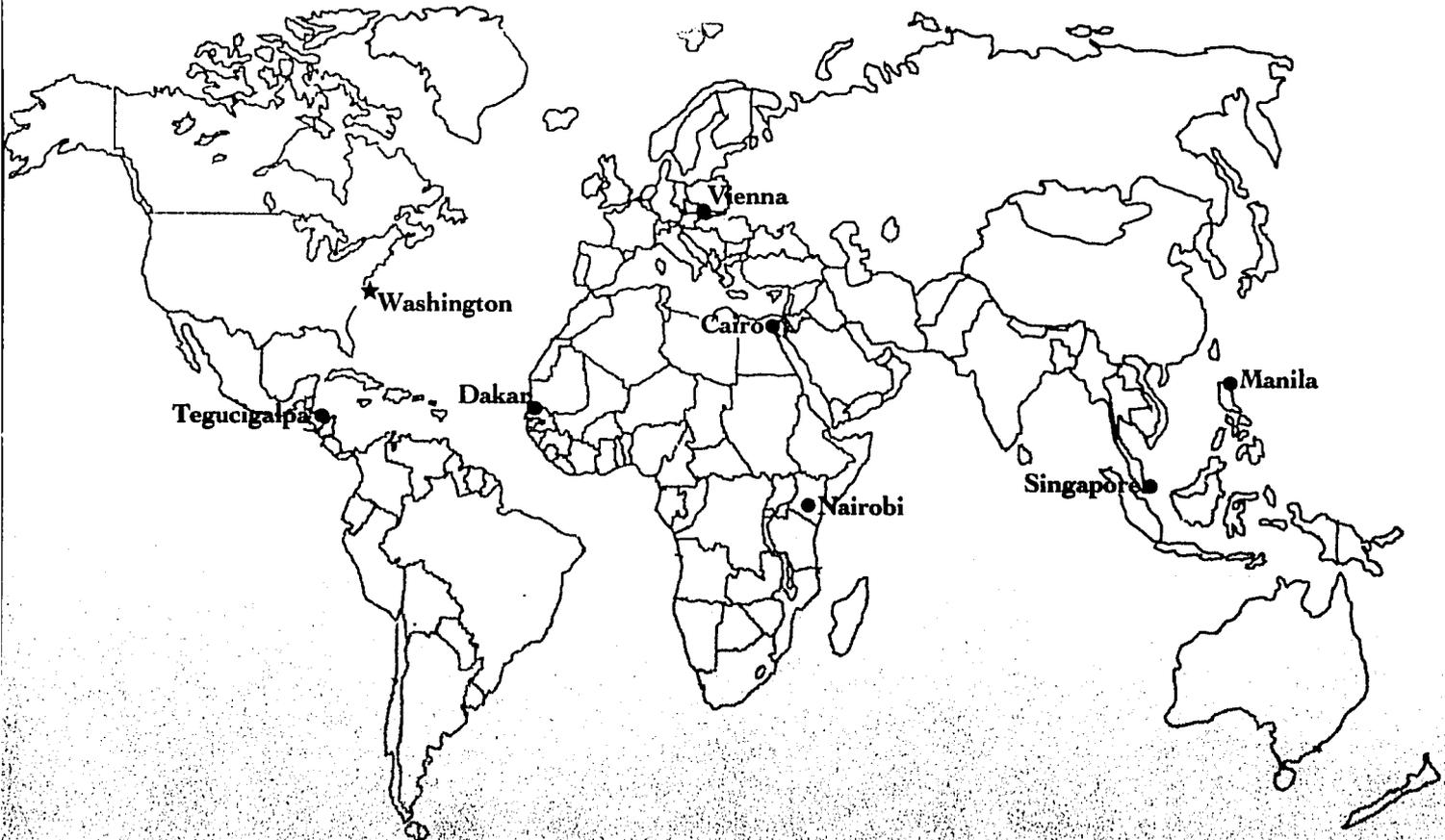


**Regional Inspector General for Audit
Tegucigalpa, Honduras**

**Audit of USAID/Haiti's
Export and Investment Promotion Project
Managed by the
Investment and Export Promotion Center
for the Year Ended September 30, 1991**

**Audit Report No. 1-521-92-32-N
June 12, 1992**



Contractor information contained in this report may be privileged. The restrictions of 18 USC 1035 apply to unauthorized release of information contained in this report.



