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PRE-AWARD SURVEY OF THE NON-TRADITIONAL
EXPORT PROMOTION COMPONENT OF THE
PRIVATE ENTERPRISE DEVELOPMENT PROJECT WITH THE
GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
USAID/GUATEMALA PROJECT NO. 520-0341

Audit Report No. 1-520-88-14-N
July 5, 1988

AGENCY FOR INTERNATIONAL DEVELOPMENT

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July 5, 1988

MEMORANDUM

TO : D USAID/Guatemala, Anthony J. Cauterucci

FROM : RIG/A/T, *Courage N. Gotthard*
Courage N. Gotthard, Jr.

SUBJECT: Audit Report No. 1-520-88-14-N, "Pre-Award Survey of the Non-Traditional Export Promotion Component of the Private Enterprise Development Project with the Guild of Non-Traditional Product Exporters (GEXPRONT) in Guatemala"

This report presents the results of a non-Federal pre-award survey requested by your Mission of the Non-Traditional Export Promotion Component of the Private Enterprise Development Project with the Guild of Non-Traditional Product Exporters (GEXPRONT). The certified public accounting firm of Price Waterhouse in Guatemala prepared the report, which is dated June 22, 1988.

The purpose of this pre-award survey was to determine if GEXPRONT: (1) has sufficient management capability and span of control to administer the project; (2) has presented a cost proposal which is current, accurate, and reflects only costs which are allowable and necessary; (3) is financially capable of performing the project; (4) has an adequate system of accounting and internal control; and (5) is in compliance with agreement terms and applicable laws and regulations.

In the opinion of Price Waterhouse, GEXPRONT:

- presented a cost proposal which did not comply with A.I.D. guidance because proposed costs were not supported, were not based on the most current and accurate pricing data available, and did not cover the total funds provided for by the agreement;
- does not have sufficient management capability and span of control to administer the project because the administrative manager position and other key positions are vacant;
- does not have the financial capability to manage the project unless it receives cash advances from A.I.D.;
- has an adequate internal control system, except for four observed weaknesses; and

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- has complied with agreement terms and applicable laws and regulations tested, except for three observed instances of non-compliance. For items not tested, nothing came to their attention to indicate that GEXPRONT was not in compliance.

The Price Waterhouse report contains 17 recommendations concerning GEXPRONT's cost proposal, management capability, financial capability, system of internal control, and compliance with agreement terms. In response to the draft report, GEXPRONT has already implemented many of the recommendations and/or presented a plan to correct the deficiencies found. This report is advisory only, since it is our policy for pre-award surveys not to include recommendations in the Office of the Inspector General's audit recommendation follow-up system.

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Price Waterhouse

June 22, 1988

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

Dear Mr. Gothard:

This report presents the results of the pre-award survey of the Non-traditional Export Promotion Component of the Private Enterprise Development Project assigned to the Guild of Non-Traditional Product Exporters (Gremial de Exportadores de Productos no Tradicionales-GEXPRONT), USAID/Guatemala Project No.520-0341.

BACKGROUND

The Enterprise Chamber of Guatemala (CAEM) is a non-profit, autonomous, non-political entity, with its own legal status. CAEM encompasses the Chambers and Associations of the private sector of Guatemala and is the liaison for the development sector. CAEM was established in 1981 and its by-laws were approved by Executive Order on March 19, 1982.

CAEM was organized to draw the maximum benefits offered by the Caribbean Basin Initiative (CBI) and to transact policies accelerating the economic development of the country through the private sector. CAEM's founding members were the Chambers of Commerce, Industry, Tourism, Construction and the Farmers General Association.

GEXPRONT is a guild working through the Chamber of Industry and was founded in May 1982. The main purpose of GEXPRONT is to support the exporting sector and to look for fiscal incentives encouraging production and exportation of Guatemalan goods.

A branch of GEXPRONT was established in Quetzaltenango to incorporate the inland regions of the country into the export process and to service the exporters from western Guatemala.

Following is the organizational structure of GEXPRONT:

- a) The General Assembly, which is made up of all its members.
- b) The Board of Directors, which includes GEXPRONT management.
- c) The General Manager, GEXPRONT's chief executive who is also the liaison between the Board of Directors and the General Assembly.
- d) The Technical Manager, who is the liaison between GEXPRONT and USAID/Guatemala.
- e) The Administrative Manager, who supervises and coordinates GEXPRONT's general activities and reports to the General Manager.

On August 31, 1987 CAEM and the U. S. Agency for International Development (A.I.D.) signed Cooperative Agreement No. 520-0341 for the Private Enterprise Development Project.

The purpose of the Project is to amplify and strengthen the participation of the productive private sector in the social-economic development of Guatemala by increasing investment, advancing and diversifying non-traditional exports and generating profitable employment and income. The project became effective on August 31, 1987, for a five-year period which will end on August 27, 1992.

The Project's main components are:

- a) Technical support to small and medium enterprise (PME).
- b) Export promotion.
- c) Development of the financial markets.
- d) New private productive sector initiatives.

The portion of the project dealing with the private sector will be managed by CAEM, and for this purpose a Project Management Unit (PMU) will be established as a working unit of CAEM. The PMU will establish internal policies for executing, supervising and evaluating activities; for collecting and processing information, and for making recommendations for project execution.

The non-traditional export promotion component is a program aimed at expanding and diversifying non-traditional exports, fostering access to international markets and giving support to the expansion of investment in export activities generating intensive employment. The component will be implemented by the Guild of Non-Traditional Product Exporters (GEXPRONT).

The project will boost activities aimed at promoting exports by providing support to: 1) GEXPRONT for negotiating policies, technical assistance, training and promotion for exportation of non-traditional products; 2) the research, development and fostering of free zone facilities; and 3) policies for improving the productive private sector's position in international markets.

On March 15, 1988 CAEM signed a subagreement with GEXPRONT for undertaking the activities covered by the Non-Traditional Export Promotion component of the Private Enterprise Development Project, USAID/Guatemala Project No. 520-0341. This subagreement, which will end on August 27, 1992, requires CAEM to provide the Guild with an amount not to exceed US\$3,483,500. Subject to availability, the agreement also intends to provide an additional Q1,593,700. The resources to be provided by the Guild as its counterpart contribution for the program will not be less than Q2,500,000, including costs borne on an "in-kind" basis.

Some specific objectives of the Non-Traditional Export Promotion component, of the Private Enterprise Development Project covered by the subagreement are the following:

- a) Development and promotion of products and companies for increasing exports of non-traditional products and diversifying markets for such products.
- b) GEXPRONT and CAEM joint negotiations for the reform of policies and strategies aimed at encouraging exports of non-traditional products.
- c) Expansion of exports in 18 key production areas.
- d) Improvement of export activities of 400 exporters.
- e) Improvement of GEXPRONT's effectiveness in providing technical assistance.
- f) Strengthening GEXPRONT's ability to generate more income.

