



COCA's Role in Auditing Loans & Grants in the Republic of Yemen

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Part one includes:

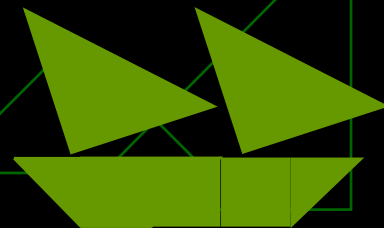
- ◆ Introduction
- ◆ Research's problem and inquires
- ◆ Research's objectives and importance
- ◆ Research's methodology.
- ◆ Statistical principles used in field data study analysis.

Part Two includes:

- ◆ COCA's goals and mandates :

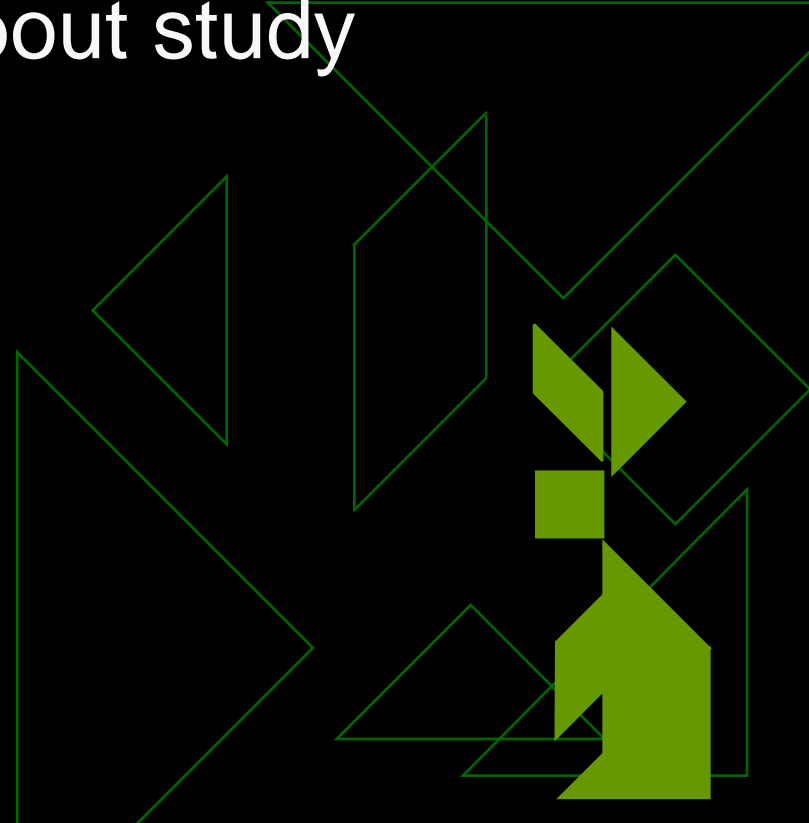
In this part it has been discussed :

- COCA's goals and mandates
- COCA'S Role in Auditing Loans & Grants



Part Three includes:

This part is devoted to discuss the field data study according to research's sampling objectives ,about study changes.

