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AUDIT OF THE CHICAGO
OFFICE OF THE COSTA RICAN COMMISSION
FOR DEVELOPMENT INITIATIVES (CINDEF)

Audit Report No. 1-515-88-16-X
July 18, 1988

AGENCY FOR INTERNATIONAL DEVELOPMENT

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July 18, 1988

MEMORANDUM

TO : D/USAID/Costa Rica, Carl H. Leonard
FROM : RIG/A/T, *Constance A. Hestand*
Coinage N. Gothard, Jr.
SUBJECT: Audit Report No. I-515-88-16-N, "Audit of the Chicago Office of the Costa Rican Coalition for Development Initiatives (CINDE)"

This report presents the results of a non-Federal financial and compliance audit of the Chicago Office of the Costa Rican Coalition for Development Initiatives (CINDE). The certified public accounting firm of Price Waterhouse in Costa Rica prepared the report, which is dated June 30, 1988.

The purpose of this audit was to report on (1) the fairness of the fund accountability statement for the period March 15, 1986 to September 30, 1987; (2) the system of internal control, including procurement practices; and (3) compliance by CINDE's Office in Chicago with applicable laws, regulations, and agreement terms.

Through substantive tests, Price Waterhouse determined that, in their opinion, the fund accountability statement presented fairly the cash receipts and disbursements of the Chicago Office of CINDE for the period from March 15, 1986 to September 30, 1987, except for \$11,094 in questionable costs identified. Price Waterhouse's study and evaluation of internal accounting control and procurement practices was limited to a preliminary review because they determined that the small size of the Chicago Office of CINDE did not permit an adequate internal control system and they observed some control weaknesses during the preliminary review phase which they believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the fund accountability statement, taken as a whole, may occur and not be detected within a timely period. The weaknesses observed were (1) bank account reconciliations not prepared, (2)

cancelled checks not reviewed for genuineness of endorsements, (3) various errors in monthly expense reports, (4) inadequate documentation supporting certain costs, (5) inadequate controls over per diem expenses, and (6) itemized budgets not prepared. In the opinion of Price Waterhouse, CINDE's Office in Chicago complied with agreement terms and applicable laws and regulations tested, except that (1) approval was not obtained for extraordinary expenses in connection with the Costa Rican President's visit, which were more than 15 percent of budgeted amounts; (2) per diem charged exceeded CINDE's authorized rate and further exceeded the A.I.D. authorized rate; and (3) the applicable 10 percent tax was not withheld from employees' salaries. For items not tested, nothing came to their attention to indicate non-compliance. The questionable costs identified were related to the extraordinary expenses charged in connection with the Costa Rican President's visit, excess per diem charges and inadequate supporting documentation.

The Price Waterhouse report contains six recommendations to improve internal controls and three recommendations on compliance with agreement terms and applicable laws and regulations. We believe that the findings are significant and, as a result, we will include the following recommendation in the Office of the Inspector General's audit recommendation follow-up system:

Recommendation No. 1

We recommend that USAID/Costa Rica:

- a. obtain evidence from the Chicago Office of the Costa Rican Coalition for Development Initiatives (CINDE) to demonstrate that it has implemented the six recommendations for improving internal accounting controls and the three recommendations for compliance contained in the Price Waterhouse report, dated June 30, 1988.
- b. negotiate a settlement concerning the disposition of the \$41,064 in costs questioned by the Price Waterhouse report, dated June 30, 1988.

Please advise this office within 30 days of actions planned or taken to implement this recommendation.

AUDIT OF THE CHICAGO OFFICE OF THE
COSTA RICAN COALITION FOR DEVELOPMENT
INITIATIVES (CINDE)

SEPTEMBER 30, 1987



AUDIT OF THE CHICAGO OFFICE OF THE COSTA RICAN
COALITION FOR DEVELOPMENT INITIATIVES (CINDE)

SEPTEMBER 30, 1987

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Price Waterhouse



June 30, 1988

Mr. Coinage N. Gothard
Regional Inspector General for Audit
U.S. Agency for International Development
Tegucigalpa, Honduras

Dear Mr. Gothard:

This report presents the results of our financial and compliance audit of the Chicago Office of the Costa Rican Coalition for Development Initiatives (Coalición Costarricense de Iniciativas de Desarrollo - CINDE), for the period from March 15, 1986 (inception date) to September 30, 1987.

BACKGROUND

The Costa Rican Coalition for Development Initiatives (CINDE), is a private nonprofit organization created under the laws of Costa Rica in October 1982 and headquartered in San José, Costa Rica. CINDE's purpose is to promote private sector initiatives, increase Costa Rican exports, and create an environment conducive for foreign private investments. CINDE obtains financial assistance from the Agency for International Development in Costa Rica (USAID/CR), which is provided in local currency and U.S. dollars, through Memorandums of Understanding (MOU) as part of the assistance to the Government of Costa Rica under the U.S. Program for Economic Support.

On November 5, 1985, through Implementation Letter No. 37 (USAID/CR Project No. 515-0190) of the Memorandum of Understanding related with the Policy Planning and Administrative Improvement (PPAI) signed by USAID/CR and CINDE on June 28, 1984, USAID/CR allowed CINDE to provide a grant to the Chicago Association of Commerce and Industry (CACI) to finance CACI's assistance in the promotion of Costa Rican exports and investments in the Midwest Area of the United States of America. The agreement indicated that CACI was to be responsible for trade promotion and CINDE for investment promotion under a joint project.

Under the terms of the above mentioned implementation letter, a non-refundable financial assistance agreement No. PIE/1 for \$511,538 was signed between CINDE and CACI to accomplish the above mentioned objectives during a two year period, commencing on October 1, 1985.

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As part of the agreement between CINDE and CACI, it was agreed that Mr. Alvaro Arguedas, an official from CINDE, would be designated as a full-time coordinator of the promotion activities developed by CACI. Therefore, Mr. Arguedas was provided with office space and clerical support within CACI's offices until July 1986, month in which he requested and obtained funds for separate office space and administrative support for the mentioned promotion activities. Accordingly, CACI agreed to disburse to Mr. Arguedas a monthly allowance of \$2,939.20 during the period from July 1, 1986 to June 30, 1987, to cover primarily rental expenses of the separate office.

Upon the mentioned separation of activities, CINDE established the Costa Rican Investment Promotion Program for the Midwest Area of the United States of America, located in Chicago, Illinois and Mr. Alvaro Arguedas became the manager in charge of this office. The expenses of the CINDE's Chicago Office, including Mr. Arguedas salary, were financed primarily by CINDE through the Memorandum of Understanding described in the following paragraph; and the monthly rental, among other minor expenses, were covered through the funding received from CACI. All income and expenses of the CINDE Chicago Office were reported separately by Mr. Arguedas in the monthly expense reports sent to CINDE.