**Regional Inspector General for Audit
Tegucigalpa, Honduras**

PDABE-208

**Audit of USAID/Haiti's Export and
Investment Promotion Project
Managed by the
Investment and Export Promotion Center
For the Year Ended September 30, 1991**

**Audit Report No. 1-521-92-32-N
June 12, 1992**

AGENCY FOR INTERNATIONAL DEVELOPMENT

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OFFICE OF THE REGIONAL INSPECTOR GENERAL
AMERICAN EMBASSY
TEGUCIGALPA - HONDURAS

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June 12, 1992

MEMORANDUM

TO: D/USAID/Haiti, David A. Cohen

FROM: RIG/A/T Acting, Darryl T. Burris 

SUBJECT: Audit of USAID/Haiti's Export and Investment Promotion Project, Managed by the Investment and Export Promotion Center, for the year ended September 30, 1991

This report presents the results of a financial audit of the Export and Investment Promotion Project (Project), USAID/Haiti Project No. 521-0186, managed by the Investment and Export Promotion Center (the Center), for the year ended September 30, 1991. The audit firm of Klynveld Peat Marwick Goerdeler (KPMG) prepared the report dated March 31, 1992.

The purpose of the Project was to improve, expand, and professionalize export and investment promotion services in Haiti. Approximately \$7.9 million--USAID/Haiti funding of \$7.1 million and a counterpart contribution of \$0.8 million--was budgeted for the life of the Project. The audit coverage included USAID/Haiti funds of \$728,812 provided to the Center during the audit period.

The objectives of the audit were to determine whether: (1) the Center's fund accountability statement presents fairly, in all material respects, the financial activities of the Project for the period audited, (2) the Center's internal control structure was adequate to manage the Project's operations, and (3) the Center had complied with the agreement terms and applicable laws and regulations. The scope of the audit included an examination of the Center's activities and transactions to the extent considered necessary to issue a report thereon for the period under audit.

The auditors concluded that the fund accountability statement presents fairly, in all material respects, the Project's financial activities for the period audited. Also the auditors identified no material weaknesses in the Center's internal control structure for Project activities and, with respect to the Center's compliance with agreement terms and applicable laws and regulations, found no instances of noncompliance.

The report was discussed with the Center's management officials who expressed general agreement with the report's contents. Management's comments are presented as an appendix to the audit report.

The report contains no recommendations for inclusion in the Office of the Inspector General's audit recommendation follow-up system.

**AUDIT OF THE USAID/HAITI'S
EXPORT AND INVESTMENT PROMOTION PROJECT**

Managed by

**INVESTMENT AND EXPORT PROMOTION CENTER
(PROMINEX)**

For the year ended September 30, 1991

(With Independent Auditors' Report Thereon)

EXPORT AND INVESTMENT PROMOTION PROJECT

Managed by

INVESTMENT AND EXPORT PROMOTION CENTER
(PROMINEX)

For the year ended September 30, 1991

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March 31, 1992

Mr. Reginald Howard
Regional Inspector General for Audit
Agency for International Development
Tegucigalpa, Honduras

Dear Sirs:

This report presents the results of our audit of the fund accountability statement of Export and Investment Promotion Project, Project no. 521-0186, managed by the Investment and Export Promotion Center (Centre de Promotion des Investissements et des Exportations - PROMINEX) for the year ended September 30, 1991. Our report issued thereon is dated February 12, 1992.

