

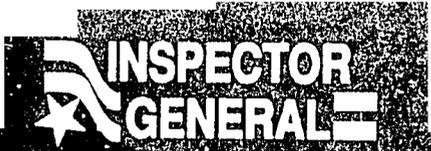
Regional Inspector General for Audit
Nairobi, Kenya

**Audit of
Deleuw, Cather International Limited,
Western Agricultural Marketing Road
Project No. 650-0069**

Report No. 3-650-92-04-N
March 09, 1992



FINANCIAL INFORMATION IN THIS REPORT MAY BE
REVULGED. THE RESTRICTIONS OF 18 USC 1905
SHOULD BE CONSIDERED BEFORE ANY
INFORMATION IS RELEASED TO THE PUBLIC.



**INSPECTOR
GENERAL**
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
REGIONAL INSPECTOR GENERAL/AUDIT

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NAIROBI, KENYA

March 9, 1992

memorandum

TO: Frederick E. Machmer Jr., Director, USAID/Sudan
FROM: *for* Toby L. Jarman, RIG/A/Nairobi *Joseph Fainella*
SUBJECT: Audit of Deleuw, Cather International Limited, Western
Agricultural Marketing Road Project No. 650-0069

Attached are five copies of a mission-contracted financial audit report of the Deleuw, Cather International Limited's contract as part of the Western Agricultural Marketing Road Project No. 650-0069. The accounting firm of Hassabo & Company of Khartoum, Sudan performed the audit.

The purpose of the Western Agricultural Marketing Road Project No. 650-0069 was to construct an efficient and all-weather road in Kordofan linking all the agricultural producing areas in the region with major centers throughout the country. As part of the grant conditions, the local agency responsible for implementation of the grant, Roads and Bridges Public Corporation (RBPC), was required to engage a firm of engineering consultants to provide engineering design and supervision services for construction. A host country contract funded by USAID was signed on October 27, 1985 between RBPC and Deleuw, Cather International Limited.

The objectives of the audit were to:

- review and express an opinion on the Fund Accountability Statement;

- evaluate and report on the auditee's internal control structure; and
- review and report on the auditee's compliance with the contract and applicable U.S. laws and regulations.

Hassabo & Company did not comply with Government Auditing Standards 3.46 regarding an external quality control review and 3.6 regarding continuing education.

It was not possible for the audit firm to examine all essential supporting records. Since the auditors were not able to apply other auditing procedures to satisfy themselves as to a significant part of the reported expenditures, they did not express an opinion on the Fund Accountability Statement. The auditors' testing did not reveal any questioned or unsupported costs. Further, the audit did not report any material weaknesses in the internal control structure. The auditors reported that with respect to the items tested, the auditee complied with the contract. With respect to items not tested, nothing came to the auditors' attention that caused them to believe that the auditee had not complied in all material respects with these provisions.

The draft audit report was submitted to USAID/Sudan and the auditee for comment, and their comments are included in Appendix I and Appendix II, respectively. These comments did not warrant any changes to the report.

We are not making any recommendations to be included in the Inspector General recommendation follow-up system as the auditors did not have any findings or recommendations.

Thank you for the cooperation and courtesy extended to Hassabo & Company and Regional Inspector General for Audit representatives during the audit.

Attachments: a/s

Audit of
Deleuw, Cather International Limited
Western Agricultural Marketing Road
Project No. 650-0069

Attachments

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE INSPECTOR GENERAL/AUDIT**

Mission Contracted Audit

of

**The Western Agricultural Marketing Road
Deleuw, Cather International Limited's
Host Country Contract with
Roads and Bridges Public Corporation**

USAID CONTRACT # 650-0510-C-00-1002

December 10, 1991.

HASSABO & CO. حسابه و شركاه

**USAID FUND ACCOUNTABILITY STATEMENT
UNDER THE WESTERN SUDAN AGRICULTURAL
MARKETING ROAD PROJECT NO. 650-0069
DELEUW, CATHER INTERNATIONAL LIMITED'S
HOST COUNTRY CONTRACT WITH ROADS AND BRIDGES
PUBLIC CORPORATION.**

PERIOD OCTOBER 27, 1985 THROUGH AUGUST 9, 1991.

MISSION CONTRACTED AUDIT.