AUDIT OBJECTIVES AND SCOPE

The specific objectives of our review were to determine whether:

- a) The Guild of Non-Traditional Product Exporters (GEXPRONT) has sufficient management capability and span of control to administer the project, considering its current and forecasted project workload, staffing levels and past performance;
- b) The estimated direct and indirect proposed costs for the Project are based on the most current and accurate pricing data available, and reflect only those costs which are allowable and necessary to accomplish the work;
- c) GEXPRONT's accounting system is adequate to accurately capture and record the accounting data required for administering the project, and the system of internal accounting control is adequate in the circumstances;
- d) GEXPRONT is financially capable to undertake the project, and
- e) GEXPRONT is in compliance with agreement terms and applicable laws and regulations.

Our audit was performed in accordance with generally accepted auditing standards and with the U. S. Comptroller

General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (1981 Revision), and accordingly included such tests as considered necessary in the circumstances.

The scope of our work included:

Reviewing the organizational structure, certain administrative systems and procedures and current and proposed staffing levels with respect to Project activity;

Reviewing the proposed costs for the Project, with emphasis on compliance with the guidelines established by OMB Circular No. A-122;

Reviewing GEXPRONT's financial capability with respect to Project disbursements, taking into consideration the two-month period normally required by A.I.D. to reimburse the related expenses.

Reviewing the internal accounting and administrative control systems, with emphasis on those systems which will be applied in recording Project activity.

Reviewing the Project operations and progress to date in order to determine compliance with agreement terms and applicable laws and regulations.

During our work we were alert to situations or transactions that could be indicative of fraud, abuse or illegal expenditures and acts.

RESULTS OF AUDIT

Proposed costs

The cost proposal in general did not comply with the guidelines established in OMB Circular A-122.

Financial capability

GEXPRONT does not appear to have the financial capability required to administer the Project unless it receives cash advances from A.I.D.

Management capability

GEXPRONT does not have the management capability and the span of control for administering the Project.

Internal controls

The internal control systems of GEXPRONT appear to be adequate for A.I.D. purposes, except for the following:

- There is a lack of insurance coverage over its assets.
- There is a lack of segregation of duties regarding cash receipts, deposits, check issuance and bank reconciliation procedures.
- There is a lack of an accounting manual and related procedures.
- The Electronic Data Processing Center lacks general controls.

Compliance with agreement terms and applicable laws and regulations

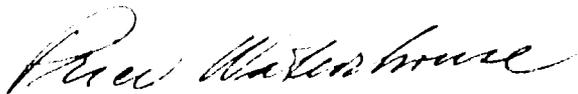
GEXPRONT has complied with agreement terms, laws and regulations, except for the following:

- Income taxes have not been withheld from employees' salaries.
- The project had not commenced as of March 19, 1988.
- GEXPRONT has not developed a code of business ethics.
- There is a lack of written procedures for purchases.

Regarding items not reviewed nor examined, nothing came to our attention that would indicate non-compliance by GEXPRONT with agreement terms and applicable laws and regulations.

MANAGEMENT COMMENTS:

The Guild of Non-Traditional Product Exporters (Gremial de Exportadores de Productos No Tradicionales, GEXPRONT) is in agreement with the results of the audit. The observations and recommendations made by Price Waterhouse are well taken by GEXPRONT's management who has already determined a number of actions to be taken. The details of these actions as well as the dates for completion are presented in the "Program for Action" prepared by GEXPRONT (Appendix 1).



GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF
THE PRIVATE ENTERPRISE DEVELOPMENT PROJECT
USAID/GUATEMALA PROJECT NO. 520-0341

REPORT ON PROPOSED COSTS
AUDITOR'S OPINION

We have reviewed the cost proposal for the Non-Traditional Export Promotion component of the Private Enterprise Development Project related to the subagreement entered into with the Enterprise Chamber of Guatemala (CAEM), USAID/Guatemala Project No. 520-0341. Our review was made in accordance with applicable guidelines included in OMB Circular No. A-122 (Principles for Determining Costs Applicable to Grants, Contracts and Other Agreements with Non-Profit Organizations other than Educational Organizations), AID Handbook 13, Paragraph 4D - Governmental Standard Provisions for Non-U. S. and Non-Governmental Grantees, and the United States Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (1981 Revision).

The purpose of our review was to determine compliance of the above mentioned proposed costs with the following general guidelines:

1. Direct and indirect costs are based on the most current, complete and accurate pricing data available;
2. All costs included are allowable, reasonable and in agreement with contract terms;
3. The overhead rate, if any, is reasonable and in agreement with contract terms;
4. Employee salaries and wages and escalation factors are reasonable;
5. Fringe benefit plans are reasonable.

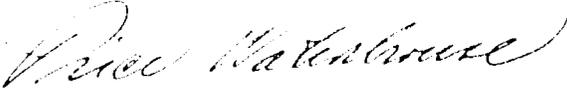
Based on our review, we believe that in general terms the Guild of Non-Traditional Product Exporters (GEXPRONT) did not comply with the above guidelines because of the conditions described in the accompanying findings.

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF
THE PRIVATE ENTERPRISE DEVELOPMENT
USAID/GUATEMALA PROJECT NO. 520-0341

REPORT ON PROPOSED COSTS

AUDITOR'S OPINION

This report is intended solely for the use of the Guild of Non-traditional Product Exporters, the Enterprise Chamber of Guatemala, and the United States Agency for International Development. 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.



March 23, 1988
Guatemala, C. A.

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
 USAID/GUATEMALA PROJECT NO. 520-0341
 THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF
 THE PRIVATE ENTERPRISE DEVELOPMENT PROJECT
 REPORT ON PROPOSED COSTS
 STATEMENT OF PROPOSED COSTS

