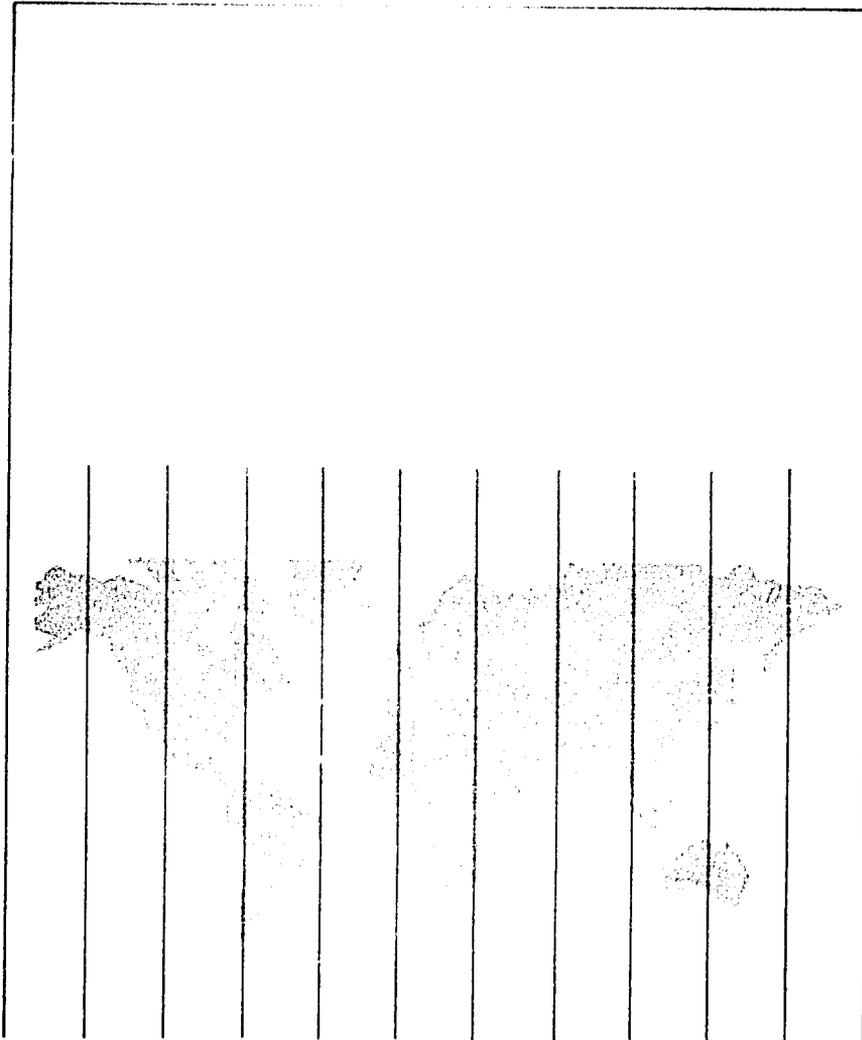


UNITED STATES  
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE  
INSPECTOR  
GENERAL



Regional Inspector General for Audit  
TEGUCIGALPA

PD-#2-987

**AUDIT OF THE PRIVATE SECTOR  
DEVELOPMENT COORDINATION PROJECT  
COMPONENTS MANAGED BY THE  
ENTERPRISE CHAMBER OF GUATEMALA (CAEM)**

**Audit Report No. 1-520-89-55-N  
September 22, 1989**

AGENCY FOR INTERNATIONAL DEVELOPMENT

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TEGUCIGALPA - HONDURAS

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September 22, 1989

MEMORANDUM

TO : D/USAID/Guatemala, Anthony J. Cauterucci  
FROM : RIG/A/T, *Coinage N. Gothard*  
Coinage N. Gothard, Jr.  
SUBJECT: Audit Report No. 1-520-89-55-N, "Audit of the Private Sector Development Coordination Project Components Managed by the Enterprise Chamber of Guatemala (CAEM)"

This report presents the results of a non-Federal financial audit requested by your Mission of the Private Sector Development Coordination Project, USAID/Guatemala Project No. 520-0337, components managed by the Enterprise Chamber of Guatemala (CAEM). The accounting firm of Price Waterhouse prepared the report which is dated September 11, 1989.

The purpose of the project is to increase the participation of the private sector in nontraditional development programs. CAEM managed the Project Coordination component and implemented project activities of the Technical Assistance and Training for Private Sector Productivity component. The original 3-year project scheduled for completion on March 27, 1988 was extended to March 27, 1990. The audit period was from initiation of the project on March 27, 1985 to June 30, 1988 and included coverage of \$507,855 in A.I.D. funds provided to CAEM.

The purpose of this audit was to report on (1) the fairness of the fund accountability statement of the components of the project managed by CAEM; (2) CAEM's internal control structure for project purposes; and (3) compliance by CAEM with agreement terms and applicable laws and regulations.

Price Waterhouse disclaimed an opinion on the fund accountability statement due to a scope limitation caused by inadequate accounting records. Price Waterhouse's study and evaluation of CAEM's internal control structure revealed the following material weaknesses: (1) an inadequate accounting system, (2) inadequate controls over cash, (3) lack of

appropriate procurement procedures and controls, and (4) lack of appropriate personnel procedures. As a result, they believe that the internal control structure does not reduce to a relatively low level the 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 by employees in the normal course of their assigned function. Price Waterhouse disclaimed an opinion on items tested for compliance as well as untested items due to the scope limitation of inadequate accounting records and inadequate internal controls. However, they determined that there was noncompliance with certain agreement terms and laws and regulations requiring (1) the establishment of a bank account to be used solely for project purposes, (2) goods and services to be acquired from unrelated parties, (3) establishment of adequate accounting and budgetary control systems, (4) fully documented counterpart contributions for the agreed upon amounts, (5) evidence of solicitation of competitive bid quotations for several studies paid directly by USAID/Guatemala, and (6) adherence to approved budgets and budget limitations for project expenditures. Price Waterhouse identified \$89,527 in questionable costs related to inadequate supporting documentation, noncompliance with approved budgets and budget limitations, and noncompliance with agreement terms and applicable laws and regulations.

In general, CAEM's management felt that most of the conditions found by the audit could be explained, were known by USAID/Guatemala, or were already being corrected. Price Waterhouse made appropriate changes and modifications to the report based on detailed discussions with CAEM's officials subsequent to the exit conference.

The Price Waterhouse report contains seven recommendations on internal controls and compliance. It should be emphasized, as noted in the subsequent summary of significant findings and recommendations, that we recommend that USAID/Guatemala arrange for a final closeout audit of those components of the private sector development project, USAID/Guatemala Project No. 520-0337, managed by the Enterprise Chamber of Guatemala (CAEM). We have prepared the following summary of the most significant findings and related recommendations which will be included in the Office of the Inspector General's audit recommendation follow-up system:

Recommendation No. 1

We recommend that USAID/Guatemala negotiate a settlement with the Enterprise Chamber of Guatemala (CAEM) concerning the

\$89,527 in questionable (suspended or/and questioned) costs included in the Price Waterhouse report dated September 11, 1989. Suspended costs should be supported with adequate documentation or evidence to substantiate allowability as appropriate project expenditures or refunded to A.I.D. Questioned costs, which Price Waterhouse considered expressly unallowable, should be refunded to A.I.D.

Recommendation No. 2

We recommend that USAID/Guatemala require the Enterprise Chamber of Guatemala (CAEM) to improve its internal controls and compliance with agreement terms and applicable laws and regulations by:

- a. establishing an adequate accounting and budgetary control system that will provide proper accountability for A.I.D. funds, including adequate supporting documentation for all project expenditures;
- b. adopting adequate controls over cash, including adequate segregation of duties and detailed records of receipts and disbursements;
- c. ensuring that a separate bank account is established solely for project funds;
- d. establishing a proper procurement system that will assure adequate procedures and records to control assets acquired, solicitation of competitive bid quotations as required, and acquisition of goods and services only from unrelated third parties;
- e. maintaining adequate personnel records; and
- f. fully documenting counterpart contributions for the agreed upon amounts.

Recommendation No. 3

We recommend that USAID/Guatemala arrange for a final close-out audit of the Private Sector Development Project, USAID/Guatemala Project No. 520-0337, components managed by the Enterprise Chamber of Guatemala (CAEM), for the period July 1, 1988 to the scheduled completion of the project on March 27, 1990.

Please advise this office within 30 days of actions planned or taken to clear the recommendations.

AUDIT OF THE  
PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT  
COMPONENTS MANAGED BY  
THE ENTERPRISE CHAMBER OF GUATEMALA  
USAID/GUATEMALA PROJECT NO. 520-0337

**PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT**  
**COMPONENTS MANAGED BY THE ENTERPRISE CHAMBER OF GUATEMALA**  
**USAID/GUATEMALA PROJECT NO. 520-0337**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Transmittal Letter and Summary	1
Background	2
Audit objectives and scope	2-3
Results of audit	3
Management comments and auditor's response	3-4
Fund Accountability Statement	
Auditor's opinion	5-6
Fund accountability statement	7-9
Notes to the fund accountability statement	10-11
Internal Control Structure	
Auditor's opinion	12-13
Findings	14-21
Compliance with Agreement Terms and Applicable Laws and Regulations	
Auditor's opinion	22
Findings	23-25
List of Report Recommendations	26-27
Appendix I	

## *Price Waterhouse*



September 11, 1989

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

Dear Mr. Gothard:

This report presents the results of our financial audit of the Private Sector Development Coordination Project, USAID/Guatemala Project No. 520-0337, components managed by the Enterprise Chamber of Guatemala (Cámara Empresarial de Guatemala - CAEM) from March 27, 1985 to June 30, 1988.