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SECTION I

INTRODUCTION

MISSION CONTRACTED AUDIT OF THE CONSULTANCY CONTRACT OF DELEUW, CATHER INTERNATIONAL LIMITED, UNDER THE HOST COUNTRY CONTRACT WITH ROADS AND BRIDGES PUBLIC CORPORATION, USAID PROJECT NO. 650-0069.

1. INTRODUCTION.

1.1 BACKGROUND.

Following several discussions between the Government of Sudan (GOS) and the United States Agency for International Development (USAID), a grant agreement was signed on August 30, 1984 between the two parties for the construction of the Western Agricultural Marketing Road (WAMR). The total project amount was estimated to be around US\$ 85 million, with USAID contributing US\$ 60 million and the GOS contributing the balance of US\$ 25 million. The estimated project assistance completion date (PACD) was December 31, 1991.

The purpose of the WAMR project was to construct an efficient and all-weather road in Kordofan linking all the agricultural producing area in the region with major centres throughout the country, specifically the national and international markets in Khartoum and Port Sudan. The proposed road was to be built between Tendelti and El Obeid.

As part of grant conditions, the local agency responsible for implementation of the grant, Roads and Bridges Public Corporation (RBPC), was required to engage a firm of engineering consultants to provide engineering design and supervision services for construction. A Host Country Contract (HCC), funded by USAID, was signed on October 27, 1985 between RBPC and Deleuw, Cather International Limited (DCIL). This fixed fee plus reimbursable costs contract was budgeted in US Dollars and local currency. The initial contract was for US\$ 3,184,996 and LS 2,895,452. Since the inception of the contract, it has been amended three times and the total final budget in US Dollars now stands at US\$ 4,004,274. This final budget (for 3 phases of the contract) was obligated for the following services:

	US\$
• Salaries	1,220,519
• Overhead	1,200,936
• Site Diff. Allowances	276,511
• Int'l Travel/Per Diem	283,525
• Transport - Baggage	50,245
• Equipment	118,817
• Other Direct Costs	489,696
• Fixed Fee	364,025
	<u>4,004,274</u>

The scope of the Mission contracted audit included the US Dollars portion of the budget only. As of August 9, 1991, total liquidations reported by DCIL (Invoice 32) amounted to US\$ 3,216,935 (refer to the Fund Accountability Statement). The total amount selected for detailed testing was US\$ 1,019,358 (Exhibit 1).

Despite evacuation of its personnel in 1986 due to security reasons, DCIL was able to complete its contract ahead of the stipulated completion date of December 31, 1991. By the end of September 1991, both offices were closed and personnel flown back home.

The most important terms of the contract include:

- * Detailed services and manpower to be provided for each of the three phases of the contract. Phase I concerned the design and IFB activity schedules, while Phase II related to construction supervision, and Phase III was allocated to maintenance program. Phase I also included identification of a suitable contract to build the road.
- * the financial plan;
- * reimbursement to DCIL on actual expenditure basis in respect of US Dollar transactions whereas local currency disbursements are provided on an advance basis for immediate needs;
- * application of two overhead rates (field and home office);
- * maintenance of accounting records and supporting documentation according to generally accepted accounting principles; and provision for the audit of local currency and US\$ based costs.

As regards the verification of the overhead rates, these are reviewed by other audits; the present Mission contracted audit calls for verification of the application of either the provisional or final rate, whichever is appropriate.

1.2 AUDIT OBJECTIVES AND SCOPE

1.2.1 Audit Objectives and Scope

Hassabo and Company was contracted under Contract No. 650-0510-C-00-1002 to perform the non-federal audit of the DCIL's contract with RBPC as it related to US Dollar funding in accordance with general accepted auditing standards and the United States Comptroller General's Government Auditing Standards (1988 revision). The principal objective was to determine whether these funds were spent in accordance with the provisions of the contract.

With respect to the US Dollar costs, Hassabo and Company was requested under its contract to provide written opinions on:

- . the auditee's Fund Accountability Statement
- . the auditee's internal control structure
- . the auditee's compliance with the contract and applicable U.S. laws and regulations.

Due to security reasons in December 1990, USAID suspended Hassabo and Company's contract, and was reactivated in July 1991.

