0301-G-SS-4136	12/31/1996	844,178	3,013
20	674-A99-DCA-02	10/04/01	676,653	1,275
21	GA-674-0312-G-SS-2073	3/31/1997	2,500,000	2,921
22	674-02-DCA-LGA-01	10/15/03	800,000	532
23	674-G-00-01-00037-00	7/31/2003	544,473	608
24	GA-674-0301-G-SS-4174	2/28/1997	1,524,596	2,954
25	CA-674-0301-A-00-6080	6/30/1999	1,180,000	2,102
26	CA-674-0303-A-00-6074	9/30/1997	500,000	2,740
27	GA-674-0318-A-00-5029	9/30/1998	1,400,000	2,375
28	CA-674-0309-A-00-6075	12/31/1999	1,360,000	1,917
29	CA-674-0315-A-00-6073	6/30/2000	1,288,005	1,736
30	GA-674-0302-G-00-6063	6/30/1999	1,125,000	2,100
31	GA-674-0301-G-SS-4113	5/31/1999	1,998,593	2,132
32	CA-674-0301-A-00-6086	6/30/1999	3,000,000	2,100
33	GA-674-0303-G-SS-2048	9/30/1996	1,587,564	3,105
34	674-AA99-DCA-001	9/30/2002	905,000	914
35	GA-674-0312-G-SS-3073	10/31/1996	1,270,000	3,074
36	GA-674-0312-G-SS-3063	6/30/1997	1,299,475	2,831
37	GA-674-0318-G-SS-4190	3/31/1997	645,000	2,921
38	CA-674-0301-A-00-6080	6/30/1999	599,457	2,100
39	GA-674-0301-G-SS-4077	10/31/1996	524,694	3,074
40	GA-674-0305-G-SS-1021	10/31/1996	2,340,957	3,074
41	GA-674-0301-G-SS-5054	3/31/1997	1,350,000	2,923

	Award Number	Recipient's Fiscal Year End	Total Amount of Award (in US $)	# of Days Between Audit Report Due Date and 12/31/05
42	CA-674-0301-A-00-6079	5/31/1999	1,330,371	2,132
43	GA-674-0314-G-SS-3036	3/31/1997	850,000	2,923
44	674-AA01-DCA-001	7/28/2002	537,530	1,555
45	GA-674-0301-G-SS-5019	5/31/1998	818,147	2,497
46	GA-674-0301-G-SS-4147	1/31/1997	655,000	2,982
47	674-G-00-00-00068-00	10/15/2001	652,000	1,264
48	CA-674-0312-A-00-7036	6/30/1999	538,678	2,102
49	CA-674-0312-A-00-6072	12/1/2001	600,000	1,217
50	GA-674-0301-G-SS-4099	8/31/1999	2,339,261	2,040
51	GA-674-0312-G-SS-4165	9/30/1998	1,000,000	2,375
52	PIL-674-0315-5042	6/30/2003	777,143	641
53	GA-674-0314-G-SS-4070	5/31/1997	542,580	2,862
54	PIL-674-0315-5042	6/30/2003	536,646	639
55	PIL-674-0303-5046-32	3/31/2000	748,632	1,825
56	GA-674-0314-G-SS-4084	2/28/1998	675,000	2,587
57	PIL-674-0320-5053-12	3/28/2004	1,050,000	367
58	CA-674-0309-A-00-6044	1/5/2001	1,800,000	1,547
59	GA-674-0314-G-SS-4038	4/30/1998	925,000	2,528
60	GA-674-0301-G-SS-4177	3/31/1997	1,865,908	2,923
61	PIL-674-0315-P-5084-22	07/31/03	682,353	609
62	GA-674-0325-G-98-00051	5/30/2003	818,430	671
63	GA-674-0314-G-SS-4109	11/30/1997	690,000	2,679
64	GA-674-0309-G-SS-2046	12/31/1996	605,900	3,013
65	GA-674-0312-G-SS-3077	6/30/1998	2,000,000	2,467
66	GA-674-A-00-98-00057	10/15/2001	600,000	1,264
67	GA-674-0318-G-SS-4168	11/30/2001	4,500,000	1,218
68	GA-674-0303-A-98-00047	9/30/2001	2,971,082	1,279
69	674-G-00-03-00010-00	12/31/04	500,000	91
70	PIL-674-0323-5041-08	1/31/2000	593,161	1,886
71	GA-674-0312-A-00-00004	3/31/2001	500,000	1,461
72	GA-674-0314-G-SS-2071	2/28/1997	2,000,000	2,953
73	GA-674-0301-G-SS-4169	10/30/1997	1,442,283	2,709
74	GA-674-0312-A-00-00004	3/31/2003	500,000	730
75	CA-674-0321-A-98-00034	06/30/03	868,839	639
76	GA-674-0314-G-SS-4059	10/30/2000	700,000	1,613
77	PIL-674-0312C-010	6/30/2001	700,000	1,370
78	PIL-674-0315-5042-84	12/30/2003	649,625	456
79	PIL-674-0315-5042-62	12/31/2002	737,796	820
80	GA-674-0312-G-SS-4164	6/30/1998	1,000,000	2,467
	Total		89,124,303	

LIST OF HOST COUNTRY CONTRACTS NOT IN AWARD INVENTORIES

	Award Number	Recipient's Fiscal Year End	Contract Amount (In US $)
1	PIL-674-0315-P-5084-22	12/31/2002	938,227
2	PIL-674-0322-P-4182-32	12/31/2001	251,752
3	PIL-674-0322-P-01	10/14/2001	209,000
4	PIL-674-0322-P-4182-31	3/31/2003	33,351
5	PIL-674-0323-5041-30	4/30/2003	216,648
6	PIL-674-0323-5041-18	12/31/2001	366,145
7	PIL-674-0302-5031-08	12/31/2002	17,800
8	PIL-674-0302-5031-08	3/31/2003	232,200
9	PIL-674-0302-5031-08	4/30/2002	190,111
10	PIL-674-0315-5042-134	9/30/2005	388,430
11	PIL-674-0323-5041-27	9/30/2005	166,384
12	PIL-674-0323-5041-17	9/30/2005	115,186
13	PIL-674-0323-5041-20	12/13/2002	3,487,740
14	PIL-674-0323-5041-19	12/31/2002	79,800
15	PIL-674-0323-5041-16	12/31/2002	33,284
16	PIL-674-0323-5041-31	4/30/2003	96,516
17	PIL-674-0323-5041-31	4/30/2003	120,200
18	PIL-674-0322-P-4182-33	6/30/2002	11,662
19	PIL-674-0301-P-4182-39	12/31/2001	171,429
20	PIL-674-0322-P-4182-33	6/30/2002	11,662
21	PIL-674-0322A-P-11	1/31/2002	132,529
22	PIL-674-0322A-P-19	6/30/2004	76,501
23	PIL-674-0322A-P-19	12/31/2004	117,194
24	PIL-674-0322A-P-19	12/31/2004	208,174
25	PIL-674-0322A-P-19	12/31/2004	259,789
26	PIL-674-0322A-P-19	12/31/2004	8,398
	Total		7,940,114

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