In April 1987, CINDE and USAID/CR signed a Memorandum of Understanding (MOU) for the support of CINDE's Program for Investments and Exports (PIE) which is responsible for the implementation of a model investment promotion program, capable of attracting foreign investors to Costa Rica and increasing Costa Rican exports. An important part of such program is the establishment of a network of five offices of CINDE in the United States of America and one office in Europe, which are in charge of direct promotion activities with potential investors and buyers of such countries. Although the mentioned MOU was signed in April 1987, the effective date of such agreement was established for January 1, 1986 and the completion date scheduled for December 31, 1987.

AUDIT OBJECTIVES AND SCOPE

The overall objective of the examination was to perform a financial and compliance audit of the fund accountability statement of the Chicago Office of CINDE for the period from March 15, 1986 to September 30, 1987.

Our examination was performed in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 Revision) and

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consequently included the examination of the accounting records and other auditing procedures which we considered necessary in the circumstances to determine that all transactions were adequately documented and controlled, and used for authorized purposes.

The scope of the examination included sufficient tests to determine whether: (1) the fund accountability statement of the Chicago Office of CINDE presents fairly its financial operations for the period from March 15, 1986 to September 30, 1987; (2) the internal accounting controls applied over transactions of the Chicago Office were adequate; and (3) CINDE and the Chicago Office have complied with applicable laws, regulations and agreement terms that may have an effect on the fund accountability statement.

The results of our work are included in the following three reports:

- Report on the fund accountability statement.
- Report on the internal accounting control system.
- Report on the compliance with applicable laws, regulations and agreements.

The scope of our work consisted of the following:

1. Review of income and expenses associated with CINDE's Chicago Office for the period from March 15, 1986 to September 30, 1987, as summarized in the fund accountability statement.
2. Study and evaluation of the internal accounting controls including compliance and substantive tests, as considered necessary in the circumstances, to determine whether the disbursements were properly allocated and adequately supported.
3. Review of Memoranda of Understanding and agreements under which the funds were provided.
4. Reconciliation of the amounts recorded by CINDE's Chicago Office as funds received from the Chicago Association of Commerce and Industry (CACI) with those reported as disbursed by CACI.
5. Review of the reconciliation of the bank account that controls the funds provided to CINDE's Chicago Office, and of the endorsements shown on cancelled checks issued from that bank account.

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6. Physical inspection of major fixed assets acquired by CINDE's Office in Chicago during the period under examination.
7. Determination of whether CINDE and the Chicago Office paid fair and reasonable prices for goods and services and used sound commercial practices.
8. Determination of whether CINDE and its Chicago Office have complied with the terms and conditions of applicable laws, regulations and agreements which may have an effect on the fund accountability statement of that office.

RESULTS OF AUDIT

Fund Accountability Statement

The fund accountability statement of CINDE's Chicago Office presents fairly the results of operations of such office for the period from March 15, 1986 to September 30, 1987, except for \$41,064 of expenditures that are detailed in Note 4 to the fund accountability statement, which in our opinion are questionable costs.

Internal Accounting Controls

Our study and evaluation of the internal accounting control system revealed the following weaknesses:

- Periodic reconciliations for CINDE's Chicago Office bank account were not prepared.
- Cancelled checks issued from CINDE's Chicago Office bank account were not reviewed for the genuineness of payee's endorsements.
- The monthly expense reports of CINDE's Chicago Office contained clerical errors.
- Certain disbursements were supported by inadequate documentation.
- Per diem charged by the manager of CINDE's Chicago Office exceeded the authorized daily rate.
- CINDE's Chicago Office did not prepare itemized budgets.

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Mr. Coinage N. Gothard

We believe that these weaknesses result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the fund accountability statement may occur and not be detected within a timely period. However, through substantive tests, we were able to satisfy ourselves as to the reasonableness of the fund accountability statement for the period subject to audit.

Compliance with Applicable Laws, Regulations
and Agreement Terms

Our study of the applicable agreements and regulations that could have an effect on the fund accountability statement of CINDE's Chicago Office, disclosed that CINDE complied with the tested terms of such agreements, except for the following matters:

- CINDE did not obtain written approval from USAID/CR for the expenses incurred during the visit of the President of Costa Rica to the Office in Chicago.
- CINDE's authorized per diem rate for Chicago exceeds USAID's maximum daily rate for that location.
- CINDE did not withhold the applicable 10% withholding tax on salaries paid to employees of the Office in Chicago.

Nothing came to our attention that caused us to believe that items not tested were not in compliance with applicable laws, regulations and agreement terms.

MANAGEMENT COMMENTS

We submitted a draft copy of this audit report to CINDE's management for their review and analysis. The written comments of CINDE's management on this report are included in the attached Appendix I and have been considered in the final report. Additionally, a summary of noteworthy accomplishments of CINDE's Chicago Office, as prepared by CINDE's personnel, is presented as Appendix II.


Lic. Douglas Acosta Porras

* * *



Price Waterhouse



CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON THE FUND ACCOUNTABILITY STATEMENT

AUDITOR'S OPINION

We have examined the fund accountability statement of the Chicago Office of the Costa Rican Coalition for Development Initiatives (Coalición Costarricense de Iniciativas de Desarrollo - CINDE), for the period from March 15, 1986 to September 30, 1987. Our examination was made in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 Revision) and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 1 to the fund accountability statement, CINDE's policy is to prepare the accompanying fund accountability statement on the basis of cash receipts and cash disbursements; consequently, certain revenues and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying fund accountability statement is not intended to present the results of operations in conformity with generally accepted accounting principles.

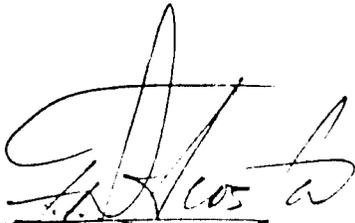
In our opinion, except for the questionable costs disclosed in Note 4, the accompanying fund accountability statement presents fairly the revenue received and disbursements made by CINDE's Chicago Office, for the period from March 15, 1986 to September 30, 1987, in conformity with the basis of accounting explained in Note 1.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON THE FUND ACCOUNTABILITY STATEMENT

AUDITOR'S OPINION

This report is intended solely for the use of the Costa Rican Coalition for Development Initiatives (CINDE) and the Agency for International Development (USAID). However, this restriction is not intended to limit distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.