1.2.2 Methodology.

Hassabo and Company conducted the initial survey of the accounting records from August 1, 1991 to August 4, 1991 at which time the selection of transactions (invoices) for detailed testing was completed. Hassabo and Company subsequently prepared its audit work plan for approval by RIG/A/N, secured approval (after

slight amendment) and performed the field work until completion on August 30, 1991.

The principal audit steps performed included:

- a review of the terms and conditions of the Host Country Contract, amendments, project implementation letters, applicable standard provisions and regulations and other contract documents as deemed necessary;
- a review of the internal control structure in order to classify the auditee's significant internal control policies and procedures;
- performance of detailed compliance, internal controls and errors and irregularities (SAS 62) audit procedures to evaluate the auditee's compliance with contract and applicable provision (SAS 63), adequacy of accounting system and internal controls, and to obtain reasonable assurance of detecting errors, irregularities and illegal acts;
- testing of transactions from the Fund Accountability Statement to determine the extent of non-compliance, unallowable or unallocable expenses and effectiveness of internal control;
- reconciliation of financial reports submitted by the auditee's management to USAID's Commitment Liquidation Record to determine if the contract expenditures have been accurately reflected in these USAID records;
- entrance and exit conferences were held with the auditee staff at the commencement and completion respectively of the audit.

Government Auditing Standards (GAS) 3.6 states that to meet this standard, the audit organization should have a program to ensure its staff maintain professional proficiency through continuing education and training. It further states the minimum number of training hours to be completed by audit organization's staff every 2 years. We have not complied with the continuing education and training requirements of the Government Auditing Standards.

Government Auditing Standards (GAS) 3.46 requires organizations conducting government audits to have an external quality control review at least once every 5 years by an organization not affiliated with the organization being reviewed. Hassabo and Company not complied with this requirement, but does have an external quality control review conducted every 5 years by another public accounting firm. The next review, originally scheduled for 1991, will now be conducted in mid 1992.

1.2.3 Limitations.

The principal limitation we encountered concerns the review of the internal control structure. Most of transactions originate at the auditee's Home Office in USA. As a result, our review of the internal control structure was limited to review of the auditee's internal control structure as applied to its field offices in Sudan.

Another limitation concerns the availability of original supporting documents. Regulations of RIG/A stipulates that only original documents and invoices

provide acceptable evidential matter to support expenditures. The auditee's internal control system is such that all original documents are retained by the Home Office and only photocopied documents are available at field offices.

As a result of these limitations, a no opinion audit report was issued by us on December 10, 1991.

1.3 BRIEF SUMMARY OF AUDIT RESULTS.

1.3.1 Fund Accountability Statement.

Our testing revealed that there were no questioned costs nor unsupported costs. This Statement includes costs amounting to US\$ 8,388 paid directly by USAID and charged against the contract budget. These costs mainly refer to medical services provided to DCIL expatriate personnel and their authorized dependents that were directly billed by the U.S. Embassy Health Unit to USAID. The auditee's financial records and reports to USAID do not reflect this amount.

1.3.2 Internal Control Structure.

Subject to paragraph 1.2.3 above, our evaluation of the internal control structure did not reveal reportable or material weaknesses which should be described in the Independent Auditor's Report.

1.3.3 Compliance with Contract and Related Provisions.

With respect of items tests, see paragraph 1.2.3 above, the auditee complied with all the contract and related provisions. As regards the non tested items, nothing came to our attention that caused us to believe that the auditee had not complied in all material respects with those provisions.

EXHIBIT 1: AMOUNTS SELECTED FOR DETAILED TESTING.

<u>Inv #</u>	<u>Period</u>	<u>Amount US\$</u>
1	27.10.85 - 21.02.86	131,822
2	22.02.86 - 09.05.86	88,739
3	10.05.86 - 31.10.86	186,364
4	01.11.86 - 17.04.87	106,216
6	13.06.87 - 07.08.87	44,679
7	08.08.87 - 02.10.87	42,878
15	01.10.88 - 25.11.88	74,991
23	30.12.89 - 23.02.90	97,939
28	06.10.90 - 28.12.90	156,356
32	15.06.91 - 09.08.91	89,374
		<u>1,019,358</u>

SECTION II
FINANCIAL STATEMENTS

Offices : KHARTOUM - PORT - SUDAN

HASSABO & COMPANY

CERTIFIED ACCOUNTANTS

partner - Hassab El-Rasoul. F.C.C.A.
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*USAID Inspector General,
Regional Inspector General/Audit,
P.O. Box 30261,
Nairobi,
KENYA.*

INDEPENDENT AUDITOR'S REPORT.