Background

Investment and Export Promotion Center (PROMINEX) is an autonomous organization supervised by the Ministry of Commerce and Industry. Its main objective is to improve, expand and professionalize export and investment promotion services to a wide spectrum of business and entrepreneurs in manufacturing and agro-industry.

On August 20, 1986, USAID/Haiti signed a cooperative agreement no. 521-0186 with PROMINEX for a total amount of G35,590,000 (US \$7,118,000), as amended in June 30, 1989 to help establish an export and investment entity in Haiti.

In addition, PROMINEX has received G 2,000,000 (US \$400,000) from the Haitian Government of a total budgeted amount of G3,750,000 (US \$750,000).

PROMINEX also generates funds from the sales of brochures, video cassettes, and other publicity materials.

PROMINEX ceased its activities on September 30, 1991.

Audit Objectives and Scope

The objective was to conduct the financial audit of the fund accountability statement of PROMINEX for the close-out of the grant funds received from USAID/Haiti and the Haitian Government for the year ended September 30, 1991. All other revenues generated by PROMINEX during that period were also accounted for.



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Except for not conducting an external quality control review by an unaffiliated audit organization, as required by government auditing standards, we conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" (1988 revision) and, accordingly, included such tests of the accounting records, internal control structure and such other auditing procedures as we considered necessary in the circumstances to determine whether:

- 1) The fund accountability statement of PROMINEX presents fairly the project's receipts and expenditures for the year ended September 30, 1991, according to the terms of the agreement, identifying any unsupported costs or those not considered appropriately allocable or allowable under the agreement.
- 2) PROMINEX internal control structure is sufficient to capture data under the agreement and is adequate for the project's purposes.
- 3) PROMINEX complied with the terms of the agreement and applicable laws and regulations.

The major audit procedures conducted during our work in order to meet the audit objectives consisted of:

Receipts

Confirm directly with USAID/HAITI, and the Haitian Government the funding provided to PROMINEX under the project no. 521-0186, and other agreement for the period under audit.

Salaries

Analyze the employees' salaries individually on a monthly basis to verify the fluctuations to the appropriate supporting documents.

Examine employees' files on a selected basis to determine whether they were complete in accordance with A.I.D. requirements.

Procurement

Examine procurement documentation for the acquisition of equipment, material and services to ascertain that control procedures and A.I.D. standard provisions were properly applied.

RESULTS OF THE AUDIT

1. Fund Accountability Statement

The fund accountability statement presents fairly, in all material respects, the project's receipts and expenditures for the year ended September 30, 1991, on the cash basis of accounting.

2. Internal Control Structure

We studied and evaluated PROMINEX's internal control structure and control risks in order to determine our auditing procedures for the purpose of expressing an opinion on the fund accountability statement of the project and not to provide assurance on PROMINEX's internal control structure. We noted the following finding, that we consider a reportable condition under generally accepted auditing standards and the United States Comptroller General's "Government Auditing Standards" (1988 Revision):

- o Adjustments for previously identified differences were not corrected by PROMINEX.

3. Compliance with Agreement Terms and Applicable Laws and Regulations

The results of our tests did not indicate any instance of non compliance with agreement terms and applicable laws and regulations.

Based on our examination and review of the grant agreement and laws, for the items not listed, nothing leads us to believe that the transactions were not made in accordance with the agreement and applicable laws.

Management Comments

The draft report was discussed at the exit conference held on March 18, 1992, which was attended by representatives of USAID/Haiti and PROMINEX. In this meeting and their formal reply to our report included in Annex 1, management expressed their general agreement with the report's comments.