Lic. Douglas Acosta Porras



May 2, 1988

EXEMPT FROM STAMP TAX - LAW NO. 6663

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

FUND ACCOUNTABILITY STATEMENT FOR THE PERIOD
FROM MARCH 15, 1986 TO SEPTEMBER 30, 1987
(expressed in U.S. dollars - Note 1)

Income:

Cash transfers received from the Costa Rican Coalition for Development Initiatives (CINDE)	\$265,219
Cash transfers received from the Chicago Association of Commerce and Industry (CACI) (Notes 6 and 7)	32,900
Cash transfers received from other offices of CINDE	6,000
Other income	250
	304,369

Expenditures:

Office manager compensation	100,500
Secretary salary	19,117
Assistant salary	1,900
Professional fees	7,560
Office rental	27,555
Furniture and equipment rental	2,384
Travel expenses	35,760
Mailing expenses	4,438
Office supplies	3,671
Telephone, telex, and other services	12,768
Publications and subscriptions	2,070
Purchase of fixed assets	16,449
Miscellaneous expenses	2,661
Seminars and promotion activities	14,272
Reallocation expenses	5,584
Presidential visit to CINDE's Office in Chicago (Notes 4 and 5)	32,683
Temporary transfers to other offices of CINDE	6,000
	295,372
Cash on hand and in banks at the end of period	\$ 8,997
	=====
Questionable costs (Note 4)	\$ 41,064
	=====

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

NOTES TO THE FUND ACCOUNTABILITY STATEMENT
SEPTEMBER 30, 1987

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Costa Rican Coalition for Development Initiatives (CINDE), is a private nonprofit organization created under the laws of Costa Rica in October 1982 and headquartered in San Jose, Costa Rica. CINDE's purpose is to promote private sector initiatives, increase Costa Rican exports, and create an environment conducive for foreign private investment. CINDE obtains financial assistance from the U.S. Agency for International Development in Costa Rica (USAID/CR) which is provided in local currency and U.S. dollars through Memorandums of Understanding (MOU) as part of the assistance to the Government of Costa Rica under the U.S. Program for Economic Support.

The Program for Investments and Exports (PIE) is a division of CINDE, responsible for the promotion of Costa Rican foreign investments and exports. As part of such promotion activities CINDE has established a network of five offices in the United States of America and one office in Europe, under the direct supervision of the Program for Investments and Exports (PIE). Under this context, the Office of CINDE in Chicago was established on March 15, 1986 to be in charge of the promotion activities in the Midwest Area of the United States of America.

Accounting records

The income and expenditures of CINDE's Office in Chicago are recorded in the accounting records of CINDE in San José and are expressed in Costa Rican colones. However, the fund accountability statement was prepared from the monthly expense reports, expressed in U.S. dollars, which are based on cash receipts and disbursements. Consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

NOTE 2 - FOREIGN CURRENCY REGULATIONS

The Central Bank of Costa Rica is responsible for the administration of the banking system and regulates the rate of exchange in relation to other currencies, except the official rate of exchange.

Since December 10, 1981, the official rates of exchange have been ¢20.00 and ¢20.30 for the purchase and sale of U.S. dollars, respectively, which are applied to very few transactions. Additionally, in 1983, the Central Bank established only one free market rate of exchange which is used for the liquidation of the majority of foreign currency transactions and is adjusted periodically by the Bank.

At September 30, 1987, the free market exchange rates for the purchase and sale of U.S. dollars were ¢64.35 and ¢65.35, respectively. On May 2, 1988, date of the independent auditor's report, these exchange rates were ¢74.05 and ¢75.05, respectively.

NOTE 3 - BUDGETED EXPENSES

The total expenses budgeted for the operation of CINDE's Office in Chicago for the period between March 15, 1986 through September 30, 1987 was for ¢15,450,000 (Costa Rican colones), which corresponds to approximately \$306,000. However, CINDE does not have the policy of preparing itemized budgets for this Office.

NOTE 4 - QUESTIONABLE COSTS

A summary of questionable costs incurred by CINDE's Office in Chicago, as determined by the independent accountant, is shown below:

<u>Explanation</u>	<u>Amount</u>
Services paid but not received (check No. 333)	\$ 300
Original documentation not available (checks No. 150, 201, 375, 532, 539 and 586)	1,206
Expenses documented with credit card receipts (checks No. 133, 134, 154, 274, 428, 459, 460, 546, 566, 584, 606 and 607)	1,859
Excess over CINDE's authorized daily rate for meals (checks No. 100, 101, 104, 182, 217, 241, 258, 322, 337, 350, 371, 392, 397, 432, 439, 441, 468, 483, 503, 505, 533, 547, 551, 580, 583 and 601)	888
Excess over USAID's authorized daily rate for meals (checks No. 100, 101, 104, 182, 217, 241, 258, 322, 337, 350, 371, 392, 397, 432, 439, 441, 468, 483, 503, 505, 533, 547, 551, 580, 583 and 601)	4,128
Costs of presidential visit incurred without USAID/CR's prior written approval (checks No. 176, 185, 186, 187, 189, 194, 195, 197, 198, 199, 200, 202, 203, 206, 207, 209, 212, 215, 220, 221, 224, 229, 230, 232, 245 and 256)	<u>32,683</u>
Total	\$41,064 =====

NOTE 5 - PRESIDENTIAL VISIT

A summary of expenses incurred in September, 1986 during the visit to CINDE's Chicago Office by Dr. Oscar Arias, President of Costa Rica, is shown below:

	<u>Amount</u>
Hotel expenses	\$18,525
Travel expenses	3,541
Professional fees paid	4,896
Receptions and entertainment	3,868
Other	<u>1,853</u>
	\$32,683
	=====

NOTE 6 - INCOME RECEIVED FROM THE CHICAGO ASSOCIATION
OF INDUSTRY AND COMMERCE (CACI)

As part of a joint-venture agreement between CINDE and CACI for the promotion of Costa Rican exports and investments, it was agreed that CACI would disburse directly to the manager of CINDE's Office in Chicago a monthly allowance of \$2,939.20 to cover rental payments of a separate office space and other minor expenses. No duplicate payments were made by CACI and CINDE to cover the expenses of the Chicago Office.

A summary of the income received by CINDE's Office in Chicago as a result of this agreement is shown below:

<u>Description</u>	<u>Amount</u>
Allowance for July 1986	\$ 569
Monthly allowance from August 1, 1986 through June 30, 1987 (\$2,939.20 per month)	<u>32,331</u>
	\$32,900
	=====

Additionally, CACI provided a non-cash contribution to CINDE's Office in Chicago that consisted of a microcomputer with a value of \$5,164.

NOTE 7 - UNRECORDED ADJUSTMENTS

The accompanying fund accountability statement for the period from March 15, 1986 to September 30, 1987 includes an adjustment of total income received for \$2,939.20, which although was not recorded in the books, has been included in the fund accountability statement to properly reflect total income received from CACI (Note 6).

Also, minor reclassifications of items in the expense accounts of CINDE's Office in Chicago have been included in the fund accountability statement.