No.	PROGRAM	1988			1989			1990			1991			1992			TOTAL		
		AID US \$	GDG Q.	GEXPRONT Q.															
	TOTAL	882,645	318,740	631,338	1,087,542	318,740	759,399	652,389	318,740	487,428	495,043	318,740	389,087	238,015	318,740	228,444	3,355,634	1,593,700	2,495,696
31	PRODUCT ADAPTING AND IMPROVEMENT	455,186	318,740	364,176	686,328	318,740	508,640	299,509	318,740	266,878	221,829	318,740	218,328	8,000	318,740	84,685	1,670,852	1,593,700	1,442,708
	Diagnosis and Seminar	58,050		14,513	45,200		11,300	16,650		4,163	18,650		4,663				138,550		34,638
	Technical Assistance	135,000		33,750	118,800		29,700	55,200		13,800	41,300		10,325				350,300		87,575
	Promotion	55,000		13,750	205,000		51,250	90,000		22,500	90,000		22,500				440,000		110,000
	Training	92,500		23,125	73,120		18,280	26,870		6,718	1,250		313				193,740		48,435
	Transportation and per diem allowances	35,635		8,909	98,208		24,552	68,789		17,197	42,629		10,657				245,262		61,316
	Materials and Equipment	10,000		2,500	14,500		3,625	7,500		1,875	2,500		625	2,500		625	37,000		9,250
	Documents and Publications	9,000		2,250	21,500		5,375	14,500		3,625	25,500		6,375	5,500		1,375	76,000		19,000
	Other Costs	60,000	318,740	46,874	110,000	318,740	59,374	20,000	318,740	35,874		318,740	31,874		318,740	31,874	190,000	1,593,700	206,870
	(Program receipts (Users))			218,506			305,184			160,127			130,997			50,811			865,625
32	COMMERCIAL PROMOTION	70,105		43,816	80,168		50,105	80,168		50,105	80,168		50,105	110,229		68,893	420,838		263,024
	Diagnosis and Seminar																		
	Technical Assistance																		
	Promotion																		
	Training																		
	Transportation and per diem allowances																		
	Materials and Equipment																		
	Documents and Publications																		
	Other Costs	70,105		43,816	80,168		50,105	80,168		50,105	80,168		50,105	110,229		68,893	420,838		263,024
33	OFFICE FOR TARIFFS NEGOTIATION	41,798		26,124	50,000		31,250	16,666		10,416							108,464		67,790
	Diagnosis and Seminar																		
	Technical Assistance	5,000		3,125													5,000		3,125
	Promotion																		
	Training																		
	Transportation and per diem allowances	3,464		2,165													3,464		2,165
	Materials and Equipment																		
	Documents and Publications																		
	Other Costs	33,334		20,834	50,000		31,250	16,666		10,416							100,000		62,500
34	INSTITUTIONAL DEVELOPMENT	315,556		197,223	271,046		169,404	256,046		160,029	193,046		120,654	119,786		74,866	1,155,480		722,175
	Diagnosis and Seminar																		
	Technical Assistance	113,000		70,625	150,000		93,750	150,000		93,750	87,000		54,375				500,000		312,500
	Promotion																		
	Training																		
	Transportation and per diem allowances																		
	Materials and Equipment	62,000		38,750	8,000		5,000	8,000		5,000	8,000		5,000	8,000		5,000	94,000		58,750
	Documents and Publications	22,500		14,063	30,000		18,750	30,000		18,750	30,000		18,750	37,500		23,438	150,000		93,750
	Other Costs	118,056		73,795	83,046		51,904	68,046		42,529	68,046		42,529	74,286		46,429	411,480		257,175

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF
THE PRIVATE ENTERPRISE DEVELOPMENT PROJECT
USAID/GUATEMALA PROJECT NO. 52G-0341

REPORT ON PROPOSED COSTS

FINDINGS

1. The Proposed Costs for Counterpart Contributions Were not Based on the Most Current, Complete and Accurate Pricing Data Available.

Condition:

GEXPRONT's proposed costs for counterpart contributions amounting to Q2,495,696 were determined by adding 25% to the budgeted USAID dollar grant, translated at the exchange rate of Q2.50 to US\$1.00, and the Government of Guatemala's (GOG) counterpart contributions of Q1,593,700 were distributed equally over the five year life of the project and allocated as other costs.

Criteria:

According to A.I.D. policy, cost proposals should be based on the most current, complete, and accurate pricing data available.

Cause:

GEXPRONT's proposed counterpart contribution budget was prepared on the basis of global or overall estimates. The GOG's was allocated equally among the five years of the project for lack of more precise information.

Effect:

Project related activities could be delayed due to lack of a detailed budget.

Recommendation:

USAID/Guatemala should require GEXPRONT to revise its cost proposal based on the most current, complete, and accurate pricing data available, which is adequately supported and in sufficient detail in accordance with agreement terms and the guildness in OMB circular A-122.

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF
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REPORT ON PROPOSED COSTS

FINDINGS

2. Proposed Costs for Consultant Services Were not Supported.

Condition:

Most of GEXPRONT's proposed costs for local and outside consultant services were determined in conjunction with USAID/Guatemala personnel; however, we were not furnished with documentation supporting those costs.

Criteria:

According to A.I.D. policy, proposed costs should be based on the most current, complete, and accurate pricing data available.

Cause:

All proposed costs for consultant services were based on meetings with A.I.D. officials and their prior experience. Consequently no written evidence existed.

Effect:

The lack of documented, written evidence supporting proposed costs prevents an evaluation of the fairness of the proposed costs.

Recommendation:

USAID/Guatemala should require GEXPRONT to document the basis for the proposed costs for consultant services.

3. Fringe Benefits Were not Included in the Proposed Costs for Contracting Technical and Administrative Staff for the Project.

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF THE
PRIVATE ENTERPRISE DEVELOPMENT PROJECT
USAID/GUATEMALA PROJECT NO.520-0341

REPORT ON PROPOSED COSTS

FINDINGS

Condition:

The proposed costs for contracting technical and administrative staff for the project did not include the fringe benefits required by the pertinent labor legislation.

Criteria:

Proposed costs for contracting technical and administrative staff should include fringe benefit payments in accordance with the law.

Cause:

GEXPRONT overlooked inclusion of the fringe benefit payments when preparing the budget.

Effect:

With the omission of fringe benefits from the proposed costs, not all expenses necessary for project completion have been properly estimated.

Recommendation:

USAID/Guatemala should require GEXPRONT to revise its cost proposal for contracting technical and administrative staff to include fringe benefits in accordance with the law.

4. No Inflation Factors Were Considered when Estimating the Proposed Costs for the Project.

Condition:

The Project's proposed costs were estimated without consideration of any inflation factors for expenses to be incurred during the five year life of the project.

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF THE
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REPORT ON PROPOSED COSTS

FINDINGS

Criteria:

The Project's proposed costs should be estimated on a more reasonable basis, in accordance with expected costs of the goods and services when scheduled to be acquired.

Cause:

The management oversight failed to include expected increases due to inflation.

Effect:

Some budgeted amounts may prove to be insufficient to pay for the goods or services when scheduled to be acquired.

Recommendation:

USAID/Guatemala should require GEXPRONT to revise its cost proposal based on quotations or bids adjusted by inflation factors considered appropriate for planned dates of acquisition of goods and services.

5. The U.S. Dollar Budgeted Costs Do not Cover the Total Resources Assigned by the Agreement.

Condition:

The cost proposal submitted does not cover the total resources assigned of U.S. \$3,483,000, since the overall budget is for US\$3,355,634.

Criteria:

GEXPRONT's budget should envisage total use of funds as they were agreed upon under the technical cooperation sub-agreement.

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
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REPORT ON PROPOSED COSTS

FINDINGS

Cause:

The budget was prepared based on projected needs according to the envisaged activities, disregarding the amount of total funds available by the subagreement.

Effect:

There are some US\$127,866 not allocated in GEXPRONT's budget.