### BACKGROUND

CAEM was established in 1981 and its bylaws were approved by Executive Decree on March 19, 1982. It is a nonprofit, autonomous organization comprised of chambers and associations of the private sector of Guatemala.

The United States Agency for International Development in Guatemala (USAID/Guatemala) and CAEM signed Grant Agreement No. 520-0337-G-000-5115-00 for the amount of \$1,500,000 on March 27, 1985. The purpose of this agreement was to increase the participation of the private sector in non-traditional development programs and to promote Caribbean Basin Initiative (CBI) activities. The project was to be implemented during a three-year period ending March 27, 1988. However, on March 23, 1988 the completion date was extended to March 27, 1990.

The project included three components: Private Sector Development Sub-Projects, Technical Assistance and Training for Private Sector Productivity, and Project Coordination.

CAEM's role in the project was both as a supervisory body and an implementing unit. In its supervisory role it managed the Project Coordination component and in its implementing role it managed certain activities within the project's Technical Assistance and Training for Private Sector Productivity component.

In addition to CAEM, two other organizations, the Foundation for the Integral Development of Socio-economic Programs (Fundación para el Desarrollo Integral de Programas Socio-económicos - FUNDAP) and the Technological Foundation (Fundación Tecnológica - FUNTEC), managed project components.

FUNDAP, a nonprofit organization created in September 1981, managed the project's Private Sector Development Sub-projects Component. FUNDAP's main objectives are the development of programs aimed at studying the economics of Guatemala through scientific, educational and research institutions.

FUNTEC, a private nonprofit organization created on January 22, 1985, managed those activities within the project's Technical Assistance and Training for Private Sector Productivity component which were not managed by CAEM. FUNTEC's main objectives are the development and evaluation of educational centers and activities for transferring technology; training, and expanding technical and scientific research, tending to contribute to the development of Guatemala; and modernizing Guatemalan exports and providing up-to-date information to private sector executives.

#### AUDIT OBJECTIVES AND SCOPE

The specific objectives of our audit were to determine whether:

1. The fund accountability statement for the portions of the project managed by CAEM, fairly presents the project's receipts and expenditures from March 27, 1985 to June 30, 1988 in accordance with the terms of the agreement with USAID/Guatemala, identifying any costs which were not fully supported with adequate records or which were not allowable under the terms of the agreement;
2. CAEM's internal control structure was adequate for project purposes; and
3. CAEM complied with agreement terms and applicable laws and regulations.

The audit was performed in accordance with generally accepted auditing standards and the U. S. Comptroller General's "Government Auditing Standards" (1988 Revision) and accordingly included such tests of the accounting records to determine if funds and commodities were properly accounted for and used as intended by the agreement and other applicable regulations and laws.

The scope of our work consisted of:

1. Examining the fund accountability statement for the portions of the project managed by CAEM, for the period from March 27, 1985 through June 30, 1988;
2. Reviewing and evaluating CAEM's internal accounting control structure during the audit period, to determine its adequacy for project purposes; and
3. Determining whether CAEM complied with applicable laws and regulations, and agreement terms, project implementation letters and its own internal policies and procedures that

may have had a material effect on the fund accountability statement.

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

### Fund Accountability Statement

CAEM did not keep separate accounting records for the Private Sector Development Coordination Project. The project's fund accountability statement for the period March 27, 1985 to June 30, 1988 was prepared on the basis of advance and disbursement liquidations submitted to USAID/Guatemala, some of which could not be traced to CAEM's accounting records. Therefore, we have disclaimed an opinion on the fund accountability statement for the period March 27, 1985 to June 30, 1988.

Our audit tests on the fund accountability statement prepared by CAEM as at June 30, 1988 disclosed costs of US\$69,405 and Q54,329 (equivalent to US\$20,122 at the rate of exchange of Q2.70 = US\$1.00), which we considered questionable.

### Internal Control Structure

Our study and evaluation of CAEM's internal control structure disclosed significant deficiencies which in our opinion could adversely affect CAEM's ability to record, process, summarize and report financial data pertaining to the project.

### Compliance with Agreement Terms and Applicable Laws and Regulations

Due to the limitations imposed upon our work by the condition of the accounting records and the lack of appropriate internal controls, it was not possible to determine compliance with agreement terms and applicable laws and regulations.

## MANAGEMENT COMMENTS AND AUDITOR'S RESPONSE:

### CAEM Comments -

In a letter dated July 12, 1989 CAEM provided comments to our draft report (Appendix 1). In general, CAEM's management feels that the auditor's findings and conclusions are too severe and that the majority of the audit findings have an explanation and/or were situations known to USAID/Guatemala. In an exit conference held on August 8, 1989 at which Messrs. Guillermo Matta, Rubén Mejía and Alejandro Pontaza of USAID/Guatemala were present, CAEM's officials confirmed their views with respect to the audit.

Price Waterhouse Response -

Our draft report was reviewed to determine the validity of our findings in light of the comments furnished by CAEM in its letter of July 12, 1989 (Appendix 1). Our findings on the internal control structure and the reasons for considering certain disbursements as questionable were discussed in detail and agreed to with CAEM's officials in meetings held for such purposes subsequent to the exit conference of August 8, 1989. Our final report includes the changes or modifications considered by us appropriate based on such review. The changes made to our draft report had no effect on our opinions or on the total costs considered as questionable based on our audit.

It is acknowledged that CAEM may be taking steps in the right direction to correct some of the deficient conditions revealed by our audit in several areas; however, as attested in CAEM's letter of July 12, 1989, such actions have been subsequent to the end of the period under our review (March 27, 1985 to June 30, 1988) and have not been substantiated.

*Price Waterhouse*

*Price Waterhouse*



**PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT**  
**COMPONENTS MANAGED BY THE ENTERPRISE CHAMBER OF GUATEMALA**  
**USAID/GUATEMALA PROJECT NO. 520-0337**

**FUND ACCOUNTABILITY STATEMENT**

**AUDITOR'S OPINION**

We have audited the accompanying fund accountability statement of the Private Sector Development Coordination Project, USAID/Guatemala Project No. 520-0337, components managed by the Enterprise Chamber of Guatemala (Cámara Empresarial de Guatemala - CAEM), for the period from March 27, 1985 to June 30, 1988. The fund accountability statement is the responsibility of CAEM.

Except for what is explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

CAEM did not prepare its fund accountability statement as of June 30, 1988 from its accounting records, and financial data contained in such records was not reasonably correlated in detail with approved budgets. Additionally, we identified questionable costs amounting to an equivalent value of \$89,527, as detailed in schedule I of this section.

As described in Note 1 to the fund accountability statement, CAEM's policy is to prepare its financial information on the basis of cash receipts and disbursements. Consequently, receipts and related assets are recognized when collected rather than when the accrual criteria is met and expenses are recognized when paid rather than when the obligation is incurred.

Since the fund accountability statement prepared by CAEM could not be correlated with its accounting records, as explained in the third paragraph above, the scope of our examination was not sufficient to enable us to express, and we do not express, an

opinion on the fund accountability statement for the Private Sector Development Coordination Project, USAID/Guatemala Project No. 520-0337, components managed by the Enterprise Chamber of Guatemala for the period from March 27, 1985 to June 30, 1988.

This report is intended solely for the use of the Enterprise Chamber of Guatemala and the U.S. 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.



February 7, 1989

PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT  
COMPONENTS MANAGED BY THE ENTERPRISE CHAMBER OF GUATEMALA  
USAID/GUATEMALA PROJECT NO. 520-0337

FUND ACCOUNTABILITY STATEMENT

FOR THE PERIOD MARCH 27, 1985 TO JUNE 30, 1988

<u>CONCEPTS</u>	<u>Budgeted amounts Dollars</u>	<u>The Enterprise Chamber of Guatemala</u>		<u>Direct payments made by USAID/ Guatemala Dollars</u>	<u>Q U E S T I O N A B L E   C O S T S (1)</u>			
		<u>Quetzales</u>	<u>Dollars</u>		<u>Questioned</u>		<u>Suspended</u>	
				<u>Dollars</u>	<u>Quetzales</u>	<u>Dollars</u>	<u>Quetzales</u>	<u>Dollars</u>
<b>RECEIPTS:</b>								
Caribbean Basin Initiative								
(CBI) promotional activities:								
Advances		Q273,613	\$ 98,973					
Reimbursements		30,825	6,732					
Project Coordination:								
Advances		<u>197,492</u>						
		<u>501,930</u>	<u>105,705</u>					
<b>EXPENDITURES:</b>								
Caribbean Basin Initiative								
promotional activities	\$233,000	259,009	98,161		Q 4,449	\$ 554	Q 31,407	\$ 68,851
Project Coordination	104,000	198,780			1,893		14,188	
Training for private sector								
productivity	185,000			\$141,250				
Other development project								
activity	220,000			25,000				
Studies for small/medium								
enterprises	50,000			50,000				
Program evaluations	<u>10,000</u>							
Cash reimbursements to:	<u>\$802,000</u>	<u>(457,769)</u>	<u>(98,161)</u>	<u>\$216,250</u>	<u>6,342</u>	<u>554</u>	<u>45,595</u>	<u>68,851</u>
USAID/Guatemala		(19,794)	\$ (7,544)					
Reconciling adjustment (2)		<u>(2,592)</u>					2,392	
Cash balance as of June 30, 1988		<u>Q 21,975</u>						
Total questionable costs					<u>Q 6,342</u>	<u>\$ 554</u>	<u>Q 47,987</u>	<u>\$ 68,851</u>

- (1) For details and explanations see schedule I on pages 8 and 9.  
(2) Unexplained cash shortage.

PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT  
COMPONENTS MANAGED BY THE ENTERPRISE CHAMBER OF GUATEMALA  
USAID/GUATEMALA PROJECT NO. 520-0337

SCHEDULE OF QUESTIONABLE COSTS

FOR THE PERIOD MARCH 27, 1985 TO JUNE 30, 1988

<u>PROJECT ACTIVITY/ ITEM QUESTIONED</u>	<u>PIL. No.</u>	<u>QUESTIONED (1)</u>			<u>SUSPENDED</u>				
		<u>US Dollars</u>	<u>Explanation(2)</u>	<u>Quetzales</u>	<u>Explanation(2)</u>	<u>US Dollars</u>	<u>Explanation(2)</u>	<u>Quetzales</u>	<u>Explanation(2)</u>
<u>Caribbean Basin Initiative</u>									
<u>(CBI) Promotional Activities</u>									
1. Conference, Miami Fl.	3		Q	147.70	7	\$35,915.45	1,2,3	Q 2,110.00	4,5
Conference, Miami Fl.	3			61.94	7,8			1,320.00	5,6
Conference, Miami Fl.	3			35.00	7			7,340.20	2,6
Conference, Miami Fl.	3							8,900.00	5,6
Conference, Miami Fl.	3							8,000.00	5
Conference, Miami Fl.	3							1,500.00	5
Conference, Miami Fl.	3							500.00	5
2. Conference, Miami Fl.	33			948.75	10	5,187.90	1,2	300.00	9
						5,442.24	2		
						1,905.00	11		
3. Relations Improvement with Brazil	36			1,045.00	10				
4. Relations Improvement with Brazil	50					4,500.00	8		
Bobbin Shbw. Atlanta, Ga.	50					233.20	11		
	50	\$ 554.10	12			990.00	13		
	50			377.85	10	588.00	8		
	50					628.00	10,15		
	50			1,211.52	12	232.00	2		
5. Conference, Miami Fl.	61			620.83	10	13,229.47	1,11	973.70	11
	61							256.30	2
	61							206.38	14
<u>Project Coordination</u>									
Accountant's salary								2,584.00	13
Christmas bonus				1,333.34	12				
Furniture and equipment								1,740.00	17
Operating expenses				560.00	10			7,003.45	18
Operating expenses								2,860.60	17
Subtotal		<u>554.10</u>		<u>6,341.93</u>		<u>68,851.26</u>		<u>45,594.63</u>	
Plus:									
Reconciling adjustment								<u>2,392.00</u>	19
Total		<u>\$ 554.10</u>		<u>Q 6,341.93</u>		<u>\$68,851.26</u>		<u>Q47,986.63</u>	

(1) We consider these costs to be clearly unallowable.  
(2) Explanations are shown on page 9.

EXPLANATIONS

1. Lack of reconciliation between vouchers and checks paid by CAEM
2. Supporting documentation partially or totally missing
3. Cancelled checks not returned by bank for endorsements review
4. Documentation consisted solely of photocopies
5. No evidence of receipt of service
6. Checks totally or partially issued to other than the supplier
7. Value-added tax (IVA) paid with grant funds and included in the liquidations submitted to A.I.D., as part of the costs incurred.
8. Documentation submitted with liquidation to A.I.D., but issued to an entity (or person) other than CAEM
9. Difference not detailed nor clarified
10. Expenditures included in A.I.D. liquidations paid for with grant funds which are not allowable (taxes and parking expenses)
11. Cancelled checks not submitted by CAEM
12. Expenditures submitted in A.I.D. liquidations but not paid for by CAEM
13. Travel (hotel) expenses with no supporting documentation
14. Expenditures or disbursement items not budgeted but paid for and submitted with A.I.D. liquidations
15. Photocopy of voucher with figures re-written in pencil
16. Salary paid for by CAEM, although employee legally suspended by social security authorities and salary partially paid for by IGSS
17. Excess over budget
18. Sums not detailed by CAEM, and uncertainty regarding their payment and supporting documentation
19. Unreconciled difference between cash actually on hand and the computed cash balance per the supporting documentation for the fund accountability statement. The indicated amount would be payable to A.I.D.

PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT  
COMPONENTS MANAGED BY THE ENTERPRISE CHAMBER OF GUATEMALA  
USAID/GUATEMALA PROJECT NO. 520-0337

NOTES TO THE FUND ACCOUNTABILITY STATEMENT

FOR THE PERIOD MARCH 27, 1985 TO JUNE 30, 1988

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

The Enterprise Chamber of Guatemala (Cámara Empresarial de Guatemala - CAEM) was organized in 1981 and its bylaws were approved by Executive Decree on March 19, 1982. CAEM is a nonprofit, autonomous organization comprised of chambers and associations of the private sector of Guatemala.

On March 27, 1985, CAEM and the United States Agency for International Development in Guatemala (USAID/Guatemala) signed Grant Agreement No. 520-0337-G-000-5115-00, for the Private Sector Development Coordination Project. The general purpose of this agreement was to promote the increasing participation of the private sector in non-traditional development activities and to promote Caribbean Basin Initiative (CBI) activities. It would draw on private sector enterprises' knowledge and experience to benefit small and medium entrepreneurs by improving production and marketing systems, and taking advantage of the facilities provided by the CBI. In this respect, CAEM would be the supervisory body for the project as well as an implementing unit of some components and activities.

Accounting records

The records of CAEM are maintained in Quetzales, denoted by the symbol Q. At June 30, 1988, CAEM's accounting records contained some differences and data not correlated with the budgets approved by USAID/Guatemala. Consequently, we could not consider such records as a basis for a review of the related fund accountability statement. Nonetheless, CAEM kept the grant fund liquidation vouchers submitted to USAID/Guatemala which, together with approved budgets, were the basis for CAEM to prepare, and for us to review, the above mentioned fund accountability statement. This statement was prepared on a cash basis, and consequently receipts and the related assets are recognized when collected rather than when accrued, and expenditures are recognized when paid rather than when the obligation is incurred.

NOTE 2 - FOREIGN CURRENCY REGULATIONS

Effective June 6, 1986, the Government of Guatemala established temporary regulations with respect to the parity of the Quetzal (Guatemala's currency) with the US dollar and over international

monetary transactions. On June 23, 1988, existing regulations were modified establishing for all practical purposes a rate of exchange of Q2.70 = US\$1.00.

NOTE 3 - DIRECT PAYMENTS TO THIRD PARTIES OR ENTITIES MADE BY  
USAID/GUATEMALA

Executive leaders training activity. CAEM selected and contracted Kurt Salmon Associates, Inc. for \$141,250, to conduct a study on draw-back industries in Guatemala. The related contract was approved in Project Implementation Letter No. 39 and paid for directly by USAID/ Guatemala.

Studies for the promotion of small and medium enterprises activity. USAID/Guatemala paid \$50,000 directly to Keene, Monk and Associates for a study on the privatization of selected Guatemalan Government companies which was outside the grant agreement objectives. Additionally, the final disbursement lacked the corresponding project implementation letter.

Other development projects CAEM contracted "Acción Internacional Técnica" (AITEC) to undertake a study for the development of a support program for microenterprises in the cities of Guatemala and Quetzaltenango. The related contract, for \$25,000, was approved in Project Implementation Letter No. 47 and paid for directly by USAID/Guatemala.

*Price Waterhouse*



PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT  
COMPONENTS MANAGED BY THE ENTERPRISE CHAMBER OF GUATEMALA  
USAID/GUATEMALA PROJECT NO. 520-0337

REPORT ON INTERNAL CONTROL STRUCTURE

AUDITOR'S OPINION

In planning and performing our audit of the fund accountability statement of the Private Sector Development Coordination Project, USAID/Guatemala Project No. 520-0337, components managed by the Enterprise Chamber of Guatemala (Cámara Empresarial de Guatemala - CAEM), for the period from March 27, 1985 to June 30, 1988, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide assurance on the internal control structure. As described under findings 1 through 6 in the following pages, the internal control structure contains so many weaknesses that we had no choice but to rely on substantive testing for a more efficient audit; consequently, our evaluation was limited to a preliminary review of the internal control structure to obtain an understanding of the control environment and the flow of transactions through the accounting system. For the purpose of this report, we have classified the significant internal controls as, and have evaluated, the following categories: 1) accounting and budgetary controls; 2) bank accounts and reconciliations; 3) procurement system; 4) control over the project's electronic data processing equipment; and 5) personnel recruitment practices.

Our evaluation of CAEM's internal control structure disclosed certain matters involving the project's execution that we consider reportable conditions in accordance with generally accepted auditing standards and the United States Comptroller General's "Government Auditing Standards" (1988 Revision). Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our opinion, could adversely affect CAEM's ability to record, process, summarize, and report financial data consistent with the assertions of management in the fund accountability statement.

Reportable conditions are described in findings Nos. 1 to 6 in the following pages of this report and include: lack of an

appropriate internal control environment for project purposes, inadequacy of the accounting system used to control the project's operations, and lack of control procedures to provide reasonable assurance over the uses of the project's funding.