Price Waterhouse



CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON INTERNAL ACCOUNTING CONTROL SYSTEM

AUDITOR'S OPINION

We have performed a financial and compliance audit of the fund accountability statement of the Chicago Office of CINDE for the period from March 15, 1986 to September 30, 1987, and have issued our report thereon dated May 2, 1988. Our examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 Revision). Solely to assist us in planning and performing our examination, we made a study and evaluation of the internal accounting controls and procurement practices of the Chicago Office of CINDE. That study and evaluation was limited to a preliminary review of the system to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because the organization of the Chicago Office of CINDE is too small to permit an adequate internal control system and due to control weaknesses noted, our study and evaluation of the internal accounting controls and procurement practices was not extended beyond this preliminary review phase. Accordingly, we do not express an opinion on the system of internal accounting control and procurement practices taken as a whole. Also, our evaluation, made in accordance with the standards mentioned above, would not necessarily disclose all material weaknesses in the system of internal accounting control. However, our examination disclosed the conditions described in the accompanying findings No. 1 through 6, which we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the fund accountability statement may occur and not be detected within a timely period.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our examination of the costs incurred by the Chicago Office of CINDE, and this report does not affect our report on the fund accountability statement, dated May 2, 1988.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON INTERNAL ACCOUNTING CONTROL SYSTEM

AUDITOR'S OPINION

This report is intended solely for the use of the Costa Rican Coalition for Development Initiatives (CINDE) and the Agency for International Development (USAID). However, this restriction is not intended to limit the distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

Neil Waterhouse

D. Acosta

Lic. Douglas Acosta Porras

May 2, 1988

EXEMPT FROM STAMP TAX - LAW NO. 6663

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON INTERNAL ACCOUNTING CONTROL SYSTEM

AUDIT FINDINGS

1. PERIODIC RECONCILIATIONS FOR CINDE'S CHICAGO OFFICE BANK
ACCOUNT WERE NOT PREPARED.

Condition:

Neither the officials of CINDE's Chicago Office nor CINDE's accounting department in Costa Rica prepared periodic reconciliations of the Chicago Office's bank account.

Criteria:

The preparation of monthly bank reconciliations is required for bank accounts controlling USAID funds.

Cause:

There were inadequate internal accounting controls over bank accounts.

Effect:

The absence of proper internal controls over funds handled by CINDE's Chicago Office results in a risk of inappropriate management of funds, such as errors or irregularities.

Recommendation:

Monthly bank account reconciliations should be prepared by personnel of CINDE's Chicago Office and reviewed and approved by an authorized official of CINDE in Costa Rica.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON INTERNAL ACCOUNTING CONTROL SYSTEM

AUDIT FINDINGS

2. CANCELLED CHECKS ISSUED FROM CINDE'S CHICAGO OFFICE BANK
ACCOUNT WERE NOT REVIEWED FOR THE GENUINENESS OF PAYEES'
ENDORSEMENTS.

Condition:

Officials of CINDE in Costa Rica did not request cancelled checks issued from the Chicago Office bank account for review of payees' endorsements.

Criteria:

As part of the monthly bank account reconciliation process, cancelled checks should be obtained and their endorsements reviewed for verification of the genuineness of payees.

Cause:

There were inadequate internal accounting controls over bank accounts.

Effect:

The absence of this internal control procedure prevents the timely identification of errors or irregularities that might occur with cash funds.

Recommendation:

All cancelled checks paid from CINDE's Chicago Office bank account should be reviewed by officials of CINDE in Costa Rica for the genuineness of payees' endorsements.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON INTERNAL ACCOUNTING CONTROL SYSTEM

AUDIT FINDINGS

3. THE MONTHLY EXPENSE REPORTS OF CINDE'S CHICAGO OFFICE
CONTAINED CLERICAL ERRORS.

Condition:

Various errors in the preparation of the monthly expense reports were noted, including erroneous classification of certain expenses. A computation mistake was found in the March 1987 expense report which understated the income received and the balance of cash in banks by approximately \$3,000.

Criteria:

The mathematical accuracy of monthly expense reports sent by CINDE's Chicago Office must be reviewed.

Cause:

There were inadequate procedures applied for the review of such expense reports.

Effect:

Income and expenditures of CINDE's Chicago Office could be over- or understated because of these errors. Also, because of such errors some expenses of the Chicago Office may not be properly accounted for in the accounting records of CINDE in Costa Rica.

Recommendation:

The management of CINDE should perform more thorough reviews of the financial information sent by the Chicago Office. Also, the clerical error of approximately \$3,000 should be adjusted in the bank account records of the Chicago Office and CINDE in San José.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON INTERNAL ACCOUNTING CONTROL SYSTEM

AUDIT FINDINGS

4. CERTAIN DISBURSEMENTS WERE SUPPORTED BY INADEQUATE DOCUMENTATION.

Condition:

Certain expenses were documented with improper documentation such as photocopies and credit card receipts, instead of the original documentation.

Criteria:

All disbursements should be supported with adequate original documentation containing clear details of the nature of the expenses.

Cause:

In some cases original and proper documentation is difficult to obtain, mostly from restaurants, while in other cases, the originals of the invoices were missing and only photocopies were kept.

Effect:

The lack of original documentation to support expenditures could allow duplicate payments of invoices to occur and not be detected.

Recommendation:

CINDE's Chicago Office should support all expenditures with proper original documentation. Otherwise, a clear explanation should be provided of the nature of such disbursements and of the reasons for the lack of original documentation.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON INTERNAL ACCOUNTING CONTROL SYSTEM

AUDIT FINDINGS

5. PER DIEM CHARGED BY THE MANAGER OF CINDE'S OFFICE IN CHICAGO
EXCEEDED THE AUTHORIZED DAILY RATE.

Condition:

Per diem charged by the manager of CINDE's Chicago Office exceeded CINDE's daily authorized rate by \$6.00.

Criteria:

Per diem expenses should be based on the daily rate authorized by CINDE and this rate should not exceed the USAID authorized rate.

Cause:

The manager of CINDE's Office in Chicago increased the authorized rate of \$60.00 to cover tip expenses.

Effect:

CINDE reimbursed US\$888 in excess of its approved per diem. This amount is considered a questionable item in this audit report.

Recommendation:

CINDE's management should request repayment of per diem amounts paid in excess of the authorized rate. Additionally, CINDE should exercise better control over the per diem expenses charged.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON INTERNAL ACCOUNTING CONTROL SYSTEM

AUDIT FINDINGS

6. CINDE'S OFFICE IN CHICAGO DID NOT PREPARE ITEMIZED BUDGETS.

Condition:

Budgets for expenses, although prepared on an annual basis, were not itemized into expense categories.

Criteria:

For control purposes, expense budgets should be prepared and controlled based on individual expense categories.

Cause:

CINDE's management did not require the preparation of such itemized budgets.

Effect:

The absence of such itemized budgets prevents CINDE's management from establishing effective controls over variations between budgeted and actual expenses.