Recommendation:

USAID/Guatemala should require GEXPRONT to revise its cost proposal to include all concepts and cost estimates considered by the subagreement with CAEM.

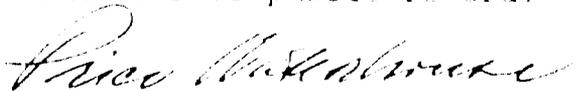
GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF THE
PRIVATE ENTERPRISE DEVELOPMENT PROJECT
USAID/GUATEMALA PROJECT NO.520-0341

REPORT ON FINANCIAL CAPABILITY
AUDITOR'S OPINION

We have performed a pre-award survey of the Guild of Non-Traditional Product Exporters' (GEXPRONT) financial capability to manage the Non traditional Export Promotion Component of the Private Enterprise Development project under the subagreement with the Enterprise Chamber of Guatemala (CAEM), USAID Guatemala Project No. 520-0341. Our review was performed pursuant to the statement of work for the pre-award survey and in accordance with the United States Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (1981 Revision). Our work included, to the extent that we considered necessary, a review of unaudited financial statements as at December 31, 1987, cash and lines of credit, receipts and disbursements projected for the first six months of 1988, the project budget for 1988, other GEXPRONT projects that may require funding, and proposed counterpart contributions.

Based on our review, as described above, we believe that at present GEXPRONT does not have the financial capability for administering the above mentioned project because its financial resources are not sufficient to cover operating expenses of the Project for the two month period that will normally elapse before reimbursements are made by A.I.D., unless cash advances are received from A.I.D.. Our opinion is based on the accompanying findings 1 to 3.

This report is intended solely for the use of the Guild of Non-Traditional Product Exporters (GEXPRONT), the Enterprise Chamber of Guatemala, and the United States Agency for International Development. 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.



March 23, 1988
Guatemala

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF THE
PRIVATE ENTERPRISE DEVELOPMENT PROJECT
USAID/GUATEMALA PROJECT NO.520-0341

MEMORANDUM ON FINANCIAL CAPABILITY

Our review of the unaudited financial statements of the Guild of Non-Traditional Product Exporters (GEXPRONT) as of December 31, 1987 disclosed the following data:

1. Net current assets amounted to Q83,000.
2. Cash in banks amounted to Q18,000.
3. Another USAID Project, No. 520-0276, with funding of approximately Q392,000 was in progress.
4. Fixed assets amounted to Q149,000.
5. Net worth was Q183,000.
6. Disbursements for the six months ended December 31, 1987 exceeded receipts by Q5,000.

We were informed by GEXPRONT officials that the entity has not used lines of credit. We were also informed that GEXPRONT is managing another A.I.D. project which does not require GEXPRONT's funds because it receives cash advances from A.I.D.

On the basis of the financial data supplied by GEXPRONT, we believe that its cash receipts for the first six months of 1988 will be approximately Q252,000. During the same period, the Project budget will require cash disbursements of approximately Q292,000. Based on this analysis, we believe that GEXPRONT does not have the financial capability for managing the project under an expense reimbursement system.

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF THE
PRIVATE ENTERPRISE DEVELOPMENT PROJECT
USAID/GUATEMALA PROJECT NO.520-0341

REPORT ON FINANCIAL CAPABILITY

FINDINGS

1. GEXPRONT Prepares Semiannual Cash Flow Projection Statements Even Though its Budget is Prepared on a Quarterly Basis.

Condition:

At present, GEXPRONT's cash flow projections are prepared on a semiannual basis by the accountant, who also prepares a receipts and disbursements budget every quarter.

Criteria:

Cash flow statements for entities such as GEXPRONT are the main tools for financial decision making, and the frequency of their preparation governs the timeliness of such decision making.

Cause:

Only semiannual cash flow statements are required by the Board of Directors.

Effect:

Receipts and disbursements budgets prepared more frequently than cash flow projection statements could result in inconsistencies in data and delays in management decisions.

Recommendation:

USAID/Guatemala should require GEXPRONT to prepare cash flow projection statements quarterly in conjunction with the receipts and disbursements budget.

2. GEXPRONT Has not Determined How it Proposes to Furnish its Counterpart Contributions to the Project.

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THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF THE
PRIVATE ENTERPRISE DEVELOPMENT PROJECT
USAID/GUATEMALA PROJECT NO. 520-0341

REPORT ON FINANCIAL CAPABILITY

FINDINGS

Condition:

GEXPRONT's only income comes from its membership fees which are all used to cover its own administrative expenses. GEXPRONT has not determined how it is going to provide its proposed counterpart contributions for the project.

Criteria:

The subagreement with the Enterprise Chamber of Guatemala (CAEM) requires GEXPRONT to furnish Q2,500,000, in counterpart contributions for project development, including in-kind contributions.

Cause:

Lack of information has prevented GEXPRONT from establishing appropriate criteria on how it proposes to pay its counterpart contributions for the Project.

Effect:

GEXPRONT's failure to determine how it will furnish its proposed counterpart contributions to the project may result in delays in project activities and in the attainment of project objectives.

Recommendation:

USAID/Guatemala should require GEXPRONT to determine how it proposes to furnish its required counterpart contributions to the project.

3. GEXPRONT does not Prepare its Financial Information on a Timely Basis.

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PRIVATE ENTERPRISE DEVELOPMENT PROJECT
USAID/GUATEMALA PROJECT NO.520-0341

REPORT ON FINANCIAL CAPABILITY

FINDINGS

Condition:

At present, GEXPRONT's financial statements are prepared by the accountant after an average two-month delay. For example, as of March 1988 the financial statements for January 1988 had not yet been prepared.

Criteria:

Financial statements constitute a management tool in decision making when prepared on a timely basis. Under normal circumstances, GEXPRONT's financial statements should be prepared within ten working days following the month to which they relate in order to be useful for this purpose.

Cause:

The financial statements are not prepared on a timely basis because of the accountant's excessive workload. The accountant handles all accounting functions. The position of assistant accountant is still open.

Effect:

The regular delay in preparing GEXPRONT's financial statements may interfere with adequate and timely decision making, therefore risking proper Project implementation and attainment of the objectives and goals established for the Project.

Recommendation:

USAID/Guatemala should require GEXPRONT to prepare its financial statements on a timely basis.

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
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REPORT ON MANAGEMENT CAPABILITY
AUDITOR'S OPINION

We have performed a study and evaluation of the Guild of Non-Traditional Product Exporters' (GEXPRONT) capability to manage the Non-traditional Export Promotion Component of the Private Enterprise Development Project under the subagreement signed with the Enterprise Chamber of Guatemala (CAEM), USAID/Guatemala Project No. 520-0341. Our study and evaluation covered those areas we considered relevant to the criteria in the statement of work for the pre-award survey of the above-mentioned subagreement. Our work was performed in accordance with the United States Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (1981 Revision).