KPMG - Mérové-Pierre - Cabinet d'Experts-Comptables



Mérové-Pierre — Cabinet d'Experts-Comptables

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Page 4

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EXPORT AND INVESTMENT PROMOTION PROJECT

Managed by

THE INVESTMENT AND EXPORT PROMOTION CENTER
(PROMINEX)

Fund Accountability Statement

Year ended September 30, 1991

Independent Auditors' Report

We have audited the accompanying fund accountability statement of the Export and Investment Promotion Center (Centre de Promotion des Investissements et des Exportations - PROMINEX), for the year ended September 30, 1991. The fund accountability statement is the responsibility of PROMINEX management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

Except as mentioned in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the government auditing standards issued by the Comptroller General of the United States. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall fund accountability statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The government auditing standards require that audit organizations performing audits for the U.S. Government have completed an external quality control review performed by an unaffiliated audit organization during the three-year period preceding the audit. We have not complied with such requirement.

As described in note 1(b) this fund accountability statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the fund accountability statement referred to in the first paragraph presents fairly, in all material respects, the project's receipts and expenditures for the year ended September 30, 1991, on the basis of accounting described in note 1(b).



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The supplementary information appearing in annexes 1 to 5 is presented for purposes of additional analysis and is not a required part of the fund accountability statement. Such information has been subjected to the auditing procedures applied in the fund accountability statement and, in our opinion, is fairly stated in all material respects in relation to the fund accountability statement taken as a whole.

Our examination does not intend to report on the budget amounts and the budget balances included in the supplementary information since we cannot give an opinion on information established upon estimation and projections.

This report is intended solely for the use of PROMINEX and the United States Agency for International Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

KPMG - Mérové-Pierre Cabinet d'Experts-Comptables

February 12, 1992

EXPORT AND INVESTMENT PROMOTION PROJECT
 Managed by
 THE INVESTMENT AND EXPORT PROMOTION CENTER
 (PROMINEX)

Fund Accountability Statement

Year ended September 30, 1991

(Expressed in Haitian gourdes)

	<u>USAID/Haiti</u> <u>Fund</u>	<u>GOH Fund</u>	<u>General Fund</u>	<u>Total</u>
Funding provided:				
Contributions of USAID/Haiti (note 2)	G 3,644,060	-	-	3,644,060
Contributions of PNUD (note 3)	-	-	150,000	150,000
Contributions of Haitian Government (note 4)	-	375,000	-	375,000
Other revenues (note 5)	<u>-</u>	<u>-</u>	<u>107,121</u>	<u>107,121</u>
Total of funding provided	<u>3,644,060</u>	<u>375,000</u>	<u>257,121</u>	<u>4,276,181</u>
Expenditures:				
Personnel	1,761,382	443,346	-	2,204,728
General and administrative	500,410	-	524	500,934
Promotion and development	728,431	-	726	729,157
Policy formulation	<u>342,500</u>	<u>-</u>	<u>150,000</u>	<u>492,500</u>
Total expenditures	<u>3,332,723</u>	<u>443,346</u>	<u>151,250</u>	<u>3,927,319</u>
Excess of funding provided (ex- penditures) over expenditures (funding provided)	<u>311,337</u>	<u>(68,346)</u>	<u>105,871</u>	<u>348,862</u>
Fund balances at beginning of period	13,439	809,946	245,734	1,069,119
Prior period adjustments (note 6)	<u>58,570</u>	<u>-</u>	<u>(98,570)</u>	<u>-</u>
Fund balances at beginning of period, as adjusted	112,009	809,946	147,164	1,069,119
Reimbursement of funds to USAID/Haiti	<u>(571,950)</u>	<u>-</u>	<u>-</u>	<u>(571,950)</u>
Fund balances at end of period (note 7)	G <u>(148,604)</u>	<u>741,600</u>	<u>253,035</u>	<u>846,031</u>

See accompanying notes to the fund accountability statement.

EXPORT AND INVESTMENT PROMOTION PROJECT
 Managed by
 THE INVESTMENT AND EXPORT PROMOTION CENTER
 (PROMINEX)

Notes to the Fund Accountability Statement

September 30, 1991

1. Nature of operations and summary of significant accounting policies

- a) Centre de Promotion des Investissements et des Exportations (PROMINEX) is an autonomous organization supervised by the Ministry of Commerce and Industry. Its main objective is to provide, expand and improve export and investor services to a wide spectrum of businesses and entrepreneurs.