Recommendation:

CINDE should require its Chicago Office to prepare itemized expense budgets on an annual basis.

Price Waterhouse



CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON THE COMPLIANCE WITH APPLICABLE LAWS,
REGULATIONS AND AGREEMENT TERMS

AUDITOR'S OPINION

We have examined the fund accountability statement of the Chicago Office of the Costa Rican Coalition for Development Initiatives (Coalición Costarricense de Iniciativas de Desarrollo - CINDE) for the period from March 15, 1986 to September 30, 1987, and have issued our opinion thereon dated May 2, 1988. Our examination was made in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 Revision), which includes additional standards and requirements for the review of compliance with applicable laws, regulations and agreement terms.

We tested transactions and records to determine the compliance of CINDE's Office in Chicago with the following:

1. Memorandum of Understanding, dated April 1, 1987, signed between the U.S. Agency for International Development in Costa Rica (USAID/CR) and the Costa Rican Coalition for Development Initiatives (CINDE).
2. Fiscal and labor laws applicable in Costa Rica.

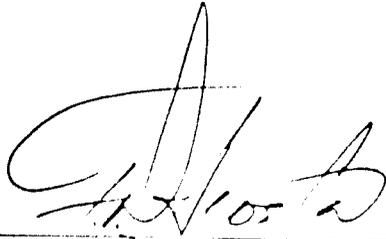
The results of our study indicate that for the items tested, CINDE's Office in Chicago complied with the applicable terms of the agreement mentioned in the second paragraph, except for the matters described in the accompanying findings No. 1 to 3. Additionally, nothing came to our attention that caused us to believe that items not tested were not in compliance with applicable laws, regulations, and agreement terms.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

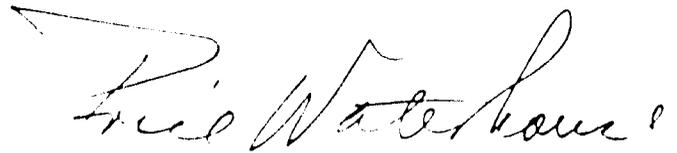
REPORT ON THE COMPLIANCE WITH APPLICABLE LAWS,
REGULATIONS AND AGREEMENT TERMS

AUDITOR'S OPINION

This report is intended solely for the use of Costa Rican Coalition for Development Initiatives (CINDE) and the Agency for International Development (USAID). However, this restriction is not intended to limit distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.



Lic. Douglas Agosto Porras



May 2, 1988

EXEMPT FROM STAMP TAX - LAW NO. 6663

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON THE COMPLIANCE WITH APPLICABLE LAWS,
REGULATIONS AND AGREEMENT TERMS

AUDIT FINDINGS

1. CINDE DID NOT OBTAIN WRITTEN APPROVAL FROM USAID/CR FOR THE EXPENSES INCURRED DURING THE VISIT OF THE PRESIDENT OF COSTA RICA TO THE OFFICE IN CHICAGO.

Condition:

During September 1986, CINDE's Office in Chicago was officially inaugurated by Dr. Oscar Arias Sánchez, President of Costa Rica. The expenses for such visit were approved by the Board of Directors of the Program for Investment and Exports (PIE) of CINDE, but no written approval for such extraordinary expenses was obtained from USAID/CR.

Criteria:

Article II, Section H of the Memorandum of Understanding under which funds were provided requires approval from USAID/CR for variations of 15% or more above the amounts budgeted for individual line items.

Cause:

CINDE was not aware of this contract requirement.

Effect:

CINDE reimbursed US\$32,683 for extraordinary expenses not authorized by USAID/CR. This amount was not within the parameters of the approved budget and was more than 15% of the total approved annual budget for the CINDE Chicago Office and therefore is considered questionable in this audit report.

Recommendation:

CINDE should request USAID/CR's prior written approval for all extraordinary expenses which are not within the parameters of approved budgetary line items and/or which are 15% or more of unspecified budget categories.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON THE COMPLIANCE WITH APPLICABLE LAWS,
REGULATIONS AND AGREEMENT TERMS

AUDIT FINDINGS

2. CINDE'S AUTHORIZED PER DIEM RATE FOR CHICAGO EXCEEDS USAID'S
MAXIMUM DAILY RATE FOR THAT LOCATION.

Condition:

Per diem expenses charged by the CINDE Chicago Office were US\$60.00 per day (excluding lodging expenses), as authorized by CINDE. However, this rate exceeds the respective USAID authorized rate for such expenses, which is only \$33.00 per day.

Criteria:

For USAID purposes, per diem expenses should not exceed the maximum rates established in the Federal Travel Regulations (FTR).

Cause:

CINDE was not notified by USAID/CR of this requirement until February, 1988.

Effect:

CINDE reimbursed US\$4,128 in excess of USAID's approved per diem. This amount is considered questionable in this audit report.

Recommendation:

CINDE should reimburse USAID/CR the US\$4,128 of per diem paid in excess of the USAID authorized rate. Furthermore, CINDE should use the per diem rates established in the Federal Travel Regulations (FTR) for all activities funded by USAID.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

REPORT ON THE COMPLIANCE WITH APPLICABLE LAWS,
REGULATIONS AND AGREEMENT TERMS

AUDIT FINDINGS

3. CINDE DID NOT WITHHOLD THE APPLICABLE 10% WITHHOLDING TAX ON SALARIES PAID TO EMPLOYEES OF THE OFFICE IN CHICAGO.

Condition:

No taxes were withheld by CINDE in connection with salaries paid to employees of the Office in Chicago.

Criteria:

In accordance with Article No. 64 of the Costa Rican Income Tax Law, salaries paid from Costa Rica sources to individuals not domiciled in Costa Rica are subject to a 10% withholding tax.

Cause:

The management of CINDE was not aware of such legal requirement.

Effect:

There was non-compliance with the Costa Rican Income Tax Law.

Recommendation:

CINDE should withhold the applicable income taxes on salaries paid to individuals not domiciled in Costa Rica.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

LIST OF REPORT RECOMMENDATIONS

A summary of the recommendations included in this audit report is as follows:

Internal controls

- Monthly bank account reconciliations should be prepared by personnel of CINDE's Chicago Office and reviewed and approved by an authorized official of CINDE in Costa Rica.
- All cancelled checks paid from CINDE's Chicago Office bank account should be reviewed by officials of CINDE in Costa Rica for the genuineness of payees' endorsements.
- The management of CINDE should perform more thorough reviews of the financial information sent by the Chicago Office. Also, the clerical error of approximately \$3,000 should be adjusted in the bank account records of the Chicago Office and CINDE in San Jose.
- CINDE's Chicago Office should support all expenditures with proper original documentation. Otherwise, a clear explanation should be provided of the nature of such disbursements and of the reasons for the lack of original documentation.
- CINDE's management should request repayment of per diem amounts paid in excess of the authorized rate. Additionally, CINDE should exercise better control over the per diem expenses charged.
- CINDE should require its Chicago Office to prepare itemized expense budgets on an annual basis.