We have audited the accompanying Fund Accountability Statement of Messrs: DELEUW, CATHER INTERNATIONAL LIMITED for the period October 27, 1985 to August 9, 1991. This Statement is the responsibility of Deleuw, Cather International Limited's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and government auditing standards and the United States Comptroller General's Governmental Auditing Standards (1988 Revision). These 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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 6 of the Fund Accountability Statement, the Statement was prepared on the basis of cash receipts and cash disbursements which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles.

Our review of the internal control structure was limited to that applied by the auditee's Sudan office. We were unable to review the auditee's Home Office internal control structure. During the course of our audit, we were not presented with the original documents and pertaining vouchers which are maintained at the auditee's Home Office in USA. Our examination was thus limited to a review of copies of the supporting documents.

Since it was not possible to examine all essential supporting records and as we were not able to apply other auditing procedures to satisfy ourselves as to a significant part of the reported expenditures, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the Fund Accountability Statement.

Information contained in this report may be privileged. The restrictions of 18 USC 1905 should be considered before any information is released to the public. This report is intended solely for the use of Deleuw, Cather International Limited or USAID and should not be used for any other purposes.

Hassabo & Company
HASSABO AND COMPANY
Certified Accountants

Khartoum, Sudan
December 10, 1991.

HASSABO & COMPANY
Certified Accountants

USAID FUND ACCOUNTABILITY STATEMENT UNDER THE WESTERN
 AGRICULTURAL MARKETING ROAD PROJECT NO. 650-0069 CONTRACT
 WITH DELEOW, CATHER INTERNATIONAL, LIMITED FOR THE PERIOD
 OCTOBER 27, 1985 THROUGH AUGUST 9, 1991

	NOTES	ACTUAL	BUDGET
		US\$	US\$
Salaries	1	1,047,844	1,220,519
Overhead	2	1,007,852	1,200,936
Site Diff. Allowances		231,704	276,511
Int'l Travel & Per Dien		173,848	283,525
Transport - Baggage		42,768	50,245
Equipment		107,233	118,817
Other Direct Cost	3	340,066	489,696
Total Cost		2,951,315	3,640,249
Fixed Fee	4	265,620	364,025
Total Cost & Fee		3,216,935	4,004,274

HASSABO & CO. حسابو و شرکاه

USAID FUND ACCOUNTABILITY STATEMENT UNDER THE WESTERN
 AGRICULTURAL MARKETING ROAD PROJECT NO. 650-0069 CONTRACT
 WITH DELEUW, CATHIER INTERNATIONAL, LIMITED FOR THE PERIOD
 OCTOBER 27, 1985 THROUGH AUGUST 9, 1991

Notes to the Fund Accountability Statement

DETAILS	ACTUAL US\$	BUDGET US\$
Note 1: Salaries:		
Schedule 1: Field Staff	942,326	1,031,785
Home Office	76,876	155,908
Schedule 4: Home Office	28,642	32,826
	1,047,844	1,220,519
Note 2: Overheads:		
Schedule 3: Field Staff	790,532	940,171
Schedule 5: Home Office	217,320	260,765
	1,007,852	1,200,936
Note 3: Other Direct Costs:		
Schedule 15:		
A. Insurance	8,906	32,922
B. Miscellaneous	261,790	360,848
C. Bonus	69,370	95,926
	340,066	489,696
Note 4: Fixed Fee		
Schedule 6: Total Chargeable	295,133	364,025
10% Retainer	(29,513)	
Total Billed	265,620	364,025

HASSABO & CO. حسابو وشرکاه

Notes to the Fund Accountability Statement (Cont'd)

5. The Fund Accountability Statement includes an amount of US\$ 8,388 charged directly against the budget by USAID but not included in the records of Deleuw, Cather International Limited. This amount comprises medical services provided by the U.S. Embassy Health Unit to expatriate personnel of the auditee and cost of materials supplied by USAID/BMO for maintenance of Lease NO. 650-LE-84-093.
6. Generally Accepted Accounting Principles require the financial statements to be maintained on an accrual basis. The Fund Accountability Statement in this report is maintained on the basis of cash receipts and cash disbursements which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles.