Based on our study and our understanding of the criteria included in the statement of work mentioned in the preceding paragraph, we believe that the Guild of Non-traditional Product Exporters (GEXPRONT) at present does not have sufficient management capability and span of control to manage the project, since the administrative manager position is vacant and the accountant handles incompatible duties and an excessive workload. Our opinion is based on the accompanying findings 1 and 2.

This report is intended solely for the use of the Guild of Non-traditional Product Exporters, the Enterprise Chamber of Guatemala, and the United States Agency for International Development. 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.



March 23, 1988
Guatemala

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF THE
PRIVATE ENTERPRISE DEVELOPMENT PROJECT
USAID/GUATEMALA PROJECT NO.520-0341

REPORT ON MANAGEMENT CAPABILITY

FINDINGS

1. The Position of Administrative Manager is Vacant.

Condition:

At present, the position of administrative manager is vacant and the duties of that position are being performed by the deputy administrative manager, who is also responsible for other functions.

Criteria:

The administrative function is vital for any organization to attain its objectives. Consequently, all authorized positions of such importance should be occupied on a full-time basis to adequately manage GEXPRONT's resources and control its operating activities.

Cause:

Filling the administrative manager position on a full-time basis has not been considered necessary, since the project has not commenced.

Effect:

The lack of a full-time administrative manager may seriously weaken the internal control system, and adequate and timely decisions may not be made.

Recommendation:

USAID/Guatemala should require GEXPRONT's Board of Directors to take immediate action to fill the administrative manager position.

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THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF THE
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REPORT ON MANAGEMENT CAPABILITY

FINDINGS

2. GEXPRONT's Accountant Handles Incompatible Duties and an Excessive Workload.

Condition:

At present GEXPRONT's accountant is performing both the accounting and finance functions, as well as other administrative functions since the positions of assistant accountant and financial department director are vacant. Furthermore, accounting records are kept manually and commencement of project activities will generate even more transactions to be recorded.

Criteria:

The accounting and finance functions, which are both vital for any organization, should be adequately staffed and the duties should be segregated for proper management of available resources.

Cause:

GEXPRONT had not envisioned that the project's finance and accounting functions would be in addition to the current workload.

Effect:

The start of Project activities would put even more excessive burden on GEXPRONT's accountant. Internal controls would be weakened even further due to the lack of adequate staff and segregation of functions. Output of financial information would be even more seriously delayed.

Recommendation:

USAID/Guatemala should require GEXPRONT to contract additional personnel to fill the positions of assistant accountant and financial department director. GEXPRONT should segregate the functions that are not compatible with accounting activities and reallocate those to the administrative section.

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THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF THE
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USAID/GUATEMALA PROJECT NO. 520-0341

REPORT ON INTERNAL CONTROLS
AUDITOR'S OPINION

We have performed a pre-award study and evaluation of the internal accounting and administrative control systems of the Guild of Non-Traditional Product Exporters (GEXPRONT) in connection with the subagreement with the Enterprise Chamber of Guatemala (CAEM) for the Non-Traditional Export Promotion Component of the Private Development Project, USAID/Guatemala Project No. 520-0341. The purpose of our study and evaluation was to determine the adequacy of the control systems to record transactions under the subagreement. Our study and evaluation was performed in accordance with the United States Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (1981 Revision), and pursuant to the criteria established by the statement of work for the pre-award survey of the subagreement. Our study was limited to an evaluation of disbursements, accounts receivable, purchases, safeguarding of assets and submission of data.

The management of the Guild of Non-Traditional Product Exporters is responsible for establishing and maintaining the internal control systems to be applied when administering the above mentioned subagreement. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of the internal control systems used in administering this Project are to provide management with reasonable, but not absolute, assurance that resources are safeguarded against waste, loss and misuse, that resources are properly used and in compliance with established policies and procedures and applicable laws and regulations and reliable data are obtained, maintained and fairly disclosed in management reports.

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REPORT ON INTERNAL CONTROLS

AUDITOR'S OPINION

Because of inherent limitations in any system of internal accounting and administrative control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate, because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

Based on our study and the criteria referred to in the first paragraph of this report, we believe that GEXPRONT's control systems are adequate for A.I.D.'s purposes, except for the conditions described in the accompanying findings 1 to 4, which we believe result in more than a relatively low risk that errors or irregularities may occur and not be detected within a timely period.

This report is intended solely for the use of the Guild of Non-Traditional Product Exporters, the Enterprise Chamber of Guatemala, and the United States Agency for International Development. 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.



March 23, 1988
Guatemala

GUILD OF NON-TRADITIONAL PRODUCT EXPORTERS
THE NON-TRADITIONAL EXPORT PROMOTION COMPONENT OF THE
PRIVATE ENTERPRISE DEVELOPMENT PROJECT
USAID/GUATEMALA PROJECT NO. 520-0341

DESCRIPTION OF INTERNAL CONTROL SYSTEMS

Following is a description of the internal accounting and administrative control systems evaluated:

DISBURSEMENTS

1. Items purchased by GEXPRONT are received and inventoried by the accounting department.
2. Checks are prepared by the accountant on the basis of the original supporting documentation approved by management and by one of the assistant managers (technical or administrative).
3. Checks are signed by the general manager and the treasurer, after a) comparing the check with the invoice, and b) reviewing the amount for reasonableness and compliance with tax aspects.
4. Checks are sent back to the accountant for delivery to the supplier.
5. Journal entries are prepared by the accounting department on the basis of the approved check. Subsidiary ledgers are then posted.

COLLECTION OF RECEIVABLES

GEXPRONT accounts for its income by the accrual method of accounting. The billing procedure is as follows:

1. The commercial information department issues a monthly listing of all members for billing purposes. The computer sorts out those members that are more than two months in arrears on payment of membership fees, and prepares a separate listing for discontinuing billings to those persons.
2. Based on the above mentioned listings, the computer issues the billings and automatically charges the members specific accounts in the auxiliary ledger.

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DESCRIPTION OF INTERNAL CONTROL SYSTEMS

3. All billings are sent to members through a private mailing company ("Servicio de Entrega Inmediata").
4. Members are contacted by phone. When payments are ready the Guild's messenger picks the checks up.
5. A cash receipts form is prepared for each check received; a copy of which is the basis for recording collections and crediting the members' accounts.
6. An aging of accounts listing is prepared at month-end for control of collections and for accounting purposes.
7. The collection process is completed when the listing of members that are more than two months in arrears on payments is transferred to the institutional development department for personal collection visits.

PURCHASES

Purchases are categorized into three types, as described below:

1. Recurring services

A purchase order is prepared by the accounting department and is approved by both the general manager and by either one of the assistant managers (technical or administrative). The order is prepared with two copies and it is distributed as follows:

Original	Supplier
Copy	Accounting department
Copy	For sequence file purposes

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DESCRIPTION OF INTERNAL CONTROL SYSTEMS

2. Stationery and office supplies

An accounting clerk controls the stock on hand. At the minimum supply reorder point, several quotations are obtained by phone and an order is placed for the best offer after authorization is obtained from the accountant.