Compliance with Applicable Laws and Regulations

- CINDE should request USAID/CR's prior written approval for all extraordinary expenses which are not within the parameters of approved budgetary line items and/or which are 15% or more of unspecified budget categories.
- CINDE should reimburse USAID/CR the US\$4,128 of per diem paid in excess of the USAID authorized rate. Furthermore, CINDE should use the per diem rates established in the Federal Travel Regulations (FTR) for all activities funded by USAID.
- CINDE should withhold the applicable income taxes on salaries paid to individuals not domiciled in Costa Rica.

* * *

AUDIT OF THE CHICAGO OFFICE OF THE COSTA RICAN
COALITION FOR DEVELOPMENT INITIATIVES (CINDE)

APPENDIX I - COMMENTS OF CINDE'S MANAGEMENT



COSTA RICAN INVESTMENT PROMOTION PROGRAM

July 8, 1988

Mr. Francisco Blanco
Director
Price Waterhouse
San Jose, Costa Rica

Dear Mr. Blanco:

Regarding the Draft Copy Audit of the Chicago Office of the Costa Rican Coalition for Development initiatives (CINDE) presented for our consideration, I would like to present the following observations on the results of said audit

OBSERVATION

Page 4 refers to Internal Accounting Controls and the following weaknesses:

RESPONSE

1) Periodic reconciliations for Cinde's Chicago Office bank account were not prepared.

We feel that this observation is not valid since the entire Cinde foreign office financial reporting system has always worked under a budget liquidation system. This system consists of an initial advance which is liquidated on a monthly basis and reimbursements are sent back based upon approved liquidations. The office's prime accounting responsibility is to detail monthly expenditures, apply the appropriate accounting codes and present valid proof and justification of all expenditures. The checking accounts used are considered to be corporate accounts but these are merely disbursement instruments for the regional directors. Several times in the past CINDE accounting has been asked if they needed reconciliations of these checking accounts and their response and management's opinion has always been that the existing system is more than adequate. In addition, the monthly financial reports include a full detail of the checks emitted and any void checks are also included in the liquidation. This is the same system that has operated in all of Cinde's offices worldwide and this has been subject to a multitude of audits in the past without having received a similar observation or recommendation.

COSTA RICAN INVESTMENT PROMOTION PROGRAM

OBSERVATION

2) Cancelled checks issued from CINDE'S Chicago Office bank account were not reviewed for the genuineness of payee's endorsements:

RESPONSE

- Certain banks in certain states make it difficult to recover cancelled checks. To avoid this problem a general policy to this effect was never established. In addition, the entire reporting system and procedures are designed around the premise that adequate expenditure invoices and justifications are presented and confirmed. Point #1 and Point #2 clarify that check confirmation could be an additional procedure but by no means necessary.

OBSERVATION

3) Per diem charged by the Manager of Cinde's Chicago Office exceeded the authorized daily rate.

RESPONSE

Communication with the Chicago Manager indicates that he had misinterpreted Cinde's per diem policy since he applied an additional 10% to cover gratuities. This matter has since been clarified and he will be reintegrating these funds forthwith.

OBSERVATION

4) Cinde's Chicago Office did not prepare itemized budgets:

RESPONSE

- None of PIE's foreign offices administer itemized budgets since all budgetary controls and follow-up is handled by the General Manager. The home office has a very complete and thorough budgeting system that undergoes a PIE Counsel, Cinde Board of Directors, and AID approval process. Every month, every line item in the foreign office budget is analysed and reported on or adjusted as the need arises. From a managerial point of view, I feel that the offices would be further overburdened with paperwork if this were to change.

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 COSTA RICAN INVESTMENT PROMOTION PROGRAM

OBSERVATION

Page 5 refers to Compliance with Applicable Laws, Regulations and Agreement Terms.

RESPONSE

- 1) Cinde did not obtain written approval from AID for the expenses incurred during the visit of the President of Costa Rica to the office in Chicago:

Events such as this are routinely included in the program budgets and the only cases where AID approval has been required is where 15% or more cost overruns occur in specific budget line items. Nevertheless, at the time, the program manager specifically obtained PIF Council approval (see enclosures) for the trip and the expenditure and in memo PIF GGMC1357 86 carried out budget modifications to cover this expenditure. Under MOU procedures, AID approval was not necessary since at no time did he exceed the approved budget or any line items.

OBSERVATION

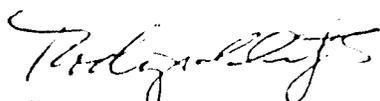
Cinde's authorized per diem rate for Chicago exceeds USAID's maximum daily rate for that location.

RESPONSE

Cinde has had a per diem policy in effect for several years, that was approved by it's Board of Directors. That policy also has undergone repeated audits in the past without commentary. Nevertheless, Cinde did not receive official written communication from AID as to a modification of this per diem policy until the 26th of February of 1988, much later than this audit period. A complete study is being conducted regarding these new per diem policies, since initial information indicates that in many areas of the United States and Europe the AID per diem is totally inadequate and makes promotional work almost impossible. A complete study will be presented to the local mission to this effect once completed.

I hope that these remarks have clarified any doubts on these topics. If I can be of any further assistance please do not hesitate to contact me or anyone of my staff.

I remain faithfully yours,



Rodrigo Delacruz
PIE Program
General Manager

~~MEMORANDUM~~

Para Walter González
De Carlos J. Torres

PIE 1489-86
Fecha: 25 noviembre de 1986
Asunto: Liquidación

100012 Universal

Adjunto sírvase encontrar la liquidación de la Oficina de CINDE en Chicago sobre la visita del Presidente de la República a la inauguración de la oficina en ésa.

Ruégole cargar esta suma en la cuenta 501-01-02-39-0300.

En sesión del Consejo de PIE se había aprobado la suma de US\$30.000.00 por lo que en próximo Consejo pediré autorización sobre el sobregiro.

Gracias,

CJT/mg

P.I.E. GGMC1357-86
29 de octubre de 1986

A: Sr. Mario Carvajal
DE: Sr. Carlos J. Torres

ASUNTO: MODIFICACIONES PRESUPUESTARIAS

Según acuerdo del Consejo Directivo del Programa de Inversiones, en sesión No. 21 del 28 de octubre de 1986, le agradecería proceder a realizar las siguientes modificaciones presupuestarias:

1.- Incrementar la partida de la Cámara de Industrias por C.1,300,000.00

Partidas a reducir:

Cámara de Agentes de Aduana	C153,346.10
CACIA	242,356.80
Estudio de Aduanas	249,350.00
Com. Recrg. Serv. Aduanas	550,000.00
IESC Electrónica	104,947.10

2.- Incrementar Apoyo a Programa Atención Inversionistas 700,000.00

Partidas a reducir:

IESC Electrónica	58,732.90
Nuevos Programac	641,267.10

3.- Incrementar Programa Arias Chicago 900,000.00

Partidas a reducir:

Publicidad	900,000.00
------------	------------

4.- Incrementar:

MIAMI C/CAA	1,400,000.00
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Partidas a reducir

Agencia de Publicidad	700,000.00
Otros Gastos de Publicidad	700,000.00

Gracias,

CJT/mg

COALICION COSTARRICENSE DE INICIATIVAS DE DESARRO ?