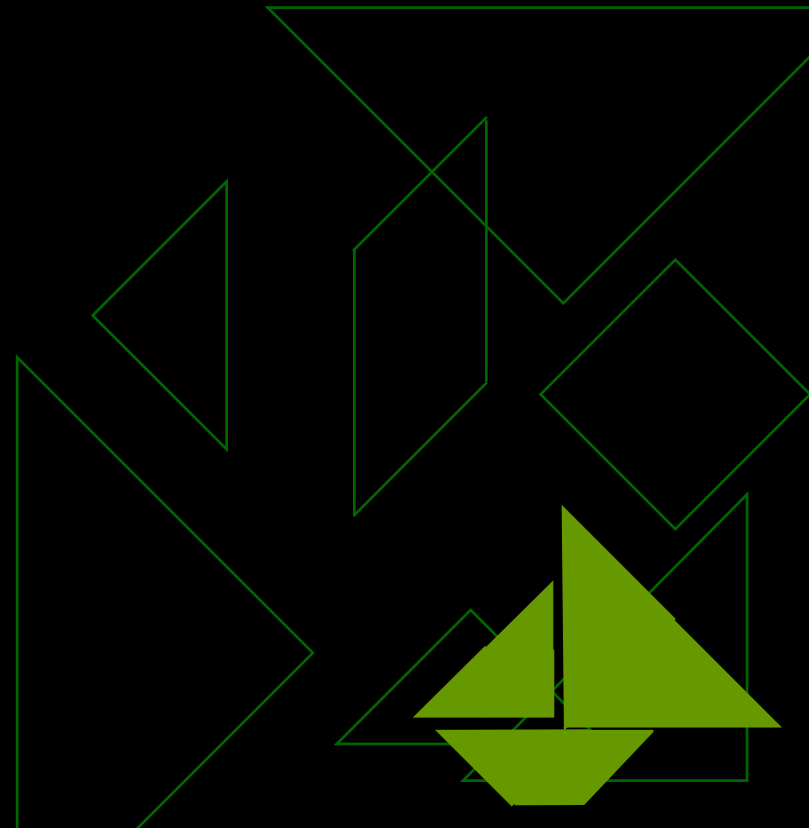


Part four includes:



- ◆ Results

- ◆ Recommendations



Summary on the study's essential points the study has taken in part one.

- ◆ In the Introduction's part it has been focused on COCA's role in Auditing Loans & Grants to maintain public funds in the republic of Yemen as determined in its establishment Law No 39/1992. It is presented in this part ,Coca's main developments in the following .
- ◆ Development in the administrative work.
- ◆ Development in the technical methodology through the following:
 - Issuance of the comprehensive Audit Manual (CAM) .
 - Achievement of 2 Audit Guidelines .
 - Approval on strategy of performance Audit .



It has been referred in brief to the importance of loans & Grants to fund development and economic projects. This importance reflects the responsibility of Coca to enhance its role in Auditing and the assurance of the usage of those loans. Therefore, we would like to put this subject for study and research for the purpose of:

- To get knowledge of the goals & principles that Coca follow in Auditing Loans & Grants .**
- To know about the scope and approaches of Auditing Loans & Grants .**
- To know Loans & Grants Audit Problems**

Research problem

Based on the importance that Loans & Grants occupy according to the study objectives ,there for the study problem has been determined and its inquiries raised .

Research methodology

To achieve the study objectives and to answer its main inquiries, so descriptive and analytics methodology is defined to cover the part concerned to CoCA's goals and its Audit mandate depending on the references and official documents... Furthermore the survey form has been designed as a tool to collect practical Data & information. That form includes three variable points designed to answer the following study's inquiries .

No	Descriptions	No of questions
1	the principles& goals that the process in Auditing Loans &Grants	2
2	Essential Aspects of Auditing foreign Loans &Grants.	12
3	Loans &Grants Audit Problems	8

Study society

Then there was lecurt's quintet standard that was chosen (totally agree .i disagree).

- The Study society has been decided by total of the Coca's staff including the COCA top management in the head office in the Yemeni Capital Sana'a which is about 700 Auditors.
- The 25% has been selected as optional sampling which is about 175 Auditors ,there were responses of 142 persons representing 80% of the sampling but there were 123 forms 70% were good & suitable to analyze.

Statistical principles that used in the study's analysis

- The two researchers have used (Spss) Program in the field data analysis to get:
- accounting average to determine the core of the accounting average of the study changes.
 - The balanced means, in order to make sure the accounting average core.
 - Variation analysis (Anova) to examine and know the variation of the sampling opinions (Auditors/top management)

In the second part of the study in point A:

It has been focused on Coca's goals & mandates as it is mentioned in articles 7,8,9 of its law number 39/92. It was noticed that there is no generally vital differences in the content with the international SAIs in the mandates and roles, but in our organization the role is defined in three goals as follows:

First goal: to achieve effective control on the public funds and to ensure that utilizes its resources in an economic & effective and efficient manner.

Second goal : to contribute to develop the Audited entities work .

Third goal: to contribute to develop the Auditing& accounting work in Yemen.

The study focused on Coca's Role based on the first goal which is summarized in:

Financial control –performance Audit – legal Audit .

In the point B of this part there is a preview of Coca's role in Auditing Loans & Grants according to article number 7&8 Para (i) of Coca's law which indicates :

Coca has the right to Audit the loans and Grants which were contracted with any international or local entity and has the right to Audit all its documents and contracts and to make sure they are recorded in the entities records whether they get loans or give loans , moreover Coca has to make sure that the loans/Grants has been received by public treasuries according to the agreements .

-Auditing the Grants offered from/to local or abroad entities to ensure its compliance with laws ,regulations ,and decisions considering the applied rules and terms mentioned in contracts and agreements .