STATEMENT OF ACCEPTABILITY OF PROJECT COSTS UNDER THE WESTERN
 AGRICULTURAL MARKETING ROAD PROJECT NO. 650-0069 CONTRACT
 WITH DELEBOW, CATHER INTERNATIONAL, LIMITED FOR THE PERIOD
 OCTOBER 27, 1985 THROUGH AUGUST 9, 1991

	CLAIMED	ACCEPTED	DISALLOWED	QUESTIONED
	US\$	US\$	US\$	US\$
Salaries	1,047,844	1,047,844		
Overhead	1,007,852	1,007,852		
Site Diff. Allowances	231,704	231,704		
Int'l Travel & Per Diem	173,848	173,848		
Transport - Baggage	42,768	42,768		
Equipment	107,233	107,233		
Other Direct Cost	340,066	340,066		
Total Cost	2,951,315	2,951,315	0	0
Fixed Fee	265,620	265,620	0	0
Total Cost & Fee	3,216,935	3,216,935	0	0

HASSABO & CO. حسابو وشرکاه

SECTION III

INTERNAL CONTROL STRUCTURE

Offices : KHARTOUM - PORT - SUDAN

HASSABO & COMPANY

CERTIFIED ACCOUNTANTS

partner - Hassab El-Rasoul. F.C.C.A.
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USAID Inspector General,
Regional Inspector General/Audit,
P.O. Box 30261,
Nairobi,
KENYA.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLS.

We have audited the accompanying Fund Accountability Statement of Messrs: DELEUW, CATHER INTERNATIONAL LIMITED for the period October 27, 1985 to August 9, 1991, and have issued our report thereon dated December 10, 1991. We conducted our audit in accordance with generally accepted auditing standards and the standards of financial audits contained in Government Auditing Standards issued by the United States Comptroller General (1988 Revision).

In planning and performing our audit of Messrs: DELEUW, CATHER INTERNATIONAL LIMITED 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. Our review was limited to internal control structure implemented by the auditee's Sudan office. We were unable to consider the auditee's Home Office (USA) internal control structure.

The management of Messrs: DELEUW, CATHER INTERNATIONAL LIMITED is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to risk that the procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have identified the significant internal control structure policies and procedures as they relate to DELEUW CATHER Contract in the following categories:

- * Accounting Applications.
 - .. Billings
 - .. Payroll
 - .. Equipment

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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. However, we noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

Information contained in this report may be privileged. The restriction of 18 USC 1905 should be considered before any information is released to the public. This report is intended solely for the use of Deleuw, Cather International Limited or USAID and should not be used for any other purpose.

Hassabo & Company
HASSABO AND COMPANY
Certified Accountants.

Khartoum, Sudan.
December 10, 1991.

HASSABO & COMPANY
Certified Accountants

SECTION IV

TEST OF COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Offices : KHARTOUM - PORT - SUDAN

HASSABO & COMPANY

CERTIFIED ACCOUNTANTS

partner - Hassab El-Rasoul. F.C.C.A.
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Nairobi,
KENYA.*

INDEPENDENT AUDITOR'S REPORT ON TEST OF COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS.

We have audited the accompanying Fund Accountability Statement of Messrs: DELEUW, CATHER INTERNATIONAL LIMITED for the period October 27, 1985 to August 9, 1991, and have issued our report thereon dated December 10, 1991. We conducted our audit in accordance with generally accepted auditing standards and the standards of financial audits contained in Government Auditing Standards issued by the United States Comptroller General (1988 Revision). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statement is free of material misstatement.

Compliance with laws, regulations, contracts, grants and binding policies and procedures applicable to Messrs: DELEUW, CATHER INTERNATIONAL LIMITED is the responsibility of the auditee's management. As part of our audit, we performed tests of Messrs: DELEUW, CATHER INTERNATIONAL LIMITED's compliance with certain provisions of laws, regulations, contracts, grants and binding policies and procedures. However, it should be noted that we performed those tests of compliance as part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement; our objective was not to provide an opinion on compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, Deleuw, Cather International Limited complied, in all material respects, with the provisions referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the auditee had not complied in all material respects with those provisions.