(CINDE)

501-01-02-39-0300

AUTORIZACION DE PROGRAMAS

- 1) Nombre del beneficiario: "Programa Arias Chicago"
- 2) Propósito del programa: Viaje Presidente Oscar Arias y comitiva presidencial a inauguración oficina CINDE Chicago.
- 3) Centro de responsabilidad: P.I.E.
- 4) Monto total: ₡ 300.000.00 (novecientos mil 00/100)

NOTA: Rebajar de cuenta 501-01-02-37-0300 Publicidad (100%)

5) Presupuesto de desembolsos:

| <u>MES</u> |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Setiembre | 300.000.00 | | | | | | | | |
| <u>MES</u> |
| <u>MES</u> | <u>TOTAL</u> |

6) Funcionario que recomienda la aprobación del programa:

Nombre: Carlos Carmona

Firma

7) Funcionario que aprueba la realización del programa:

Nombre: Carlos Carmona

Firma

8) Acuerdo Consejo Directivo 9-09-86

ORIGINAL: Expediente del Programa.

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Artículo 11 Informa el Sr. Torres que después de analizar el serio problema que se tiene con la falta de vehículos para el Programa se llegó a la conclusión de que la mejor alternativa para CINDE sería financiar a los promotores para que compren su propio vehículo. CINDE tendría la carta de venta a su nombre hasta que se cancele la deuda, se financiaría por tres años con una tasa de interés del 10%. Se solicita considerar la posibilidad de financiar la compra de 4 vehículos a Col. 800,000 cada uno.

Visto y analizado lo anterior se acuerda que esta propuesta sea remitida a la Junta Directiva con la recomendación positiva de este Consejo.

Se define la próxima sesión para el martes 9 de setiembre de 1986.

mg

Carlos Araya Lizano

CARLOS ARAYA LIZANO

Jorge Rodríguez Ulloa

JORGE RODRIGUEZ ULLOA

Martes nueve de setiembre de mil novecientos ochenta y seis

Acta de la sesión No. 20 celebrada por el Consejo Directivo del Programa de Inversiones (P.I.E.) de la Coalición Costarricense de Iniciativas de Desarrollo en las instalaciones de la Asociación, a las doce mediodía del día martes nueve de setiembre de mil novecientos ochenta y seis, con la asistencia de los señores Carlos Araya Lizano, quien preside, Jorge Rodríguez Ulloa, Sr. Jorge Sánchez Múndez, Guillermo Von Breyman, Ernesto Kohmuser García, Carlos Torres Anes, Gerente del Programa de Inversiones, y la Sra. Berta Carvalho. Por la Agencia para el Desarrollo Internacional (AID) está presente el señor William Barbee de la Oficina del Sector Privado, y el Sr. Anthony Shiels, Asesor del Industrial Development Authority (IDA).

El Sr. Federico Vargas Feralta, y el Sr. Harry Odio Jiménez se disculparon.

Artículo 1 Se somete a aprobación y se aprueba el acta No. 19 celebrada el día martes doce de agosto de mil novecientos ochenta y seis.

Artículo 2 Procede el Sr. Torres a brindar un informe sobre las últimas actividades del Programa de Inversiones. Informa que a finales del mes de agosto se realizó reunión con los promotores de las oficinas del exterior con el fin de coordinar actividades para los próximos meses. Se definió que se duplicarán esfuerzos para atraer más inversiones en otros campos además del de maquila textil. Se proyectaron necesidades para el año entrante y se evaluó el trabajo que se está realizando en las diferentes oficinas, especialmente en la de Europa. El trabajo de esta oficina se tratará de fortalecer mediante la asesoría que brindará el Sr. Tony Shiels en viaje que realizará próximamente a ese país en representación del Ministerio de Exportaciones.

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Comunica que según se había acordado en la última sesión de este consejo, realizó una presentación a la Junta Directiva en la cual solicitó definición sobre el apoyo que PIE le dará a las cámaras. Insiste que es necesario que esto se defina a la mayor brevedad, ya que los contratos se vencen en octubre de este año.

También, se le solicitó a la Junta Directiva que decidieran si consideraban conveniente cerrar los fondos de factibilidad o que éstos siguieran operando.

Artículo 3 El Sr. Torres presenta la idea de crear tres proyectos pilotos en exportaciones en tres diferentes sectores, con el fin de fortalecer el sector industrial costarricense por lo que se solicita autorización para empezar a trabajar en este campo.

Considerando la importancia que estos proyectos tendrían para el sector industrial costarricense se aprueba al Sr. Torres empezar a trabajar en esos proyectos.

Artículo 4 Informa el Sr. Torres que después de mucho esfuerzo se ha logrado que el Presidente Oscar Arias Sánchez esté presente en la inauguración oficial de la Oficina de CINDE en Chicago el viernes 26 de setiembre de 1986, lo que será un instrumento publicitario muy valioso para esa oficina. Se aprovechará dicha visita, continúa Don Carlos, para darle a conocer al Presidente Arias la labor que está realizando CINDE a través de este Programa y los beneficios que el país obtiene a través de él.

Agrega además, que el Presidente irá acompañado con una comitiva presidencial a la cual se le cubrirá el pasaje New York-Chicago, así como la estadía y las comidas. Solicita aprobación al Consejo para trasladar entre partidas la suma necesaria para cubrir gastos en relación a la inauguración de esa oficina.

Visto y analizado lo anterior, se aprueba que el Gerente traslade las sumas necesarias para cubrir los gastos relacionados con esa actividad.

Artículo 5 Informa el Gerente del Programa de Inversiones que el Lic. Eugenio Pignataro, Gerente de la División del Sector Privado del Programa, puso su renuncia para aceptar el puesto de Ministro Consejero para la Embajada del Canadá. Agrega que no piensa llenar el puesto y que esperará la definición de la Junta Directiva de CINDE sobre si el Programa de Inversiones seguirá controlando las Cámaras.

Artículo 6 Comenta la Sra. Berta Carvalho que recibió carta de parte del Dr. Arnoldo Fournier en la cual insiste en que se le defina sobre su propuesta presentada al Sr. Pignataro para que CINDE-PIE financie su proyecto de exportación de servicios médicos.