In accordance with U.S. Comptroller General and AICPA Standards, auditors are required to identify material weaknesses. A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. In this connection, all findings presented (Nos. 1 through 6) are deemed to be material weaknesses.

This report is intended solely for the use of the Enterprise Chamber of Guatemala and the U.S. 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.



February 7, 1989

PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT  
COMPONENTS MANAGED BY THE ENTERPRISE CHAMBER OF GUATEMALA  
USAID/GUATEMALA PROJECT NO. 520-0337

REPORT ON INTERNAL CONTROL STRUCTURE

FINDINGS

1. There Was a Lack of Quality Control Exercised over Project Reports and Information

Condition:

CAEM did not provide for a continuing verification program to follow-up on the preparation and review of financial and administrative reports submitted under the project.

Criteria:

In order to ensure the accuracy of financial and administrative reports, a continuing review, verification and reconciliation process is needed to screen out errors and spot omissions and inaccurate information. Also, since some financial type information is derived from the management information system, proper oversight needs to be exercised over it to ensure the accuracy of that information before it becomes incorporated into the reports sent to A.I.D.

Cause:

There was lack of sufficient human resources to secure an adequate supervision of the project's management information system and financial and administrative report preparation.

Effect:

Due to the lack of quality controls in this area, CAEM produced untimely and incomplete financial reports, which had some discrepancies between the data per the accounting books and that submitted to USAID/Guatemala. In addition, no reliance could be placed on the fund accountability statement.

Recommendation:

USAID/Guatemala should require the Enterprise Chamber of Guatemala (CAEM) to apply formal verification and follow-up procedures in the preparation and review of financial and administrative reports to ensure their accuracy. These procedures should include continuing review of the accuracy of management information system information used by the project.

## 2. The Accounting Function Was Inadequate for Project Purposes

### Condition:

The accounting manual submitted by CAEM and approved by USAID/-Guatemala was not fully implemented. Our review of the accounting records and manual for the project disclosed deficiencies such as:

- Lack of expense details per component.
- Counterpart funds supplied by CAEM not shown separately.
- Incomplete reconciliation of account No. 00-035148-6 with Banco Industrial, S. A. which as of June 30, 1988 reflected an unexplained difference of Q4,423.78.
- A dollar bank account, to which US\$36,430.00 were deposited from project funds, was opened in the name of a CAEM official. Also, not all the checks used from this account were in CAEM's files.
- Bank accounts opened to handle USAID/Guatemala funds which were used to handle other funds and transfers as well, with no clear identification of fund identity in the accounting records.
- Lack of procedures in the accounting manual to incorporate a budget system and its proper linkage to the accounting system.

### Criteria:

The accounting function for the project should have the ability to record, process, summarize and report financial data consistent with CAEM's accounting manual adjusted as necessary to cover the various project situations encountered.

### Cause:

The above deficient conditions noted in the accounting system stem from incomplete implementation of the accounting manual and shortcomings in the accounting system as designed, which were not dealt with as the problems became evident.

### Effect:

There was inadequate presentation of project related financial data, in relation to the reports submitted to USAID/Guatemala, and to the budget execution.

**Recommendation:**

USAID/Guatemala should direct the Enterprise Chamber of Guatemala (CAEM) to correct the inadequacies which lead to the deficient conditions noted in this finding. Also, USAID/Guatemala should direct CAEM to establish a continuing system of review to assure that the accounting system handles all classes and types of transactions properly.

**3. Controls Over Cash Were not Adequate**

**Condition:**

CAEM did not design, nor did it implement, specific controls in the area of cash. The weaknesses detailed below were noted by testing transactions during the period covered by the audit (March 27, 1985 to June 30, 1988):

- No daily funds availability reports nor cash receipt forms covering grant funds were used.
- No cash book was used for detailed recording of both receipts and disbursements.
- The dollar account kept by CAEM was not adequately maintained thus making it difficult to reconcile the related balance.
- There was inadequate segregation of duties when handling grant funds as the official who prepared budgets was also a check signatory, incurred and liquidated expenses, and signed some of the related reports submitted to A.I.D.
- The report and document formats, provided for by the accounting manual covering the cash area, were not used.
- Documentation supporting the recording of Caribbean Basin Initiative (CBI) counterpart funds did not exist, as the only evidence thereof is a letter by the president addressed to the accountant.

**Criteria:**

Effective cash management practices require adequate control procedures to ensure that cash transactions pertaining to the project are consistently registered and in accordance with agreement terms and previously approved operations manuals.

**Cause:**

The internal control weaknesses observed over cash handling were the result of insufficient human resources to provide adequate supervision over project activities.

Effect:

The lack of appropriate control procedures over funds administration leaves open the possibility that errors or irregularities could occur without being detected on a timely basis.

Recommendation:

USAID/Guatemala and the Enterprise Chamber of Guatemala (CAEM) should implement control procedures for funds administration which correct the conditions noted in this finding and periodically verify continuing compliance with agreement terms in this area.

4. Controls over the Acquisition of Goods and Services Were Inadequate

Condition:

The procedures approved by A.I.D. and established by the Standard Provisions for the acquisition of goods and services were not applied in full by CAEM. Also, the entity did not implement adequate procedures to record and control assets acquired. Some deficiencies noted in this connection include:

Procedures:

- Adequate files in support of goods and services acquisitions were not maintained as required by the agreement. For instance, there was lack of background information retained on price quotations requested for purchases made; and
- There was inadequate segregation of functions, since in one instance an officer received a quotation (addressed to his attention), signed the pertinent agreement with the supplier on behalf of CAEM, and also registered the transaction. Also, both the manager and the accountant were responsible for the supervision of goods and service acquisitions in addition to their regular duties, which would give them the opportunity to override various of the control features in a normal system of internal control over procurements.

Records and control:

- CAEM did not have formal subsidiary ledgers to control assets acquired and the informal records that it had did not reconcile to its General Ledger;
- The asset details (both for assets acquired with grant and other funds) had not been reconciled with the accounting records;
- CAEM did not use its computer system to register and integrate the combined assets.

**Criteria:**

Acquisition of goods and services for the project should follow the procedures approved by USAID/Guatemala and be subject to appropriate controls once received.

**Cause:**

Since the volume of assets acquired was small, management apparently concluded that their control would be an easy matter and it did not maintain the documentation files required by the agreement or institute the procedures necessary to assure control of the assets acquired.

**Effect:**

The values reported by CAEM for fixed assets on its financial statements and in its fund accountability statement as of June 30, 1988 may not be accurate.

**Recommendation:**

USAID/Guatemala should require the Enterprise Chamber of Guatemala (CAEM) to: (a) keep adequate files in support of goods and services acquisitions, as provided for by the procedures established by A.I.D. and the Standard Provisions; (b) maintain an adequate segregation of duties among individuals involved in the acquisition of goods and services; (c) keep proper subsidiary records and ensure that the balances per the subsidiary records and General Ledger are reconciled monthly; and (d) implement verification, follow-up and review procedures to properly safeguard the related assets.

5. Personnel Procedures Were not Followed, Files Were not Properly Maintained, and Tax and Social Security Laws Were not Complied With

**Condition:**

A.I.D. approved personnel procedures were not fully implemented by CAEM and the following weaknesses were noted:

**Procedures:**

- Personnel files did not evidence that the salary histories of job applicants and of the contracted officers and employees had been obtained and used in determining salary levels; and
- Employees were contracted through a consulting firm, with no evidence that the recruitment, selection and hiring procedures specified by the agreement were complied with.

#### Records and control:

- Personnel records were not adequately maintained, as some lacked labor contracts; dependents declaration for tax purposes; evidence of affiliation in the social security system; personal data sheets; evaluations prior to selection; evidence that vacations, christmas bonuses and severance compensation, when applicable, were paid; and general correspondence between employer and employee;
- Salaries ledgers were not maintained in an up-to-date status;
- Up until March 1988, taxes had not been withheld on some officer and employee salaries; and
- The accountant received his full salary while on sick leave as a result of an accident. Additionally, he received payments through Guatemala's social security system meant to reimburse employees for lost wages during the period of recuperation from an accident. CAEM was under no obligation to pay the accountant's salary during the period he received social security payments.

#### Criteria:

The terms of the agreement required CAEM to comply with the A.I.D. approved procedures for personnel recruitment, selection and hiring. Also, adequate personnel files are necessary to provide the information needed for proper personnel and financial administration as well as to document compliance with the agreement terms and applicable laws and regulations.

#### Cause:

Since the number of employees was small, management elected to apply procedures which did not offer sufficient controls and deviated from A.I.D. approved procedures.

#### Effect:

There was non-compliance with agreement terms and applicable legislation of Guatemala, which in the latter case may subject CAEM to fines.

#### Recommendation:

USAID/Guatemala should require the Enterprise Chamber of Guatemala (CAEM) to comply with Guatemalan income tax and social security laws as they may be applicable to project personnel and to maintain adequate personnel records according to A.I.D. approved procedures. If necessary more staff should be hired.