-Follow up and evaluation of Loans &Grants agreed with donors and foreign banks ,as well as to follow up the consumption of each of them and ensure the deserved interests .

This commitment is entitled to the general management of loans and grants followed by the administrative and financial affairs sector.

The decree of Coca president no (179) for the year 1993 and no (31) for year 1999 has defined the duties and commitments of the general management of loans and grants to Audit the following:


- Projects funded by development Arab funds.**
- Projects funded by international Agricultural development funds .**
- Projects funded by KFW.**
- Projects funded by OPEC funds.**
- Projects funded by different resources.**
- To study and evaluate the foreign loans agreements that Yemen signs with different agencies.**

In addition ,other Auditing sectors contribute in the financial audit on other foreign funded projects such as:

- Projects funded by international development agency audited by Economic Sector .**
- Population activities projects funded by UN funds ,audited by administrative Sector and Administrative units Sector.**

There are also a number of projects audited by private Sector and supervised by COCA.

In the last period Coca has done:

- Building cadre capabilities in foreign loans audit.**
 - Improving its outcomes in the field of auditing loans .**
 - Coca got benefits from the supported projects offered from Dutch and UNDP in training auditors.**
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- A collection of various green-outlined geometric shapes, including triangles, squares, and rectangles, scattered in the bottom right corner of the slide.

Part three includes:

- ◆ Field data study has been analyzed according to the presented opinions by the research sample .
The two researchers have found that there were no differences or variances between the opinions of tope management (which its number is 17)and the auditors (which its number is 106)they are merged together in one sample .The results of the analysis according to the study variables are as below:
- ◆ -Goals and principles that audit process takes place for public debts according to the lecurt's measurement, the analysis results appear in the following table of means and standard deviation

No	phrase	Means	standard deviation
1	Coca audits the level of policies committed of abroad loans	3.6203	1.0508
2	Examination and evaluation of the internal control of loans accounts.	3.4879	1.0352
3	Coca conducts auditing on abroad loans according to the international standards.	3.5041	5.8905
4	Coca completes auditing through records	3.5285	1.0108
5	A complete annual plan of auditing loans.	3.5772	5.8871

No	phrase	Means	standard deviation
6	There are capabilities in Coca to conduct auditing program	3.9106	5.8871
7	Auditing abroad debts aims to ensure how to achieve abroad debts goals .	4.0407	5.7234
8	Ensuring safety of policies and procedures taken to record and serve abroad debts .	3.7886	5.3708

-It can be noticed that the analysis results in the following table all values of means for the (8)phrases are more than (3) in the above table.

-The degree of standard deviation of those means was small, except in phrases 1,2,4- the others were great. All opinions meet constantly “variable 3,5,6,7,8”

-The opinion of fixed variables 1,2,4 were different .As a result of that the auditing process relates to the goals and principles .

With regards to the essential aspects of the conducted audit of the abroad loans ,the analysis shows the following results :

No	phrase	Means	standard deviation
1	To ensure the commitment of the concerned parties of loans on the procedures and law.	3.7724	1.0148
2	All operations related to the loans should be recorded when it happens.	3.6911	1.0722
3	To ensure managing abroad loans	3.4634	1.0024
4	Auditing the procedures efficiency and sufficiency which related to the abroad debts payments.	3.3821	0.2010

No	phrase	Means	standard deviation
5	Checking ,Auditing and Evaluating abroad debt costs.	3.3008	0.9490
6	Auditing revenues resulted by abroad debts withdraw.	3.3171	0.9861
7	Auditing all expenditures including allocations devoted for abroad debt services .	3.7561	0.8526
8	Auditing merit prompts and verify the increment average of the debt load.	3.4146	0.9994

No	phrase	Means	standard deviation
9	Auditing and evaluating the economic and technical study of the abroad debt agreements	3.3496	1.0938
10	Submission of audit loans reports to the concerned parties.	4.0488	0.7773
11	To ensure if all proofs and documents of loans agreements are available .	4.1057	0.7662
12	Auditing projects funded by loans and ensuring the safety of implementation.	4.122	0.7420

- ◆ -The degree of means is more than (4) with regard to the variable 1,2,7,10,11,12.
- ◆ -The degree of the standard deviation for those variables was small except the variable 1,2. we can conclude that the opinion in the questionnaire meet the variables stability 7,10,11,12.
- ◆ - With regard to the variables 3,4,5,6,8,9 degree of means was near to (3). we can conclude that the opinion in the questionnaire ensure they do not about those aspects because of the high values of the standard deviation of those variables especially variables 3,9.