The main financial resources of PROMINEX consist of a grant from the United States Agency for International Development (USAID/Haiti), signed in August 1986 for an amount not to exceed G 35,590,000 over a four year period, and of contributions from the Haitian Government (GOH) for a total budgeted amount of G3,750,000. PROMINEX also generates funds from the sale of publicity materials.

PROMINEX ceased its activities on September 30, 1991.

- b) The accompanying fund accountability statement has been prepared on the cash basis of accounting. Consequently, grant income is recorded when received rather than when earned and expenditures are recorded when paid rather than when obligations are incurred.
- c) All expenditures are considered as expenses of the project, in accordance with accounting principles applied for projects.
- d) The fund accountability statement is prepared in Haitian gourdes. Foreign currency funds received from USAID/Haiti were not converted in gourdes and were used to finance specific expenses in foreign currency. Consequently, foreign currency transactions were converted at the historical rate of five haitian gourdes for one US dollar.

(2) USAID/Haiti contributions

Contributions from USAID/Haiti are mainly cash contributions, as follows:

Local currency	G 2,834,290
Foreign currency	<u>809,770</u>
	G <u>3,644,060</u>

(Continued)

(3) PNUD contributions

During the fiscal year 1991, PROMINEX received from "Projet des Nations Unies pour le Développement" (PNUD) G150,000 to finance part of the cost of a policy formulation study.

(4) Haitian Government contribution (GOH)

The Haitian Government contributed G 375,000 during the 1991 fiscal year. Cumulative contributions from the Haitian Government amounted to G2,000,000 as of September 30, 1991. Some of these funds were invested in certificates of deposit in a local bank. The interest earned on these funds has been reported in the general fund.

(5) Other revenues

The other revenues include the following:

Interest from bank accounts	G 58,392
Revenue from publicity	39,450
Funds raised by PROMINEX from the sales of brochures and consulting services	<u>9,279</u>
	G <u>107,121</u>

(6) Prior Period adjustments

During the year 1990, USAID/Haiti had set a ceiling on operational costs to be submitted by PROMINEX. This ceiling was not respected, consequently some expenses were not accepted by USAID/Haiti. Prior period balances had to be adjusted to reflect disallowances by USAID/Haiti, not previously reported.

(7) Fund balances

The bank balance at September 30, 1991 is as follows:

	USAID/Haiti <u>Fund</u>
Cash in local bank	G 254,005
Checks in transit - local bank	<u>592,026</u>
	G <u>846,031</u>

EXPORT AND INVESTMENT PROMOTION PROJECT
 Managed by
 THE INVESTMENT AND EXPORT PROMOTION CENTER
 (PROMINEX)

Statement of Disbursements - USAID/Haiti Fund

Year ended September 30, 1991

(Expressed in Haitian gourdes and in US dollars)

	Local expenses expressed <u>in gourdes</u>	Local expense amounts converted <u>in US \$</u>	Foreign expenses <u>in US \$</u>	Total expenses expressed <u>in US \$</u>
Personnel	G 1,761,382	234,850	-	234,850
General and administrative	464,045	61,872	7,273	69,145
Promotion and development	330,201	44,027	79,646	123,673
Policy formulation	<u>342,500</u>	<u>45,666</u>	<u>-</u>	<u>45,666</u>
Total	G <u>2,898,128</u>	<u>386,415</u>	<u>86,919</u>	<u>473,334</u>

Note 1: Rate of exchange used to translate local expenses in US dollar is 7.50 gourdes to one US dollar.

