

Regional Inspector General for Audit
Cairo, Egypt

**Audit of Egyptian Scientific and Technical
Information Network (ENSTINET) Local Expenditures Incurred
Under PIL No. 5, Relating to the Science and Technology
Project, No. 263-0140.01**

Report No. 6-263-93-14-N
March 8, 1993



**FINANCIAL INFORMATION CONTAINED IN THIS
REPORT MAY BE PRIVILEGED. THE RESTRICTIONS
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ANY INFORMATION IS RELEASED TO THE PUBLIC.**

**INSPECTOR
GENERAL**

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



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

March 8, 1993

MEMORANDUM FOR D/USAID/Egypt, Henry H. Bassford

FROM : D/RIG/A/C, Reuben Hubbard 

SUBJECT : Audit of Egyptian Scientific and Technical Information Network (ENSTINET) Local Expenditures Incurred Under PIL No.5, Relating to the Science and Technology Project, No. 263-0140.01

The attached report dated February 3, 1993 by Coopers and Lybrand presents the results of a financial audit of Egyptian Scientific and Technical Information (ENSTINET) locally incurred costs under PIL No.5, relating to the Science and Technology Project, funded by USAID/Egypt. ENSTINET role is to develop a national data base for science and technology, provide means of identifying information sources in Egypt and abroad, marketing of information services, manpower development in the field of information and to coordinate with local and international information agencies .

We engaged Coopers and Lybrand to perform a financial audit of ENSTINET's locally incurred expenditures of \$1,026,538 for the period February 15, 1989 to May 31, 1992. The purpose of the audit was to evaluate the propriety of costs incurred during this period. In performing the audit, Coopers and Lybrand evaluated ENSTINET's internal controls and compliance with applicable laws, regulations and project terms as necessary in forming an opinion regarding the Fund Accountability Statement.

Coopers and Lybrand questioned \$3,732 in costs billed to A.I.D. by ENSTINET. These questioned costs represent unsupported salaries and consulting fees that should have been charged to PIL 3 and not PIL 5. Additionally, they noted one instance of noncompliance, where ENSTINET did not maintain records for the GOE in kind contribution. They also noted that the project paper lacked a specific basis for allocating and calculating GOE's portion.

U.S. Mailing Address
USAID-RIG/A/C Unit 64902
APO AE 09839-4902

Tel. Country Code (202)
357-3909

106, Kasr El Aini St.
Cairo Center Building
Garden City, Egypt

- 2'

Coopers and Lybrand has reviewed ENSTINET's response to the findings. The response provided by ENSTINET has not changed their understanding of the facts underlying the questioned costs of the Fund Accountability Statement or the reportable conditions in the Report on Compliance.

Recommendation No. 1: We recommend that USAID/Egypt resolve the unsupported costs of \$3,732 as detailed on page 12 of the audit report.

This recommendation will be included in the Inspector General's audit recommendation follow-up system. Until we are advised of USAID/Egypt's determination regarding the questioned costs, Recommendation No. 1 is considered unresolved. This recommendation can be resolved when we receive the Mission's formal determination as to the amounts sustained or not sustained and can be closed when any amounts determined to be owed to A.I.D. are paid by ENSTINET.

Recommendation No. 2: We recommend that USAID/Egypt require ENSTINET to address the inadequate accounting for in kind contribution, as detailed on pages 17 and 18 of the audit report.

This recommendation will be included in the Inspector General's audit recommendation follow-up system. As USAID/Egypt has requested ENSTINET to address its compliance weakness, Recommendation No.2 is considered "resolved". It will be closed when we have assessed ENSTINET's response and USAID/Egypt's follow-up for adequacy.

Please advise this office within 30 days of any actions planned or taken to close the recommendations. We appreciate the courtesies extended to the staff of Price Waterhouse and to our office.

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FINANCIAL RELATED AUDIT
OF LOCAL EXPENDITURES OF
EGYPTIAN NATIONAL SCIENTIFIC & TECHNICAL INFORMATION NETWORK
(ENSTINET)

Project Implementation Letter No. 5
Science and Technology Project
(STC) No 263 - 0140.01

FOR THE PERIOD FROM FEBRUARY 15, 1989
TO
MAY 31, 1992

-C-

**FINANCIAL RELATED AUDIT
OF LOCAL EXPENDITURES OF
EGYPTIAN NATIONAL SCIENTIFIC & TECHNICAL INFORMATION NETWORK
(ENSTINET)**

**Project Implementation Letter No. 5
Science and Technology Project
(STC) No 263 - 0140.01**

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February 8, 1993

Mr. Philippe L. Darcy
Regional Inspector General for Audit
UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT
MISSION TO EGYPT
Cairo - Egypt

Dear Mr. Darcy

This report presents the results of our audit of costs incurred by the Egyptian National Scientific & Technical Information Network (ENSTINET) on Project Implementation Letter (PIL) No. 5 related to the "Scientific And Technology Cooperation Project (STC)", a sub-project of USAID/EGYPT Project No. 263-0140.

This project implementation letter is cost reimbursable and funded by the United States Agency for International Development.

PROJECT BACKGROUND

The Academy for Scientific Research and Technology (ASRT) has established the Egyptian National Scientific and Technological Information Network (ENSTINET), to support the Socio - economic development of Egypt.