## 6. The Financial Information System Needs Improvement

### Condition:

The financial information system kept by CAEM for A.I.D. purposes had deficiencies, such as the following:

- Not all the advance and disbursement liquidations submitted to A.I.D. could be traced to the accounting records.
- Copies of the liquidations, advances and disbursement reports (by activity and component) submitted to A.I.D were found disorderly filed. Also, reports submitted by the other implementing organizations on the project to CAEM were inadequate.
- Information submitted to A.I.D. regarding counterpart contributions lacked sufficient details.
- Standard report formats were not consistently used to cover disbursements made,
- There was a lack of reconciliation between reported totals and checks issued and the supplementary information submitted.
- Budget and liquidation items were not always clearly defined as to the nature of the corresponding disbursement, thus preventing analysis, interpretation and review.

### Criteria:

To be reliable and useful, financial information systems must provide clear, unambiguous and accurate information which can be readily traced back to the underlying supporting documentation and accounting records.

### Cause:

We attribute the above mentioned situations in part to the fact that some of the mentioned deficiency areas were not specifically addressed by CAEM's information system manual, but mainly to CAEM's lack of management oversight and quality control which permitted the above situations to continue apparently unnoticed.

### Effect:

There was no assurance that data submitted to A.I.D. was complete and reliable.

**Recommendation:**

USAID/Guatemala should require the Enterprise Chamber of Guatemala (CAEM) to strengthen its capacity in the financial area and have it certify that the information submitted to A.I.D. is in agreement with its accounting records and related supporting documentation. Also, consideration should be given to the possibility of implementing an internal audit function as a key element in CAEM's internal control structure.

*Price Waterhouse*



PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT  
COMPONENTS MANAGED BY THE ENTERPRISE CHAMBER OF GUATEMALA  
USAID/GUATEMALA PROJECT NO. 520-0337

REPORT ON COMPLIANCE WITH AGREEMENT TERMS  
AND APPLICABLE LAWS AND REGULATIONS

AUDITOR'S OPINION

As part of our audit of the fund accountability statement of the Private Sector Development Coordination Project, USAID/Guatemala Project No. 520-0337, components managed by the Enterprise Chamber of Guatemala (Cámara Empresarial de Guatemala - CAEM), for the period from March 27 1985 to June 30, 1988, we performed a study and evaluation of compliance with agreement terms and applicable laws and regulations. Our evaluation was made in accordance with generally accepted auditing standards and the U. S. Comptroller General's "Government Auditing Standards" (1988 Revision).

The management of CAEM is responsible for compliance with terms of the above mentioned agreement and applicable laws and regulations. For purposes of this report we selected and tested transactions and records to determine CAEM's compliance with agreement terms and applicable laws and regulations. However, due to the limitations imposed on our work by the condition of the accounting records and supporting documentation and lack of adequate internal controls, it was not possible to determine if the project transactions were in compliance with agreement terms and applicable laws and regulations. Accordingly, we do not express an opinion on compliance of tested or untested items with agreement terms, and applicable laws and regulations by CAEM for the period from March 27, 1985 to June 30, 1988.

However, the results of our evaluation disclosed that for certain items tested, CAEM did not comply with agreement terms, laws and regulations as described in finding No. 1 in the following pages of this report.

This report is intended solely for the use of CAEM and the U. S. 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.

February 7, 1989

PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT  
COMPONENTS MANAGED BY THE ENTERPRISE CHAMBER OF GUATEMALA  
USAID/GUATEMALA PROJECT NO. 520-0337

REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND  
APPLICABLE LAWS AND REGULATIONS

FINDING

1. Certain Regulations and Agreement Terms Were not Complied With.

Condition:

CAEM was not in compliance with certain regulations and agreement terms as indicated below. CAEM:

- did not submit implementation and financial plans within 30 days after signature of the agreement modification, as required by amendment No. 01 of March 23, 1988.
- failed to supply counterpart funds for the "other development projects" and "executive leaders training" activities, of Q175,000 and Q135,000 respectively, as described in the financial plan of Annex I to the agreement;
- registered as counterpart contributions the Caribbean Basin Initiative (CBI) Promotional activities expenses, such as man-hours and others, with no supporting documentation. Its contribution should have, but did not, cover conference office space, clerical services, and transportation and lodging for the participants, as provided for by Section III, B.4 of Annex 2 to the agreement;
- despite a USAID/Guatemala approved accounting manual, did not apply to the project operations adequate accounting and budgetary control systems as required by Annex 3 to the agreement;
- did not submit the annual evaluations, as required by paragraph E, 2, of Annex 1 to the agreement;
- submitted for our review an undated subagreement between CAEM and the Foundation for the Integral Development of Socio-economic Programs (FUNDAP), which was at variance with the conditions for the first disbursement under the agreement. We were not able to determine whether this requirement had been complied with by November 1987, when the first disbursement was made.
- did not comply with Section III, of Annex 2 to the agreement, with respect to the supervision of funds as no formal method was applied for such purposes;

- did not clarify a confusion regarding channeling of funds. Although Section III of Annex 2 to the agreement provided that such funds would be channeled through CAEM, it was indicated elsewhere that USAID/Guatemala would supply funds to the other implementing units;
- did not apply a formal mechanism to ensure compliance by the implementing units with each subagreement, as provided for by Section III of Annex 2 to the agreement.
- did not have appropriate evidence to support the holding of five seminars in Guatemala for the CBI Promotional activities portion of the project, as required by Section III, B.4 of Annex 2 to the agreement.
- did not submit evidence of having obtained price quotations for several studies paid for directly by USAID/Guatemala. These studies were conducted under the project's "other development projects", "executive leaders training", and "studies for the promotion of small and medium enterprises" activities. Payments in the amounts of US\$25,000, US\$141,250 and US\$50,000 were paid to Acción Internacional Técnica (AITEC), Kurt Salmon, and Keene, Monk and Associates, respectively;
- did not ensure that the study conducted by Keene, Monk and Associates for the project's "studies for the promotion of small and median enterprises" activity had met the specific objectives described by Section III, B.5 of Annex 2 to the agreement related to the identification of abilities and capacities which could be developed in Guatemala in the light assembly-type or draw-back industries and to products which small and medium-size industries could produce for export. USAID/Guatemala paid US\$50,000 directly to the consulting firm, without regulating and formalizing such situation with CAEM through a project implementation letter (PIL), for a study which dealt with the subject of privatization strategy of Guatemalan Government companies;
- used bank accounts established solely for project funds for handling other funds;
- did not assure that the expense liquidations submitted to USAID/Guatemala complied with agreement terms, as some deficiencies were noted such as budget overages, services paid to CAEM officials, expenses not budgeted, and voucher stampered with regarding taxes paid (For further detail see schedule I in the fund accountability statement section of this report);
- did not fully comply with the procedure approved by USAID/Guatemala under PIL No. 3 for staff recruitment,

selection and hiring, as the respective personnel dossiers lacked the employees' and perspective candidates' salary histories;

- did not withhold income taxes from eligible salaries prior to March 31, 1988;
- awarded an offices remodeling contract to an individual related to the manager, in contravention to the procedure established by the Standard Provisions for the acquisition of goods and services.

**Criteria:**

Project activities should have complied with the agreement terms and applicable laws and regulations.

**Cause:**

There was lack of adequate supervision and review by CAEM and USAID/Guatemala.

**Effect:**

The above mentioned deficiencies and cases of non-compliance led to inadequate accountability over project funds and limited attainment of certain project objectives.

**Recommendation:**

USAID/Guatemala should ensure that the Enterprise Chamber of Guatemala (CAEM) implements procedures that result in full compliance with agreement terms and applicable laws and regulations. All of the conditions noted in the above finding should be addressed and the compliance matters resolved.

PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECTS  
COMPONENTS MANAGED BY THE ENTERPRISE CHAMBER OF GUATEMALA  
USAID/GUATEMALA PROJECT NO. 520-0337

LIST OF REPORT RECOMMENDATIONS

Report on Internal Control Structure

Recommendation No. 1:

USAID/Guatemala should require the Enterprise Chamber of Guatemala (CAEM) to apply formal verification and follow-up procedures in the preparation and review of financial and administrative reports to ensure their accuracy. These procedures should include continuing review of the accuracy of management information system information used by the project.

Recommendation No. 2:

USAID/Guatemala should direct the Enterprise Chamber of Guatemala (CAEM) to correct the inadequacies which lead to the deficient conditions noted in this finding. Also, USAID/Guatemala should direct CAEM to establish a continuing system of review to assure that the accounting system handles all classes and types of transactions properly.

Recommendation No. 3:

USAID/Guatemala and the Enterprise Chamber of Guatemala (CAEM) should implement control procedures for funds administration which correct the conditions noted in this finding and periodically verify continuing compliance with agreement terms in this area.

Recommendation No. 4:

USAID/Guatemala should require the Enterprise Chamber of Guatemala (CAEM) to: (a) keep adequate files in support of goods and services acquisitions, as provided for by the procedures established by A.I.D. and the Standard Provisions; (b) maintain an adequate segregation of duties among individuals involved in the acquisition of goods and services; (c) keep proper subsidiary records and ensure that the balances per the subsidiary records and General Ledger are reconciled monthly; and (d) implement verification, follow-up and review procedures to properly safeguard the related assets.

Recommendation No. 5:

USAID/Guatemala should require the Enterprise Chamber of Guatemala (CAEM) to comply with Guatemalan income tax and social

security laws as they may be applicable to project personnel and to maintain adequate personnel records according to A.I.D. approved procedures. If necessary more staff should be hired.

Recommendation No. 6:

USAID/Guatemala should require the Enterprise Chamber of Guatemala (CAEM) to strengthen its capacity in the financial area and have it certify that the information submitted to A.I.D. is in agreement with its accounting records and related supporting documentation. Also, consideration should be given to the possibility of implementing an internal audit function as a key element in CAEM's internal control structure.