EXPORT AND INVESTMENT PROMOTION PROJECT
 Managed by
 THE INVESTMENT AND EXPORT PROMOTION CENTER
 (PROMINEX)

Statement of Budget Accomplishment - USAID/Haiti Fund
 September 30, 1991
 (Expressed in Haitian gourdes)

	Budget amounts (unaudited)	Actual expenditures			Budget balances (unaudited)
		As of September 30, 1990	Current year amounts	As of September 30, 1991	
Funding provided:					
USAID/Haiti contri- butions	G <u>35,590,000</u>	<u>12,785,430</u>	<u>3,644,060</u>	<u>16,429,490</u>	<u>19,160,510</u>
Expenditures:					
Personnel	13,460,000	6,216,325	1,761,382	7,977,707	5,482,293
General and administrative	5,530,000	3,582,116	500,410	4,082,526	1,447,474
Promotion and de- velopment	9,695,000	2,815,065	728,431	3,543,496	6,151,504
Technical assistance	6,315,000	-	-	-	6,315,000
Policy formulation	<u>590,000</u>	<u>59,915</u>	<u>342,500</u>	<u>402,415</u>	<u>187,585</u>
Total expendi- tures	<u>35,590,000</u>	<u>12,673,421</u>	<u>3,332,723</u>	<u>16,006,144</u>	<u>19,583,856</u>
Excess of funding pro- vided over expendi- tures	-	112,009	311,337	423,346	(423,346)
Reimbursement of funds to USAID/Haiti	<u>-</u>	<u>-</u>	<u>(571,950)</u>	<u>(571,950)</u>	<u>571,950</u>
Fund balance (deficit)	<u>-</u>	<u>112,009</u>	<u>(260,613)</u>	<u>(148,604)</u>	<u>148,604</u>

Note 1: Budget amounts were taken from the grant agreement (as amended on December 6, 1989) signed with USAID/Haiti for a period of four years. A rate of exchange of 5 Haitian gourdes to 1 US dollar was used.

Note 2: Actual expenses in foreign currency were converted at a rate of exchange of 5 Haitian gourdes to 1 US dollar, since foreign currency was used for specific expenses.

Note 3: Technical assistance amounting to G 5,441,870, disbursed directly by USAID/Haiti is not reflected in this statement.

EXPORT AND INVESTMENT PROMOTION PROJECT
 Managed by
 THE INVESTMENT AND EXPORT PROMOTION CENTER
 (FOMINEX)

Statement of Budget Accomplishment - USAID/Haiti Fund

Year ended September 30, 1991

(Expressed in US dollars)

		Budget amounts (unaudited)	<u>Actual expenditures</u>			Budget balances (unaudited)
			As of September 30, 1990	Current year amounts	As of September 30, 1991	
Personnel	US\$	2,692,000	1,114,758	234,850	1,349,608	1,342,392
General and administrative		1,106,000	709,815	69,145	778,960	327,040
Promotion and de- velopment		1,939,000	559,046	123,673	682,719	1,256,281
Technical assistance		1,263,000	-	-	-	1,263,000
Policy formulation		<u>118,000</u>	<u>11,983</u>	<u>65,666</u>	<u>77,649</u>	<u>40,351</u>
Total	US\$	<u>7,118,000</u>	<u>2,395,602</u>	<u>493,334</u>	<u>2,888,936</u>	<u>4,229,064</u>

Note 1: Budget amounts were taken from the grant agreement (as amended on December 6, 1989) signed with USAID/Haiti for a period of four years.

Note 2: Actual expenses in local currency were converted in U.S. dollars at the average rate in effect at the time of the transaction.

Note 3: Technical assistance amounting to \$ 1,088,374 disbursed directly by USAID/Haiti is not reflected in this statement.