Information contained in this report may be privileged. The restrictions of 18 USC 1905 should be considered before any information is released to the public. This report is intended solely for the use of Deleuw, Cather International Limited or USAID and should not be used for any other purpose.

Hassabo & Company
HASSABO AND COMPANY
Certified Accountants.

Khartoum, Sudan.
December 10, 1991.

HASSABO & COMPANY
Certified Accountants



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October 21, 1991

Mr. Nilesh P. Patwa
 Senior Manager
 Hassabo & Company
 Certified Accountants
 P.O. Box 1146
 Khartoum, Sudan

Re: Hassabo Letter, NFA WAMR Project, October 15, 1991

Dear Mr. Patwa:

I am in receipt of your reference letter soliciting USAID comments on the incurred costs non-federal audit your firm conducted of Deleuw, Cather International Ltd. (DCIL) under its host country contract with the Roads and Bridges Public Corporation (RBPC), financed by USAID under the WAMR Project, and am pleased to offer the following comments.

That DCIL did not maintain a current equipment inventory register throughout the life of its contract can be termed a question of form rather than substance.

That DCIL is able to comply with the terms of the contract to provide a detailed equipment listing of items it purchased under the contract and to be turned over to the Contracting Agency (RBPC), preparing such listing from its source documentation and accounting records, represents to this office that it had an adequate accounting (and inventory) system in operation during the period of the contract, and that it has the ability to account for property purchased with contract funds. Thus, DCIL appears to us to have met the substantive requirements of the contract.

If I can be of further assistance in this regard, please do not hesitate to contact me. With very best wishes,

Sincerely,

Ronald R. Hammersley, CPA
 Controller

**DeLEUW
CATHER**

De Leuw, Cather International Limited
Engineers and Planners

P.O. Box 1396
Khartoum, Sudan
Telephone: 70273
Telex: 22078 ASID

Reply to:

Khartoum, Sudan
15 September 91

Ref: WAMR/ACC/91/-74-Krt.

Hassabo & Co.
P.O.Box : 1146 Khartoum
Sudan.

Attention : Mr. Nilesh P. Patwa.

Subject : Western Agricultural Marketing Road Contract 650-0069
Engineer's Accounts Audit Report.

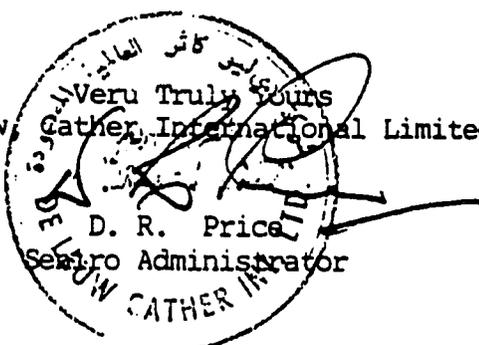
We have reviewed your draft audit report and, have the following comment on your note re:equipment inventory register:

DeLeuw, Cather International Ltd did not maintain an inventory of cost reimbursable equipment purchased under the contract. It was felt that due to the small cost of this equipment in comparison to the total contract value such a list was not practical. The project contract states the following with regard to a project inventory in paragraph 12.b.3 :

" within 90 days after completion of this contract, or at such other date as may be fixed by the Contracting Agency, the consultant shall submit an inventory schedule covering all items of such equipment, materials and supplies under his custody, title to which is in the Contracting Agency, which have not been consumed in the performance of this contract".

DeLeuw, Cather will comply with this contractual requirement. Documentation has been maintained identifying all equipment purchased under the contract. This information will be used to prepare the final inventory and for the final handover of all equipment to the Contracting Agency.

DeLeuw, Cather International Limited
D. R. Price
Senior Administrator



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FA/FM	1
POL/CDIE/DI	1
FA/MCS	2
FA/FM/FPS	2
REDSO/ESA	1
REDSO/RFMC	1
REDSO/Library	1
IG	1
AIG/A	1
D/AIG/A	1
IG/A/PPO	1
IG/LC	2
IG/RM/C&R	1
AIG/I	5
RIG/I/N	1
IG/A/PSA	1
IG/A/FA	1
RIG/EUR/W	1
RIG/A/Vienna	1
RIG/A/Cairo	1
RIG/A/Dakar	1
RAO/Manila	1
RIG/A/Singapore	1
RIG/A/Tegucigalpa	1
IG/RM/GS (Unbound)	1