Compliance with Agreement Terms  
and Applicable Laws and Regulations

Recommendation No. 1:

USAID/Guatemala should ensure that the Enterprise Chamber of Guatemala (CAEM) implements procedures that result in full compliance with agreement terms and applicable laws and regulations. All of the conditions noted in the above finding should be addressed and the compliance matters resolved.



Cámara Empresarial de Guatemala  
CAEM

APPENDIX 1

Guatemala, 12 de julio de 1989  
428-89/CAEM

Licenciado  
Axel Castellanos  
Gerente  
Price Waterhouse  
Ciudad de Guatemala

Estimado Licenciado Castellanos:

Recibí el borrador del informe de auditoría relacionado con el componente de Coordinación del Proyecto de Desarrollo del Sector Privado, Proyecto No. 520-0337 de USAID/Guatemala.

No obstante que estábamos conscientes de algunas deficiencias que fueron hechas de nuestro conocimiento a través de ustedes mismos en su auditoría de evaluación realizada en junio de 1988 y las cuales hemos estado corrigiendo, sin embargo, hemos encontrado sus conclusiones sumamente penalizantes y en total contraposición con lo que ustedes expusieron en su informe de pre-adjudicación de contrato y lo concluido por los evaluadores del International Science and Technology Institute, Inc. contratados por USAID, para evaluar este mismo proyecto en marzo de 1989.

En adición, consideramos que la mayor parte de las deficiencias enumeradas por Price Waterhouse tienen explicación y son del conocimiento de USAID/Guatemala, sin embargo en atención a su solicitud procedo a hacerle los siguientes comentarios a las observaciones incluidas en su informe.

1) Registros Contables y Estados de Fondos Contabilizados:  
(Ver páginas No. 5 y 7).

En el dictamen se indica que el estado financiero mostrado en página 9 de su informe preparado por CAEM al 30 de junio de 1988 no fue elaborado con base en los registros contables, a lo que podemos mencionar que dicho estado financiero no fue preparado por nosotros sino por el representante de auditoría que ustedes asignaron, tomando como base sólo los listados de ingresos, liquidaciones y devoluciones preparadas por nosotros.

Adicionalmente, los listados de ingresos, liquidaciones y devoluciones no pudieron ser conciliados con el balance de saldos asentado en el libro de balance al 30 de junio de 1988, porque en los registros contables se incluyeron además de las operaciones del proyecto auditado por ustedes, operaciones propias de CAEM.

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"Unidos Impulsando El Desarrollo"

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Sin embargo todos los ingresos y liquidaciones de fondos del proyecto están registrados contablemente, como se indica en el Anexo 1.

En cuanto a los presupuestos y los gastos efectuados fueron clasificados de acuerdo a lo aprobado por AID.

2) Costos Cuestionables: (Ver schedule No. 1, pág. 10)

En cuanto a los costos cuestionables más importantes, podemos indicarle lo siguiente:

- En la liquidación de US\$35,915.45, los pagos se hicieron por medio de la cuenta que el Ing. Guillermo Rodríguez abrió para el efecto, lo cual fue autorizado por AID en carta de ejecución de fecha 24 de octubre de 1985, y se cuenta con el 90% de cheques pagados devueltos por el banco. Los comprobantes se encuentran completos y en orden excepto que hay viáticos por US\$8,175.00 amparados con recibos simples que fueron aceptados por AID.
- En la liquidación de US\$5,187.90 existen recibos simples que fueron aceptados por AID.
- En cuanto a los US\$5,442.24 y US\$1,905.00 dichas cantidades no se encontraron en las liquidaciones correspondientes, por lo que es conveniente que nos indiquen la forma como la integraron para proceder a su aclaración.
- En el pago de US\$4,500.00 la factura no está a nombre de CAEM sino de la Gremial de Exportadores de Productos No Tradicionales, entidad organizadora del evento, por lo que de ser necesario se razonaría la factura solicitándole a la Gremial el endoso correspondiente mediante certificación del Contador.
- El pago de US\$233.20, no se encuentra un cheque emitido por dicha suma, pero si se encuentra el comprobante original del mismo, archivado.
- Por los US\$990.00 que corresponden a viáticos pagados, no se encuentran facturas originales, sino únicamente recibos simples firmados, los cuales fueron pagados por medio de cheques, todo lo cual se encuentra debidamente archivado.
- Por el pago de US\$588.00 se encuentra una fotocopia de factura emitida a nombre de Juan Sánchez Botrán.
- El gasto por US\$628.00, figura re-escrito en la factura con lápiz únicamente las cifras totales, no así las cifras de los detalles de los servicios adquiridos los que ascienden a la suma de US\$540.00, más los impuestos respectivos, que se deben reembolsar a la AID.

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- En cuanto a los US\$232.00 únicamente existe una fotocopia de factura emitida a nombre de Juan Sánchez Botrán y re-escrita a lápiz el nombre de Cámara Empresarial de Guatemala.
- En el pago de US\$13,229.47, los cheques cancelados por el banco fueron proporcionados a su representante en las conciliaciones bancarias respectivas y los comprobantes de gasto se encuentran debidamente archivados.
- En relación con los Q.2,110.00, se encuentran en disponibilidad de CAEM únicamente fotocopias por el extravío de los originales, por lo que de ser necesario se solicitaría a Papelera Fuentes una certificación por el monto pagado en dichas facturas, así mismo CAEM cuenta con evidencia del servicio recibido.
- En el pago de Q.1,320.00, CAEM cuenta con recibo original emitido a nombre de la Cámara y con los timbres que estipula la ley, contándose con evidencia del servicio recibido.
- En cuanto a los Q.7,340.20, CAEM cuenta con un recibo original por la suma de Q.3,670.10 y uno provisional por el saldo emitido a nombre de la Cámara.
- Por la suma de Q.8,900.00, CAEM cuenta con fotocopia de la factura certificada por el contador de la entidad emisora de la misma, así como los recibos por dicho pago, emitidos a nombre de la Cámara Empresarial, así mismo dicho pago cubrió el valor de la realización de una Documental la cual se encuentra en nuestros archivos.
- En el pago de Q.8,000.00, CAEM posee un Recibo Original por dicha suma el cual esta emitido a nombre de la Cámara, encontrándose en nuestros archivos evidencia del servicio recibido.
- En cuanto al pago de Q.1,500.00, el mismo esta respaldado con una factura original, y la evidencia del servicio recibido se encuentra en nuestros archivos.
- Por los Q.500.00 cabe señalar que CAEM cuenta con los logos y artes, los cuales se encuentran debidamente documentados y archivados.
- En cuanto a los montos por: Q.300.00, Q.973.70, Q.256.30, Q.206.38 y Q.7,003.45, dichas cantidades no se encontraron en las liquidaciones, por lo que es conveniente que nos indiquen la forma como las integraron para proceder a su aclaración.
- En relación a los montos por: Q.948.75, Q.1,045.00, Q.377.85, Q.620.83 y Q.560.00 les manifestamos que con fecha 19 de diciembre de 1988, reintegramos a AID la suma de Q.5,089.90 que correspondía a impuestos, parqueo, correspondencia y mobiliario (gastos no aceptados por AID), por lo que el gasto fue absorbido por CAEM.

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3) Recomendaciones de Control Interno: (Ver página 18)

a) En cuanto a la deficiencia No. 1 podemos informarles que,

- CAEM si tiene en operación un plan de verificación y seguimiento del programa, sin embargo durante la ejecución del proyecto 520-0337 el mismo no fue aplicado en su totalidad, debido a la limitación de recursos humanos.

b) En relación a la deficiencia No. 2, les informamos que:

- Si existe la conciliación de la cuenta No. 00-035148-6 con el Banco Industrial al 30 de junio de 1988, la cual fue proporcionado al representante enviado por ustedes.
- En cuanto a los US\$36,430.00 les manifestamos que tanto el ingreso como la liquidación fueron operados en partidas 2 y 3 del folio 3 del libro de diario.
- Actualmente se están manejando en forma separada los fondos del proyecto y de la Cámara Empresarial.
- Actualmente se está evaluando el sistema contable para hacer los cambios necesarios en el mismo, previa aprobación de la Junta Directiva.

c) En relación a la deficiencia No. 3, les indicamos que:

- Por el movimiento mínimo de efectivo diario no se convino en llevar un reporte diario.
- Actualmente se lleva en el computador el libro de bancos que proporciona diariamente el saldo disponible.
- La política de erogación es que la Gerencia aprueba hasta un monto de Q.200.00, la Presidencia de Q.201.00 a Q.500.00 y la Junta Directiva más de Q.500.00.
- Durante la vigencia del convenio No. 520-0337 no podría llevarse a cabo una adecuada segregación de funciones en el manejo de efectivo ya que solamente laboraban en CAEM el Gerente General, el Coordinador de Exportaciones, el Contador y la Secretaria de Gerencia; sin embargo, actualmente se está tratando de implementar una adecuada segregación de funciones.

d) En cuanto a la deficiencia No. 4:

- CAEM si contó con inventario de los bienes y servicios adquiridos; sin embargo no se contaba con auxiliares formales los cuales se están implementando.