EXPORT AND INVESTMENT PROMOTION PROJECT
 Managed by
 THE INVESTMENT AND EXPORT PROMOTION CENTER
 (PROMINEX)

Fund Accountability Statement - GOH Fund

September 30, 1991

(Expressed in Haitian gourdes)

	<u>As of</u> <u>9/30/1990</u>	<u>Current</u> <u>year amounts</u>	<u>As of</u> <u>9/30/1991</u>
Funding provided:			
Contributions from Haitian Government	G <u>1,625,000</u>	<u>375,000</u>	<u>2,000,000</u>
Expenditures:			
Personnel	<u>815,054</u>	<u>443,346</u>	<u>1,258,400</u>
Excess of funding provided (expenditures) over expenditures (funding provided)	809,946	(68,346)	741,600
Fund balance at beginning of period	<u>-</u>	<u>809,946</u>	<u>-</u>
Fund balance at end of period	F <u>809,946</u>	<u>741,600</u>	<u>741,600</u>

EXPORT AND INVESTMENT PROMOTION PROJECT
 Managed by
 THE INVESTMENT AND EXPORT PROMOTION CENTER
 (PROMINEX)

Fund Accountability Statement - General Fund

September 30, 1991

(Expressed in Haitian gourdes)

	<u>As of</u> <u>9/30/1990</u>	<u>Current</u> <u>year amounts</u>	<u>As of</u> <u>9/30/1991</u>
Funding provided:			
PNUD contribution	G -	150,000	150,000
Cash revenues	297,054	107,121	404,175
Donation of a car	<u>74,875</u>	<u>-</u>	<u>74,875</u>
	<u>371,929</u>	<u>257,121</u>	<u>629,050</u>
Expenditures:			
Personnel	58,810	-	58,810
General and adminis- tative	114,635	524	115,159
Promotion and develop- ment	<u>51,320</u>	<u>150,726</u>	<u>202,046</u>
Total expenditures	<u>224,765</u>	<u>151,250</u>	<u>376,015</u>
Excess of funding provided over expenditures	147,164	105,871	253,035
Fund balance at beginning of period	<u>-</u>	<u>147,164</u>	<u>-</u>
Fund balance at end of period	G <u>147,164</u>	<u>253,035</u>	<u>253,035</u>



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EXPORT AND INVESTMENT PROMOTION PROJECT
Managed by
THE INVESTMENT AND EXPORT PROMOTION CENTER
(PROMINEX)

Internal Control Structure

Independent Auditors' Report

We have audited the fund accountability statement of the Export and Investment Promotion Project, USAID/Haiti Project no. 521-0186, managed by the Investment and Export Promotion Center (Centre de Promotion des Investissements et des Exportations - (PROMINEX), for the year ended September 30, 1991, and have issued our report thereon dated February 12, 1992.

Except for not conducting an external quality control review by an unaffiliated audit organization as described further in our opinion on the fund accountability statement, we conducted our audit in accordance with generally accepted auditing standards and the government auditing standards issued by the Comptroller General of the United States. 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.

In planning and performing our audit of the fund accountability statement of PROMINEX of September 30, 1991, 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.

The management of PROMINEX is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments 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 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 preparation of financial statement 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 the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may



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For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- o Accounting process
- o Procurement system
- o Payroll procedures
- o Receipts and disbursements
- o Travel and transportation procedures
- o Budgetary process

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.

We noted the matters described in the finding in the following page involving the internal control structure and its operations that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. 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 judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the fund accountability statement.

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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We believe that the reportable condition included in finding 1 in the following page is a material weakness.

This report is intended solely for the use of PROMINEX and the United States Agency International Development. This restriction is not intended to limit the distribution of this report which is a matter of public record.

KPMG - Mérové-Pierre - Cabinet d'Experts Comptables

February 12, 1992

EXPORT AND INVESTMENT PROMOTION PROJECT
Managed by
THE INVESTMENT AND EXPORT PROMOTION CENTER
(PROMINEX)

Internal Control Structure

Finding

1. Adjustments for previously identified differences were not corrected by PROMINEX

Condition:

As a result of the previous audit, we had indentified some differences between the books of PROMINEX and the amounts recorded by USAID/Haiti which had to be corrected by PROMINEX in order for them to be in agreement. These differences were not reconciled and a difference of G98,570 still remained between the agencies.