Analysis results have shown the problems related to auditing abroad loans as the following:

No	phrase	Means	standard deviation
1	No laws and regulations organizing the law process .	3.5935	1.0468
2	There is no audit mandate of loans .	3.5935	1.0546
3	Lack of qualified cadre.	3.1707	1.1359
4	Obstacle related to restrictions on Coca.	3.5610	1.0724
5	Variety of parties responsible of abroad loans .	3.9431	0.9260

No	phrase	Means	standard deviation
6	Variety of accounting systems	3.6504	0.9142
7	Variety of training programs	3.9675	0.9112
8	Restrictions and auditing loans by external accountants .	3.7333	1.0703

The degree of means which approximately (4) is for the variable 1,2,4,5,6,7,8 while it is 3 degree for the variable (3).

-The opinions in the questionnaire meet the stability for the variables 5,6,7 while there are different opinions about the variables 1,2,4.

Part four includes:

Results and Recommendation

It can be said that according to the study .we can conclude the following :

First: Results:

- 1-the decree no(39)for the year 1992has defined Coca mandates including financial, performance and legal audits.
- 2-All audits in Coca depend on a precise methodology represented by comprehensive audit manual and a number of guidelines base on international standards.
- 3-Although foreign loans audit committed by general management of loans and grants there are some sectors contribute in auditing some projects funded internationally that may cause a duplication in task implementation among sectors.

With regard to the goals and principles which are followed during auditing loans ,it has been noticed through the sample opinions that those goals and principles are as below :

- Coca conducts audits loans according the agreed audit standards and a special manual of auditing loans that Coca auditors should follow .**
- There is a complete annual plan prepared and approved ,according which all loans audits are conducted .**
- Availability qualified capabilities at Coca to conduct training programs in all operations related to foreign loans .**
- The process of auditing foreign debts aims to assure the achievement of public policies goals of foreign debts which may lead to an effective control on those loans .**

Assurance of the policies and procedures taken to contract ,record and foreign debts costs .As well as the repaying procedures.

5- The study proves that essential aspects of auditing loans were as below :

-All expenses including devoted to foreign debts costs should be audited .

-Submission of reports to the concerned parties related to the public debts management and entities responsible to manage projects funded by loans.

-To ensure the availability of all evidences and documents for each loan agreement.

-Auditing projects executed by foreign loans and assurance of execution safety.

It can be concluded from the field data study that the main problems may hinder the process as collected from the research sample opinions are as the following :

- Variety of parties responsible on foreign loans management and data contradictions .**
- Variety of accounting systems for the agencies responsible for loans and the responsible agencies of projects execution.**
- Shortcoming in training programs which aim to upgrade the cadre skills and capabilities concerned to loans works.**

Second: Recommendations

According to the results extracted from the data study analysis , the study recommends the following :

- 1- Coca , which is now in the frame of reengineering work process ,should review its organizational structure in order to make a job description for each sector ...
Especially ,auditing loans we can say that it should be as a supported management followed by the presidents office and it assists all other sectors in the field of:
 - Collecting all legislations , systems ,instructions ,agreements ,and statistics related to public debts and information exchange, with the technical sectors annually and directly ,which is about auditing of those loans.
 - Studying public debt influences focused on the data it may collect and assuring it with the local outcome ,national revenues as well as the size of exports in order to compare the costs returns and evaluation reports

- Recording all loans and grants when they happen according to a suitable mechanism which may provide a system of the loans size, used, settled and rests of the original loans as well as the loans load, In addition the conditions related to loans and grants.**
- Collecting the submitted reports from sectors and study them in order to make sure its quality and benefit of the data for analyzing the general indicators of loans.**

2-Coca should improve work procedures in the field of loans in coordination with all levels, that will be through :

a- modernization the comprehensive audit manual according to international standards

b-Issuance of the guidelines in the field of auditing public debts (locally& abroad) and to get benefits from the directions issued from the intosai PDC.

3- Follow up the concerned agencies to issue the public debts law ...this law should organize loans policies and operations in Yemen.

4- This study recommends Coca to follow up the responsible agencies of public debts to establish a central management with all required resources In order to manage

all debts operations (administratively /financially) according to the information and accounting systems with what enables the government to implement policies in loans according to law.

5- Coca should exert more efforts and benefit from the supported projects in the field of building capacities ,performance audit, cash policy ,and information technology.

THANK YOU