3. Project services (events, promotions, training, conventions, etc.)

The area chief prepares a budget, subsequently approved by the general manager, on the basis of which a purchase order approved by management is prepared, the check is issued and the related journal entry is made.

SAFEGUARDING OF ASSETS

As of the date of our review, no formal procedures for safeguarding of assets were in place. However, an annual physical inventory is taken, identifying all items acquired during the period. Also, auxiliary ledgers for individual entries are kept for control purposes and for comparison with physical counts.

DATA SUBMISSION

The accounting system generates the following information:

- Balance sheet
- Statement of receipts and disbursements (monthly and cumulative to date)
- Comparison of results of operation with budget (cumulative to date)

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REPORT ON INTERNAL CONTROLS

FINDINGS

1. GEXPRONT does not have Insurance Coverage for its Assets (goods, valuables, etc.).

Condition:

The fixed assets amounting to Q173,324 as at December 31, 1987, are not covered with insurance.

Criteria:

All assets and valuables of GEXPRONT should be insured for adequate amounts.

Cause:

GEXPRONT does not see the need to carry insurance on its assets.

Effect:

GEXPRONT is risking losing its assets in case of disaster and is jeopardizing its financial position by not having insurance coverage over its assets.

Recommendation:

USAID/Guatemala should recommend that GEXPRONT maintain adequate insurance coverage over its assets.

2. There was Lack of Segregation of Duties on Disbursement and Cash Management Procedures.

Condition:

There was no evidence of review of bank reconciliations by a responsible official, and the issuance of checks, deposits of cash receipts, recording of transactions and bank reconciliation functions are handled by one individual in the accounting department.

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REPORT ON INTERNAL CONTROLS

FINDINGS

Criteria:

Established procedures over cash management and recording should provide adequate segregation of functions and an independent control over bank reconciliations.

Cause:

Management has not implemented these control procedures.

Effect:

Under the present system, errors and irregularities may occur and not be detected on a timely basis.

Recommendation:

USAID/Guatemala should require GEXPRONT to establish procedures that would assure that bank reconciliations are reviewed by someone independent of the preparer, and that segregation of functions exists regarding issuance of checks, deposits of cash receipts and preparation of bank reconciliations, for better cash management control.

3. There were no Accounting Manuals or Written Procedures.

Condition:

The present procedures covering purchases, accounts receivable, billings and collections, disbursements, payrolls and petty cash are not documented in writing. Also, the chart of accounts lacks appropriate descriptions of application.

Criteria:

The written documentation of accounting procedures in manuals is an important feature in any organization, as they are the significant policies adopted by management in implementing the entity's activities.

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REPORT ON INTERNAL CONTROLS

FINDINGS

Cause:

Management has not required accounting manuals or written procedures. The present procedures are adopted practices only.

Effect:

There is a risk that assets are not safeguarded against loss from unauthorized use or disposition and that transactions are not recorded properly, in accordance with generally accepted accounting principles.

Recommendation:

USAID/Guatemala should require GEXPRONT to take action to implement accounting manuals and written procedures.

4. The Electronic Data Processing Center (EDP) Lacks General Controls.

Condition:

During our evaluation of the internal controls of the EDP Center, we noted significant weaknesses in the control procedures over equipment and operating systems use, access and operation, processing data, and development and modification of systems.

Criteria:

The above mentioned procedures should be formally defined, documented and put into practice in order to guarantee the reliability and safety of the data to be processed.

Cause:

Because of the simplicity of the EDP equipment installed and the low volume of data being processed, an investment for implementing internal control procedures in the data processing department had not been considered necessary.

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REPORT ON INTERNAL CONTROLS

FINDINGS

Effect:

Lack of general controls entails a high risk of exposure to voluntary or involuntary human errors, hardware/software breakdowns, abuse in computer use, duplication and inaccurate outputs with no control over prevention, detection and correction of such errors.

Recommendation:

USAID/Guatemala should require GEXPRONT to establish adequate internal control procedures to minimize the risks to which the data stored in the computer are subjected and to document and implement these procedures as part of the computer equipment installation.

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PRIVATE ENTERPRISE DEVELOPMENT PROJECT
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REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND
APPLICABLE LAWS AND REGULATIONS

AUDITOR'S OPINION

We have performed a study and evaluation of compliance with terms of the subagreement between the Guild of Non-Traditional Product Exporters (GEXPRONT) and the Enterprise Chamber of Guatemala (CAEM) and with the applicable laws and regulations related therewith for USAID/Guatemala Project No. 520-0341. Our study and evaluation was performed in accordance with the United States Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (1981 Revision).

The management of GEXPRONT is responsible for the entity's compliance with terms of the subagreement mentioned above and applicable laws and regulations. For purposes of our study we reviewed and/or tested the following matters related to the project:

1. Subagreement for the Non-Traditional Export Promotion component of the Private Enterprise Development Project, between the Guild of Non-Traditional Product Exporters and the Enterprise Chamber of Guatemala dated March 15, 1988.
2. Cooperative Agreement No.520-0341, Private Enterprise Development Project, between the Enterprise Chamber of Guatemala and the Agency for International Development dated August 31, 1987.
3. Progress of the project through March 10, 1988 compared to activities programmed for commencement and/or completion as of that date as included in the project.
4. Payrolls and disbursements.

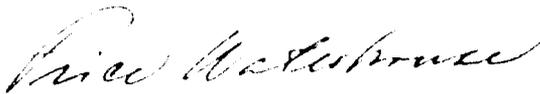
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REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND
APPLICABLE LAWS AND REGULATIONS

AUDITOR'S OPINION

The results of our study indicate that for items reviewed and/or tested GEXPRONT complied with applicable laws and regulations, except as described in the accompanying findings 1 to 3. With respect to items not reviewed or tested, nothing came to our attention to indicate that GEXPRONT had not complied with subagreement terms and applicable laws and regulations.

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March 23, 1988
Guatemala

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PRIVATE ENTERPRISE DEVELOPMENT PROJECT
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REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND
APPLICABLE LAWS AND REGULATIONS

FINDINGS

1. The Guild has not Withheld Income Taxes on Salaries, Fees and Rent.

Condition:

Since GEXPRONT is a unit within the Chamber of Industry it does not have a legal status and is not registered with the Income Tax Office as a tax withholding agent; therefore, no income tax withholdings have been made on payments of salaries, fees, rent, etc.

Criteria:

Pursuant to the Income Tax Law of Guatemala, non-profit entities are exempt from income taxes, but should register as tax withholding agents.

Cause:

The lack of legal status has prevented GEXPRONT from obtaining registration as a tax withholding agent with the Income Tax Office.