Al respecto, informa el Sr. Torres no tener conocimiento alguno sobre la materia y se compromete a averiguar sobre el asunto y darle una resolución a los interesados.

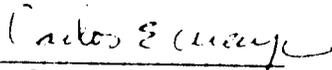
Artículo 7 Se acuerda que en los próximos días se les hará llegar a los señores consejeros copia del resumen del estudio realizado por la firma Lou Harris & Associates.

Se toma nota.

Artículo 8 Se hace notar el grave problema que se está presentando con el transporte de perecederos, ya que cancelan vuelos a última hora, lo que ocasiona mucha pérdida. Se insiste en la necesidad de presionar un poco para que este problema se resuelva. El Sr. Torres informa que por acuerdo interno de CINDE, el CAAP se responsabilizará por encontrarle soluciones al problema de transporte aéreo. Esta entidad ha montado un sistema de presión para mejorar los problemas de transporte aéreo.

Se toma nota

Finaliza la sesión a las 14:00 horas.


Carlos Araya Lizano


Jorge Rodríguez Ulloa

Martes veintiocho de octubre de mil novecientos ochenta y seis

Acta de la sesión No. 21 celebrada por el Consejo Directivo del Programa de Inversiones (P.I.E.) de la Coalición Costarricense de Iniciativas de Desarrollo en las instalaciones de la Asociación, a las doce mediodía del día martes veintiocho de octubre de mil novecientos ochenta y seis, con la asistencia de los señores Carlos Araya Lizano, quien preside, Jorge Rodríguez Ulloa, Sr. Jorge Sánchez Méndez, Guillermo Von Breyman, Daniel Batón Thiery, Luis Diego Escalante Vargas, Jorge Woodbridge González, Carlos Torres Ames, Gerente del Programa de Inversiones, Sr. Rodrigo Ortiz Salazar, Gerente de la División de Inversiones del Programa de Inversiones, Dr. Federico Vargas Peralta, Director Gerente de la Coalición, y la Sra. Berta Carvalho. Por la Agencia para el Desarrollo Internacional (AID) está presente el señor William Barbee de la Oficina del Sector Privado, y el Sr. Anthony Shiels, Asesor del Industrial Development Authority (IDA).

• El Sr. Ernesto Pohrmoser García, y el Sr. Barry Odio Jiménez se disculparon.

Artículo 1 Lectura y aprobación del acta número veinte celebrada el nueve de setiembre de mil novecientos ochenta y seis.

Artículo 2 El Sr. Carlos Torres procede a solicitar autorización para realizar algunos cambios en el presupuesto de 1986. Explica el Sr. Torres que para variar alguna partida del presupuesto en más de un 10%, necesita la aprobación del Consejo para proceder.

(C/CAA)

Rebajaría partidas con suficiente presupuesto para incrementar las siguientes tres partidas: Partidas Cámara de Industrias en Col. 1,300.000, Apoyo a Programa Atención Inversionistas en Col. 700.000, Gastos de Promoción Arias Chicago en Col. 900.000.

Visto y analizado lo anterior se acuerda aprobar los anteriores incrementos a las partidas solicitadas.

Artículo 3 El Sr. Carlos Torres solicita la apertura de una partida en el presupuesto del año 86 en un monto de Col. 1,800.000, para atender la Conferencia sobre la Cuenca del Caribe auspiciada por la Caribbean Central American Action (C/CAA) que se realizará en Miami del 16 al 20 de noviembre de 1986.

Agrega el Sr. Torres que esta conferencia es a nivel político y que este año se le dará más atención a los problemas de los países de la Cuenca del Caribe. Este año se enviará un pequeño grupo de trabajo para atender el booth de Costa Rica, así como una delegación de CINDE para atender las conferencias y para que realicen los contactos políticos. La delegación de CINDE será escogida por una comisión integrada por los señores Federico Vargas, Carlos Araya, Edwin Méndez y Carlos Torres.

Explica que en esta oportunidad la Conferencia se manejará en forma diferente. En los primeros dos días se realizarán las mesas redondas en el Hyatt Regency Hotel, y en los otros dos días se llevarán a cabo las exhibiciones de los países participantes en el Intercontinental Hotel.

El costo de esta conferencia es muy elevado, finaliza don Carlos, y por experiencia de otros años se puede decir que los resultados no son lo esperado.

Se agrega que sería muy beneficioso solicitarle al Sr. Peter Johnson, Director del Caribbean Central American Action (C/CAA) que cambie el enfoque de esta conferencia para los próximos años.

Visto y analizado lo anterior se acuerda aprobar la apertura de esta partida en Col. 1,800.000.00.

Artículo 4 Informa el Sr. Carlos Torres que ha recibido carta de parte de la Agencia para el Desarrollo Internacional en la cual confirman la financiación del Programa de Inversiones, bajo los siguiente términos: Para el año 86 financiarán un 90%, para el año 87 un 90% y para los años 88, 89, 90 un 60%, 40%, 20% respectivamente.

Manifiesta el Sr. Torres su agradecimiento al Sr. William Barbee por toda su colaboración y empeño en obtener esta carta de confirmación.

Artículo 5 Procede el Sr. Torres a presentar el presupuesto para el año 1987 el cual asciende a la suma de Col. 156,530.000.00. Explica el Sr. Torres que en este presupuesto no se han contemplado los programas especiales ni los programas con las Cámaras.

Visto y analizado dicho presupuesto se aprueba con la recomendación de que el Gerente del Programa de Inversiones prepare una presentación explicando los objetivos del Programa y un detalle del presupuesto para el año 87.

CHICAGO OFFICE OF THE COSTA RICAN COALITION FOR
DEVELOPMENT INITIATIVES (CINDE)

SUMMARY OF NOTEWORTHY ACCOMPLISHMENTS

A summary of the most important achievements of CINDE's Chicago Office during the period from March 1986 to September 1987, compiled from information provided by the manager of the Office, is as follows:

More than one hundred companies were visited in the Midwest Area of the United States of America, with the following results:

- The Rawlings Sporting Goods Company initiated its operations in Costa Rica, creating 750 new jobs.
- A manufacturing contract was signed with H & H Knitwear Company that began operations in January 1987. This contract requires 90 persons for manual labor.
- Baxter Laboratories was installed in the Cartago Industrial Park in Costa Rica. This Company is presently employing more than 100 persons.
- A joint venture between Abbot Laboratories, Up John and Eli Lilly established a textile factory which created 200 jobs.
- Initial contacts have been made with several companies, including Allen-Bradley, Delco and Tonka, that are awaiting to complete negotiations in the near future.

* * *

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APPENDIXREPORT DISTRIBUTION

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IG	1
AIG/A	1
IG/PPO	2
IG/PSA	1
IG/LC	1
IG/ADM/C&R	12
IG/I	1
RIG/I/T	1
Other RIG/As	1