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- Los detalles de los activos adquiridos con fondos del Convenio y con otros fondos, fueron conciliados con los registros contables.
- El inventario de bienes y equipos de CAEM sí recibía inspección física periódica contra listado de inventario.
- El equipo de computación fue adquirido hasta finales del año de 1987, con miras a implementarse en el Convenio No. 520-0341 suscrito en septiembre de 1987.

e) Acerca de la deficiencia No. 5:

- Lo observado en cuanto a los registros de personal no se siguió con lo expresado, por tratarse de un personal de solamente cuatro empleados. Actualmente se están implementando dichos controles en el área de personal, por aumento del número de empleados.
- Las retenciones sobre los impuestos fueron aplicadas desde el mes de marzo de 1988.

f) Deficiencia No. 6:

- Todos los anticipos y desembolsos están registrados en los libros contables de CAEM y consecuentemente las liquidaciones y rendición de cuentas a AID están respaldadas por dichos registros (Ver lista en anexo 1).
- Los archivos de copias de liquidaciones y otras están preparadas por año, separados en quetzales y US\$ dólares, y de esa forma fueron mostrados a su representante.
- Los formatos utilizados fueron aceptados por AID y actualmente se está utilizando un nuevo formato proporcionado por AID.
- Las liquidaciones de gastos se archivan junto con su documentación de soporte correspondiente, por lo que sí pueden referirse a la liquidación con sus respectivos comprobantes.

4) Cumplimiento de términos contractuales: (Ver pág. 36)

En cuanto al cumplimiento de términos contractuales y de acuerdo al orden del informe, les manifestamos lo siguiente:

- El acuerdo se firmó en el mes de marzo de 1985 y se presentó los planes de ejecución en octubre del mismo año, porque CAEM no contó con el personal necesario inicialmente, y luego los primeros planes presentados fueron sometidos a cambios por AID. A través de Carta de Ejecución No. 3 estos planes fueron aprobados.
- En las contrapartidas no cubiertas, en el primer caso se gastaron US\$25,000.00 en el estudio sobre microempresas pagados directamente por AID y el resto lo está ejecutando actualmente el Proyecto Nahualá que

...6/...

finalizará en 1990, aportando ellos la contrapartida correspondiente. En el segundo caso se cambió el destino (autorizado por AID por carta de ejecución No. 26) y AID pagó directamente a Kurt Salmon Asoc. la suma de US\$141,200.00 por el estudio de maquila, por lo que no tuvo contrapartida. El remanente, se utilizó en el equipamiento de la Ventanilla Unica y viajes a Zonas Francas a la República Dominicana.

- Para registrar el rubro de Contrapartida en la Conferencia de la Iniciativa de la Cuenca del Caribe, de las horas hombre utilizadas en dicho evento, se obtuvo autorización verbal de AID, sin embargo cabe mencionar que sin la participación y aportación de las horas de Directivos y Funcionarios, los eventos no se hubieran llevado a cabo. Por otra parte constituye contrapartida a esta actividad los gastos incurridos por la asistencia de 60 a 80 empresarios a cada evento.
- En la operatoria contable se tomó como base el manual aprobado por la AID y las debilidades de control detectadas por ustedes, se discuten en el literal b) del numeral 3 de esta carta.
- La evaluación se entregará cuando el programa finalice en 1990, sin embargo; se entregaron a AID informes de progreso de actividades en forma trimestral.
- Los subconvenios suscritos con las unidades ejecutoras FUNDAP y FUNTEC carecen de fecha, sin embargo, las cartas de transmisión a las entidades CAEM Y AID si llevan la fecha del 16 de julio de 1985.
- Se formó el Comité de Dirección cumpliendo con lo estipulado en la sección III anexo 2 del convenio referente al mismo, para la supervisión conjunta de fondos.
- CAEM se limitó a aprobar los vouchers de desembolsos y liquidaciones y AID proporcionaba los fondos directamente a las unidades ejecutoras, siendo esto último lo que se estableció como procedimiento por AID.
- La única función de CAEM era verificar que se cumpliera con llenar los formularios y que se acompañara la documentación correspondiente, ya que las demás transacciones se efectuaban directamente con AID y según Carta de Ejecución No. 3 las unidades ejecutoras eran responsables de sus programas.
- Con relación a los cinco seminarios realizados en Guatemala, los mismos se desarrollaron y estamos en proceso de determinarles las fechas del desarrollo de los mismos en nuestros archivos.
- AID efectuó la contratación de las firmas en forma directa y CAEM formalizó la contratación firmando únicamente los contratos y el pago fue realizado en forma directa por AID en los Estados Unidos de Norteamérica.
- La negociación y contratación de Keene, Monk and Associates fue realizada directamente por AID, sin intervención de CAEM y el objetivo era de buscar la privatización de empresas paraestatales, mediante contrataciones parciales con pequeñas y medianas empresas.

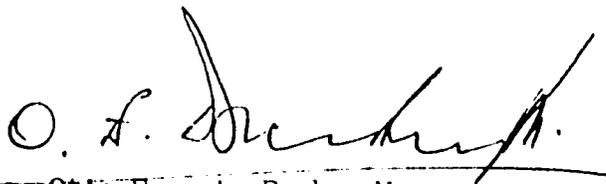
.../7...

- Actualmente se llevan cuentas separadas para el manejo de los fondos del proyecto.
- La respuesta a la deficiencia sobre las liquidaciones indicadas en la página No. 39 de este informe se encuentra aclarada en el numeral 2 de la página No. 2; en cuanto a los comprobantes alterados y otros, nos agradecería que nos indicaran cuales son para proceder a aclararlos.
- Los requisitos de reclutamiento de personal si se cumplieron y aprobaron por USAID, en cuanto a que la firma contratada para llevar a cabo el reclutamiento, cumplió con las publicaciones, entrevistas y evaluaciones. Los archivos personales de cada empleado si faltan pero se está procediendo a implementarlos.
- Si está cumpliendo con efectuar las retenciones del Impuesto sobre la Renta desde el mes de marzo de 1988.

Adicionalmente cabe mencionar que en informe emitido por ustedes con fecha 22 de junio de 1988, en revisión al proyecto No. 520-0337 para llevar a cabo el proyecto No. 520-0341, se indicaba que CAEM tenía un control interno adecuado el cual no ha variado, sino al contrario se ha mejorado sustancialmente.

Atentamente,

CAMARA EMPRESARIAL DE GUATEMALA



Ing. Otto Ernesto Becker M.  
Gerente General

OEBM/aps

c.c.

A N E X O I

CAMARA EMPRESARIAL DE GUATEMALA  
ESTADO DE INGRESOS  
 OCTUBRE DE 1985 A JUNIO DE 1988  
 CON FONDOS DE AID  
 PROYECTO DE DONACION: COORDINACION PARA  
 EL DESARROLLO DEL SECTOR PRIVADO  
 No. 520-0337

<u>ACTIVIDAD</u>	<u>MONTO EN</u> <u>QUETZALES</u>	<u>FECHA DEL</u> <u>DEPOSITO</u>	<u>FOLIO</u> <u>No.</u>	<u>PDA.</u> <u>No.</u>
Anticipo CBI	65,537.26	13/Nov/85	3	2
Anticipo Gtos Coordinación	18,354.74	13/Nov/85	3	2
Ant. Gtos Coord. ene/mzo-86	7,922.79	20/Mzo/86	15	23
Ant. Gtos Coord. abr/jun-86	19,140.00	07/Myo/86	21	39
Gtos. Mob. y Eq. (Fotocopiadora)	6,300.00	07/jul/86	31	59
Ant. Gtos Coord. jul/sep-86	19,140.00	11/ag./86	42	4
Reembolso CBI (Le Martinique)	7,550.31	03/sep/86	45	10
Reembolso CBI (Panama)	6,073.68	08/sep/86	45	10
Ant. Gtos Coord. oct/dic-86	19,140.00	07/nov/86	51	21
Reembolso CBI (Incae)	1,724.25	07/nov/86	51	21
Anticipo CBI (Conf. Miami)	49,342.25	20/nov/86	51	21
Gastos CBI (V. única)	65,675.00	16/dic/86	54	29
Anticipo CBI	11,495.00	16/dic/86	54	28
Ant. Gtos Coord. ene/mzo-87	21,788.55	15/feb/87	64	49
Ant. Gtos Coord. abr/jun-87	21,738.55	21/abr/87	69	61
Reembolso CBI (V. Unica)	1,113.20	30/abr/87	72	67
Reembolso CBI (Conf. Wash/Texas)	2,783.55	07/Myo/87	72	67
Anticipo CBI (Reembolso)	1,663.20	19/jun/87	83	8
Ant. Gtos Coord. jul/sep-87	20,138.55	22/jul/87	85	12
Anticipo CBI (Bobbin Show)	30,610.00	28/jul/87	85	12
Reembolso CBI (Z. Francas R.D.)	10,296.00	03/sep/87	90	22
Anticipo CBI (Conf. Miami)	12,375.00	24/nov/87	94	33
Ant. Gtos Coord. oct/dic-87	24,063.55	08/dic/87	3 (2)	49
Anticipo CBI	1,725.00	05/ene/88	9 (2)	68
Ant. Gtos Coord. ene/mzo-88	19,715.25	11/feb/88	12 (2)	76
Anticipo CBI	35,190.55	19/Mzo/88	12 (2)	77
Reembolso CBI (Wash/Maryland)	1,283.75	10/jun/88		
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TOTAL	501,929.98			
	=====			

NOTA: Depósitos efectuados en el Banco Industrial Cuenta Especial  
 No. 00-035148-6.