Effect:

Non-compliance with the requirements for withholding of income taxes is penalized with fines equal to 30% of the sums not withheld.

Recommendation:

USAID/Guatemala should recommend to GEXPRONT that it register as a tax withholding agent with the Income Tax Office, and withhold income taxes for salaries, fees and other payments subject to tax, and pay the withholdings to the tax office in accordance with the pertinent legislation.

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REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND
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FINDINGS

2. The Project had not Officially Commenced as of March 19, 1988.

Condition:

The Private Enterprise Development Project is still in the approval stage. Also the subagreement between GEXPRONT and CAEM was not officially signed until March 15, 1988.

Criteria:

According to plan, GEXPRONT should initiate its activities by April 4, 1988, after signing the corresponding sub-agreement with CAEM.

Cause:

The delay in commencement of the project has caused a general delay in the required activities prior to disbursement of funds by A.I.D.

Effect:

Postponement of project activities could result in overloading the functions of the officials working directly with the Project, and could also defer attainment of the proposed objectives and goals.

Recommendation:

USAID/Guatemala, CAEM and GEXPRONT should adopt measures to accelerate the process of the project. Periodic evaluations of project progress should be made in order to reach the Project's objectives as programmed.

3. GEXPRONT has not Complied with Two of the Conditions Set Forth in Agreement No. 520-0276 with USAID/Guatemala.

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REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND
APPLICABLE LAWS AND FINDINGS REGULATIONS

FINDINGS

Condition:

GEXPRONT is administering a program of Agro-Industrial Development, USAID/Guatemala Project No.520-0276. The Agreement for this program requires that GEXPRONT develop a code of business ethics and define in writing procedures considered adequate for the control and recording of purchases. Neither of these conditions have been met.

Criteria:

GEXPRONT, to strenghten internal controls and comply with the terms of Agreement No.520-0276, should fully comply with its contractual obligations.

Cause:

There appears to be no reason for the non-compliance, except management oversight.

Effect:

Non-compliance with contractual obligations may require action by A.I.D., disrupting project execution.

Recommendation:

USAID/Guatemala should require GEXPRONT to comply in full with the conditions specified in the Agreement.

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LIST OF REPORT RECOMMENDATIONS

Proposed Costs

Recommendation No. 1:

USAID/Guatemala should require GEXPRONT to revise its cost proposal based on the most current, complete, and accurate pricing data available, which is adequately supported and in sufficient detail in accordance with agreement terms and the guidelines in OMB circular A-122.

Recommendation No. 2

USAID/Guatemala should require GEXPRONT to document the basis for the proposed costs for consultant services.

Recommendation No. 3:

USAID/Guatemala should require GEXPRONT to revise its cost proposal for contracting technical and administrative staff to include fringe benefits in accordance with the law.

Recommendation No. 4:

USAID/Guatemala should require GEXPRONT to revise its cost proposal based on quotations or bids adjusted by inflation factors considered appropriate for planned dates of acquisition of goods and services.

Recommendation No. 5:

USAID/Guatemala should require GEXPRONT to revise its cost proposal to include all concepts and cost estimates considered by the subagreement with CAEM.

Financial Capability

Recommendation No. 1:

USAID/Guatemala should require GEXPRONT to prepare cash flow projection statements quarterly in conjunction with the receipts and disbursements budget.

Recommendation No. 2:

USAID/Guatemala should require GEXPRONT to determine how it proposes to furnish its required counterpart contributions to the project.

Recommendation No. 3:

USAID/Guatemala should require GEXPRONT to prepare its financial statements on a timely basis.

Management Capability

Recommendation No. 1:

USAID/Guatemala should require GEXPRONT's Board of Directors to take immediate action to fill the administrative manager position.

Recommendation No. 2:

USAID/Guatemala should require GEXPRONT to contract additional personnel to fill the positions of assistant accountant and financial department director. GEXPRONT should segregate the functions that are not compatible with accounting activities and reallocate those to the administrative section.

Internal Controls

Recommendation No. 1:

USAID/Guatemala should recommend that GEXPRONT maintain adequate insurance coverage over its assets.

Recommendation No. 2:

USAID/Guatemala should require GEXPRONT to establish procedures that would assure that bank reconciliations are reviewed by someone independent of the preparer, and that segregation of functions exists regarding issuance of checks, deposits of cash receipts and preparation of bank reconciliations, for better cash management control.

Recommendation No. 3:

USAID/Guatemala should require GEXPRONT to take action to implement accounting manuals and written procedures.

Recommendation No. 4:

USAID/Guatemala should require GEXPRONT to establish adequate internal control procedures to minimize the risks to which the data stored in the computer are subjected and to document and implement these procedures as part of the computer equipment installation.

Compliance with Agreement Terms and Applicable Laws and Findings Regulations:

Recommendation No. 1:

USAID/Guatemala should recommend to GEXPRONT that it register as a tax withholding agent with the Income Tax Office, and withhold income taxes for salaries, fees and other payments subject to tax, and pay the withholdings to the tax office in accordance with the pertinent legislation.

Recommendation No. 2:

USAID/Guatemala, CAEM, and GEXPRONT should adopt measures to accelerate the process of the project. Periodic evaluations of project progress should be made in order to reach the Project's objectives as programmed.

Recommendation No. 3:

USAID/Guatemala should require GEXPRONT to comply in full with the conditions specified in the Agreement.

PROGRAMA DE ACCIONES
PREVIO A INICIAR PROYECTO 520-0341

Appendix 1

RECOMENDACION	ACCIONES	FECHA DE TERMINACION
<p>La Gremial debe efectuar una integración del presupuesto de contrapartida, así como de los fondos - provenientes del Gobierno de Guatemala y someterlos a la aprobación de AID. Por otro lado debe - determinar la forma en que cubrirá su aporte de - contrapartida para el logro de los objetivos del Proyecto.</p>	<p>a) Presupuestar fondos de contrapartida. b) Presupuestar fondos provenientes del Gobierno. c) Someter a consideración de AID.</p>	<p>01/06/1988</p>
<p>Durante la ejecución del Proyecto la Gremial debe obtener cotizaciones escritas de los consultores previo a la adjudicación de un Proyecto, y someter el resultado de su evaluación a la aprobación de AID.</p>	<p>a) Durante la ejecución del proyecto se cotizará la compra y/o contratación de bienes y servicios, - en coordinación con la P.M.U. Además, en la revisión del presupuesto se sustentará la base de cálculo.</p>	<p>01/06/1988</p>
<p>La Gremial de Exportadores debe incluir dentro de sus costos propuestos, un rubro específico de prestaciones laborales.</p>	<p>a) El presupuesto original ya contiene las prestaciones laborales, excepto indemnización, sin embargo, se atenderá la recomendación y se pondrá en rubro separado.</p>	<p>01/06/1988</p>
<p>La Gremial de Exportadores debe efectuar cotizaciones, licitaciones y/o requerir propuestas, según sea el caso, para cuantificar sobre bases razonables el costo de los bienes y servicios, y luego efectuar una revisión de los costos propuestos y ajustar los mismos de acuerdo con el factor de escalamiento que se considere necesario en la fecha en que se proyecte realizar el gasto.</p>	<p>a) Además de cumplir con el requisito de cotizar, se incorporará un renglón para inflación y otro para contingencias.</p>	<p>01/06/1988</p>
<p>La Gremial de Exportadores de Productos no Tradicionales debe presentar sus flujos de efectivo con la misma frecuencia con la que son presentados sus presupuestos de ingresos y gastos.</p>	<p>a) Se harán trimestralmente tanto los presupuestos como los flujos de efectivo.</p>	<p>N/A</p>