Criteria:

Adjustments identified in previous audits should be promptly recorded in order to facilitate the reconciliation of USAID/Haiti records with PROMINEX books.

Cause:

PROMINEX properly recorded the transactions with USAID/Haiti during the current year, but did not correct previous cumulative amounts to vouchers accepted by USAID/Haiti.

Effect:

The amount of cumulative expenditures confirmed by USAID/Haiti as of September 30, 1991 did not agree with the related expenditures recorded in PROMINEX's books. The reconciliation of the transactions since the inception of the project had to be performed by the auditors since the project was closed.

Recommendation:

The accounting department of PROMINEX should correct the books in order to reflect the total actual expenditures in agreement with the fund accountability statement.



Mérové-Pierre — Cabinet d'Experts-Comptables

Comptables Professionnels Agréés d'Haïti
Certified Public Accountants

47, Route de l'Aéroport
Port-au-Prince, Haïti

P.O. Box 13270, Delmas
Port-au-Prince, Haïti

Tél. : 46-0058 - 46-0258
Fax : 46-0625

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EXPORT AND INVESTMENT PROMOTION PROJECT
Managed by
THE INVESTMENT AND EXPORT PROMOTION CENTER
(PROMINEX)

Compliance with Agreement Terms and Applicable
Laws and Regulations

Independent Auditors' Report

We have audited the fund accountability statement of the Export and Investment Promotion Project, USAID/Haiti Project no. 521-0186, managed by the Investment and Export Promotion Center (Centre de Promotion des Investissements et des Exportations - (PROMINEX), for the year ended September 30, 1991, and have issued our report thereon dated February 12.

Except for not conducting an external quality control review by an unaffiliated audit organization as described further in our opinion on the fund accountability statement, we conducted our audit in accordance with generally accepted auditing standards and the government auditing standards issued by the Comptroller General of the United States. 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 and grants applicable to PROMINEX is the responsibility of PROMINEX's management. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of PROMINEX compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

Material weaknesses of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts or grants that cause us to conclude that the aggregation of the misstatements resulting from these failures or violations is material to the fund accountability statement. The results of our tests indicate that, with respect to the items tested, PROMINEX complied, in all material respects, with the provisions referred to in the preceding paragraph.



Member Firm of
Klynveld Peat Marwick Goerdeler

With respect to items not tested, nothing came to our attention that caused us to believe that PROMINEX had not complied, in all material respects, with those provisions.

This report is intended solely for the use of the US Agency for International Development, and PROMINEX. This restriction is not intended to limit the distribution of this report which is a matter of public record.

KPMG - Mérové-Pierre - Cabinet d'Experts-Comptables

February 12, 1992

March 17, 1992

Mérové-Pierre-Cabinet d'Experts-Comptables
47 Route de l'Aéroport
Port-au-Prince, Haiti

Attention: Mrs. Mireille Mérové-Pierre

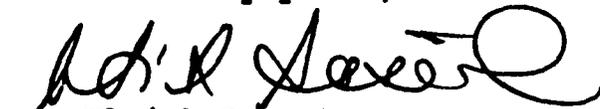
Dear Mireille,

I have received the draft of Prominex' audit report for the year ending September 30, 1991. I am satisfied with your unqualified opinion and thank you for it.

Regarding your only reportable condition of previously identified differences not corrected by Prominex, I would like to bring to your attention that, when the audit report for FY 89-90 was issued in June 1991, the determination was already made to close Prominex on September 30, 1991. The decision was then made to postpone all adjustments until the close out audit to reconcile Prominex' and USAID's books, which was done by your firm.

I thank you again for your collaboration and remain,

Sincerely yours,


Ulrick Désert

APPENDIX II

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