FUENTE: Vouchers SF-1034, Estado de cuenta bancario y libro Diario.

CAMARA EMPRESARIAL DE GUATEMALA  
ESTADO DE INGRESOS  
 OCTUBRE DE 1985 A JUNIO DE 1988  
 CON FONDOS DE AID  
 PROYECTO DE DONACION: COORDINACION PARA  
 EL DESARROLLO DEL SECTOR PRIVADO  
 No. 520-0337

<u>ACTIVIDAD</u>	<u>MONTO EN</u> <u>US\$ _DOLARES</u>	<u>FECHA DEL</u> <u>DEPOSITO</u>	<u>FOLIO</u> <u>No.</u>	<u>PDA.</u> <u>No.</u>
(*) Anticipo CBI (Conf. Miami)	36,430.00	13/nov/85	3	2
Anticipo CBI (Conf. Miami)	35,861.00	07/nov/86	53	27
Reembolso CBI (V. Unica)	616.00	27/abr/87	72	67
Reembolso CBI (Conf. Wash/Txas)	816.00	12/jun/87	72	67
Anticipo CBI (Bobbin show)	8,055.00	28/jul/87	85	11
Reembolso CBI (Z.Franca R.D.)	3,980.00	02/sep/87	94	31
Anticipo CBI (Conf. Miami)	18,627.00	25/nov/87	6 (2)	62
Reembolso CBI (Bobbin Show)	766.30	17/Myo/87		
Reembolso CBI (Wash/Maryland)	554.00	10/jun/87		
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TOTAL	105,705.30			
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NOTA: Depósitos efectuados en Southeast Bank, N. A. of Miami, excepto (\*) ya que el mismo fue depositado en la cuenta del Ing. Rodriguez en el Pan American Bank.

FUENTE: Vouchers SF-1034, Estado de Cuenta bancario y libro de Diario.

47

CAMARA EMPRESARIAL DE GUATEMALA  
ESTADO DE LIQUIDACIONES  
 OCTUBRE DE 1985 A JUNIO DE 1988  
 CON FONDOS DE AID  
 PROYECTO DE DONACION: COORDINACION PARA  
 EL DESARROLLO DEL SECTOR PRIVADO  
 No. 520-0337

<u>ACTIVIDAD</u>	<u>MONTO EN QUETZALES</u>	<u>FECHA DE LIQUIDACION</u>	<u>FOLIO No.</u>	<u>PDA. No.</u>
Liquid. Actividades CBI	43,220.05	05/feb/86	3	3
Liquid. Gtos Coord. oct/dic/85	15,652.71	05/feb/86	3	3
Liquid. Gtos ene/mzo/86	19,041.26	04/abr/86	30	55A
Liquid. CBI (Le Martinique)	7,550.31(*)	18/jul/86	46	11
Liquid. CBI (Panama)	6,073.68(*)	18/jul/86	46	11
Liquid. Gtos Coord. abr/jun/86	19,230.02	18/jul/86	46	11
Liquid. CBI (Incae)	1,724.25	01/oct/86	71	66
Liquid. Gtos jul/sep/86	17,196.18	30/oct/86	50	18
Liquid. CBI (Prom. Invers.)	11,495.00	12/nov/86	54	28
Liquid. Parcial CBI (V. única)	30,600.00	18/dic/86	54	29
Liquid. CEI (Conf. Miami)	39,716.54	26/ene/87	71	66
Liquid. Gtos Coord. oct/dic/86	22,340.59	03/feb/87	71	66
Liquid. final CBI (V. única)	28,970.00	09/mzo/87	54	29
Liquid. CBI (Superv. V. única)	1,113.20	20/mzo/87	71	66
Liquid. CBI (Conf. Wash/Texas)	2,783.55	20/mzo/87	71	66
Liquid. Gtos Coord. ene/mzo/87	18,606.06	20/abr/87	71	66
Liquid. CBI (Z. Francas R.Dom).	10,296.00	02/jun/87	95	35
Liquid. Gtos abr/jun/87	17,490.17	07/jul/87	95	35
Liquid. Gtos jul/sep/87	18,800.43	28/oct/87	95	35
Liquid. CBI (Bobbin Show)	26,546.50	03/nov/87	95	35
Liquid. CBI (Conf. Miami)	12,445.37	23/dic/87	7 (2)	64
Liquid. Gtos oct/dic/87	22,673.52	14/ene/88	7 (2)	64
Liquid. CBI (Wash/Maryland)	1,283.75	17/mzo/88		
Liquid. Ant. Compra de Equipo	35,190.55	13/abr/88	16 (2)	86
Liquid. Gtos ene/mzo/88	21,429.05	11/myo/88	21 (2)	103
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TOTAL	457,768.74			
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(\*) Fueron presentados para su liquidación en US\$ Dólares por 840.63 y 856.89 respectivamente y reembolsados en Quetzales por 2,479.86 y 2,527.83, más su contraparte en Quetzales por 5,070.45 y 3,545.85.-

1/4

CAMARA EMPRESARIAL DE GUATEMALA  
ESTADO DE LIQUIDACIONES  
 OCTUBRE DE 1985 A JUNIO DE 1988  
 CON FONDOS DE AID  
 PROYECTO DE DONACION: COORDINACION PARA  
 EL DESARROLLO DEL SECTOR PRIVADO  
 No. 520-0337

<u>ACTIVIDAD</u>	<u>MONTO EN</u> <u>US\$ DOLARES</u>	<u>FECHA DE</u> <u>LIQUIDACION</u>	<u>FOLIO</u> <u>No.</u>	<u>PDA.</u> <u>No.</u>
Liquid. CBI (Conf. Miami)	35,915.45	05/feb/86	3	3
Liquid. CBI (Conf. Miami)	34,228.94	26/ene/87	76	77
Liquid. CBI (Superv. V. Unica)	616.00	20/mzo/87	71	66
Liquid. CBI (Conf. Wash/Texas)	816.00	20/mzo/87	71	66
Liquid. CBI (Z.Francas R.Dom)	3,980.00	02/jun/87	71	66
Liquid. CBI (Bobbin show)	8,055.00	03/nov/87	7 (2)	64
Liquid. CBI (Conf. Miami)	13,229.47	23/dic/87	7 (2)	64
Liquid. CBI (Wash/Maryland)	554.00	17/Mzo/88		
Liquid. CBI (Bobbin show)	766.30	02/myo/88		
SUB-TOTAL	98,161.16			
Liquid. CBI (Reembolso Wash.)	1,400.00	17/mzo/88 (*)		
TOTAL	99,561.16			

(\*) Dicho reembolso nos fue acreditado con fecha 18 de julio de 1988 y depósitado en el southeast Bank.-

FUENTE: Vouchers SF-1034, Liquidaciones presentadas a AID y libro de Diario.-

115

CAMARA EMPRESARIAL DE GUATEMALA  
ESTADO DE DEVOLUCIONES  
 OCTUBRE DE 1985 A JUNIO DE 1988  
 CON FONDOS DE AID  
 PROYECTO DE DONACION: COORDINACION PARA  
 EL DESARROLLO DEL SECTOR PRIVADO  
 No. 520-0337

<u>DEVOLUCION POR</u>	<u>QUETZALES</u>	<u>CHEQUE</u>	<u>FECHA</u>	<u>FOLIO</u> <u>No.</u>	<u>PDA.</u> <u>No.</u>
Actividad CBI (Miami/85)	9,625.71	197	05/02/87	64	50
Actividad CBI (V. Unica)	6,105.00	221	06/03/87	65	51
Actividad CBI (Bobbin Show)	4,063.60	378	18/11/87	96	37
Remanente Activ. Caem	21,974.56	491	04/08/88	36 (2)	12
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TOTAL	41,768.87				
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NOTA: Cheques emitidos con cargo al Banco Industrial cuenta especial  
 No. 00-035148-6.

FUENTE: Cheques Vouchers y Libro de Diario.

Hb

CAMARA EMPRESARIAL DE GUATEMALA  
ESTADO DE DEVOLUCIONES  
 OCTUBRE DE 1985 A JUNIO DE 1988  
 CON FONDOS DE AID  
 PROYECTO DE DONACION: COORDINACION PARA  
 EL DESARROLLO DEL SECTOR PRIVADO  
 No. 520-0337

<u>DEVOLUCION_POR</u>	<u>MONTO EN</u> <u>US\$_DOLARES</u>	<u>CHEQUE</u>	<u>FECHA</u>	<u>FOLIO</u> <u>No.</u>	<u>PDA.</u> <u>No.</u>
Actividad CBI (Miami/85)	514.55 (*)	141	26/ene/86	3	3
Actividad CBI (Miami/86)	1,632.06	131	22/ene/87	76	77
Actividad CBI (Miami/87)	5,397.53	176	23/dic/87	7	63
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TOTAL	7,544.14				
	=====				

NOTA: Pago de devoluciones efectuados por emisión de Cheques del Southeast Bank cuenta No. 018-525394, excepto por el (\*) ya que el mismo fue devuelto por medio de cheque de la cuenta personal de Ing. Guillermo Rodriguez.

FUENTE: Cheque Vouchers de Caem y libro de diario.

11

APPENDIX II

REPORT DISTRIBUTION

	<u>No. of Copies</u>
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LAC/GC	1
RLA	1
AA/XA	2
LEG	1
M/FM/ASD	2
XA/PR	1
PPC/CDIE	3
IG	1
AIG/A	1
IG/PPO	2
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