RECOMENDACION	ACCIONES	FECHA DE INICIO
<p>La Gerencial debe efectuar una integración de la forma en que hará su aporte de contrapartida y en conjunto con la Cámara Empresarial (CAEM) y la Agencia para el Desarrollo Internacional (AID), evaluar dicha integración y determinar si es la forma más apropiada en que podría cubrirse dicha cantidad a efecto de que puedan lograrse las actividades y metas del Proyecto, en el tiempo estimado.</p>	<p>a) Al hacer el presupuesto de contrapartida, se especificará el origen de los fondos comprometidos.</p>	<p>01/06/1988</p>
<p>Los estados financieros de la Gerencial deben ser preparados en forma oportuna, para una adecuada y oportuna toma de decisiones financieras.</p>	<p>a) Se contrató un Auxiliar de Contabilidad para ampliar la capacidad de ese Departamento. b) Durante el mes de Julio se contratará una empresa especializada en sistemas de compute, para desarrollar o adaptar un sistema para el manejo contable.</p>	<p>21/05/1988 15/11/1988</p>
<p>La Junta Directiva debe iniciar las acciones necesarias para contratar a la persona que ocupará la Gerencia Administrativa.</p>	<p>a) El Gerente Administrativo será contratado a partir del 1 de Junio de 1988.</p>	<p>01/06/1988</p>
<p>El Gerente Administrativo debe asegurarse que la posición de auxiliar de contabilidad sea cubierta lo más pronto posible. Por otro lado, debe ser implementado el proyecto de automatización de la contabilidad y definir quién tendrá a su cargo la función de Finanzas y Contabilidad del Proyecto de Desarrollo de la Empresa Privada.</p>	<p>a) Ya se contrató el Auxiliar de Contabilidad. b) La automatización se logrará al contratar la empresa de computación.</p>	<p>21/05/1988 15/11/1988</p>
<p>La Gerencial debe contratar las pólizas de seguro necesarias para salvaguardar sus bienes y valores y poder garantizar el cumplimiento de sus objetivos y los del Programa PED.</p>	<p>a) Se contratará la póliza de seguro que cubrirá todos los bienes y valores.</p>	<p>01/01/1988</p>

RECOMENDACION	ACCIONES	FECHA DE EMISIÓN
<p>Debe existir una revisión de las conciliaciones bancarias por parte de un funcionario responsable independiente de quien las prepara. Al mismo tiempo, debe existir una adecuada segregación de las funciones en la emisión de cheques, depósito de recibos y elaboración de conciliaciones bancarias, con el objeto de que exista un adecuado control interno en la administración del efectivo</p>	<p>a) Se segregarán funciones entre Gerente Administrativo, Encargado de Finanzas y Contadores.</p>	<p>01/07/1988</p>
<p>La Gerencia General de la Grerial debe iniciar las acciones necesarias para documentar adecuadamente las políticas utilizadas en el desarrollo de todas las actividades de la misma.</p>	<p>a) Se elaborarán los correspondientes manuales y descripción de procedimientos básicos.</p>	<p>31/10/1988</p>
<p>Definir, documentar e implementar los procedimientos de control interno adecuados que minimicen el efecto de cada riesgo al prever medidas que prevengan, detecten y/o corrijan las situaciones anómalas que pudieran surgir en las actividades relacionadas con la conversión de datos, operación en las actividades relacionadas con la conversión de datos, operación del computador, custodia de archivos de datos y de programas, y distribución de la información, a efecto de asegurar la confiabilidad y seguridad de la información procesada.</p>	<p>a) Se asignará la responsabilidad al Jefe y Asistente del Departamento de Información, para que documenten y establezcan medidas de seguridad en el sistema, bajo la supervisión del Gerente Administrativo.</p>	<p>15/08/1988</p>
<p>Se debe considerar la participación de la función de Auditoría en la función de Desarrollo del Sistema, a efecto de: a) prevenir la emisión de errores de aplicaciones y durante el proceso de mantenimiento de las mismas, y b) prevenir los riesgos existentes en todo proceso de desarrollo de sistemas (decisiones erróneas, costos excesivos, desventaja competitiva, atraso en la entrega de información generando una interrupción en las actividades de la Institución, etc.)</p>	<p>a) Se asignará la función al Gerente Administrativo.</p>	<p>01/07/1988</p>

RECOMENDACION	ACCIONES	FECHA DE TERMINACION
Se deben definir formalmente los procedimientos adecuados que permitan al usuario del sistema ejercer un control efectivo sobre los datos de entrada y la información producida por el sistema de aplicación.	a) Esta recomendación será incluida en los términos de referencia para contratar la firma consultora que ayudará a implantar el sistema computarizado, asignando password solamente a aquellas personas autorizadas para modificar registros.	15/08/1988
<p>La Gremial debe registrarse como agente retenedor de impuestos ante la Dirección General de Rentas - Internas. La Gremial debe retener el Impuesto sobre la Renta sobre aquellos sueldos y honorarios y pagos sujetos al mismo y pagarlos en su oportunidad en la Dirección General de Rentas Internas, conforme las disposiciones legales.</p> <p>Por otro lado, se debería cuantificar el monto de las retenciones no efectuadas, que el fisco podría reclamar en cualquier momento y considerar la conveniencia de provisionar el pasivo correspondiente.</p>	<p>a) El Número de Identificación Tributaria - NIT - es el 516348-K. Se iniciará la retención.</p> <p>b) Se investigará la necesidad de hacerlo y entonces se considerará la conveniencia de hacer la provisión. De cualquier manera el impacto será inmaterial para la posición financiera de la gremial.</p>	<p>31/05/1988</p> <p>15/06/1988</p>
Se deben agilizar los trámites para obtener las aprobaciones correspondientes y luego efectuar una evaluación periódica en el avance del Proyecto, hasta que éste logre alcanzar el nivel programado inicialmente.	a) Este documento persigue cumplir con las condiciones previas. Se reprogramarán actividades, en función del desplazamiento en el tiempo y congruente con el presupuesto revisado.	01/06/1988

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APPENDIX 2

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