ENSTINET is a major component of the Scientific and Technology cooperation agreement between the Academy and US agency for International Development. The main objectives of ENSTINET are:

1. To raise the public awareness of Egyptian potential users towards the importance of scientific and technological information and to develop the users' capabilities to ultimately utilize information in solving problems.
2. To develop national databases covering Egyptian literature in science and technology and update it continuously and regularly.

3. To provide effective means to enable the users to easily identify information sources in Egypt and abroad through information services provided by the network such as searching national and international databases and document delivery service by means of computers communications and lazer technology.
4. Marketing of information services.
5. Manpower development (training) in the field of information and informatics.
6. To co-ordinate with other local, regional and international information agencies and programs.

Total funds committed under this project implementation letter amount to \$ 1,223,278 distributed as follows:

	<u>EXPENSE IN LE.</u>		EXPENSES	
	DENOMINATED	CONVERTED	IN	TOTAL
	<u>IN LE.</u>	<u>TO US\$</u>	<u>US\$</u>	<u>FUNDS</u>
		<u>EQUIVALENT</u>		
Salaries & consulting fees	LE 615,000	\$ 217,822	\$ 20,000	\$ 237,822
Equipment	-	-	102,000	102,000
Travel & per diem	19,200	6,800	12,000	18,800
Database development	70,000	24,793	37,000	61,793
On-line database	-	-	624,000	624,000
Supplies & training	195,000	69,066	-	69,066
Computer maintenance	<u>310,000</u>	<u>109,797</u>	<u>-</u>	<u>109,797</u>
Total	<u>LE 1,209,200</u>	<u>\$ 428,278</u>	<u>\$ 795,000</u>	<u>\$ 1,223,278</u>

In addition to the above mentioned funds, LE. 14,400,000 (equivalent to US\$ 5,100,234) were estimated as the contribution of Government of Egypt (GOE) to all components of the STC project including PIL 5. GOK share covers both in cash LE. 2,000,000 and in kind LE. 12,400,000 contribution. Total expenditures incurred and subsequently reimbursed by USAID for the period under audit amounted to US\$ 1,026,538.

AUDIT OBJECTIVES AND SCOPE

The objective of this engagement is to perform a financial audit of the cost incurred and billed to USAID/Egypt pursuant to PIL #5 under project 263-0140-01 for the period from February 15, 1989 to May 31, 1992. Specific objectives of this audit were determined to be:

1. Express an opinion on whether the Fund Accountability Statement for ENSTINET related to PIL 5 presents fairly, in all material respects, project costs incurred and reimbursed under the PIL in conformity with generally accepted accounting principles or other comprehensive basis of accounting, including the cash receipts and disbursements basis and the modifications of the cash basis;
2. Determine if the costs reported as incurred under the PIL are in fact allowable, allocable and reasonable in accordance with the terms of the PIL;
3. Evaluate and obtain a sufficient understanding of the internal control structure of ENSTINET's organization, assess control risk, and identify reportable conditions, including material internal control weaknesses; and
4. Perform tests to determine whether ENSTINET complied in all material respects with PIL terms and applicable laws and regulations.

Preliminary planning and review procedures were performed during October 1992 and consisted of discussions with RIG/A/C personnel and ENSTINET officials. We reviewed the PIL and all other relevant agreements as well as the accounting system utilized during the period under examination. Audit work commenced in October 1992 at ENSTINET's premises in Kasr Al Aini, Cairo and was completed in February 1993.

Our selection of disbursements to be reviewed was made on a judgmental basis and was structured to test the majority of expenditures.

The following are the percentages of audit coverage for each cost line item of PIL 5:

ITEM	<u>EXPENSES DENOMINATED IN LE.</u>			TOTAL TESTED	PERCENTAGE OF COVERAGE %
	EXPRESSED IN LE.	CONVERTED TO US\$ EQUIVALENT	EXPENSES DENOMINATED IN US\$		
Salaries & consulting fees	LE 342,456	\$ 121,292	\$ 11,248	\$ 132,540	63
Equipment	-	-	21,572	21,572	100
Travel & per diem	9,825	3,480	5,931	9,411	86
Database development	52,264	18,511	11,233	29,744	81
On-line data base	-	-	556,069	556,069	94
Supplies & training	159,669	56,552	-	56,552	88
Computer maintenance	<u>234,998</u>	<u>83,232</u>	<u>-</u>	<u>83,232</u>	<u>90</u>
Total	<u>LE 799,212</u>	<u>\$ 283,067</u>	<u>\$ 606,053</u>	<u>\$ 889,120</u>	<u>87%</u>

Our audit procedures included, but were not limited to, the following:

1. Reconciling ENSTINET's accounting records pertaining to PIL 5 to invoices issued to USAID and reviewing costs for allowability, reasonability and allocability.
2. Determining that expenditures were appropriate and conformed with the terms of the PIL and relevant regulations.
3. Reviewing the costs for appropriate support.
4. Reviewing the accounting books for GOE share of in cash contribution.

As a part of our examination we performed a study and evaluation of relevant controls and reviewed ENSTINET's compliance with applicable laws and regulations.

RESULTS OF AUDIT

Fund Accountability Statement

Our examination led us to question \$3,732 in unsupported costs.

Internal Control Structure

Our examination of the internal control structure of ENSTINET identified no matters involving the internal control structure and its operation that we consider to be weaknesses.

Compliance with Contract Terms and Applicable Laws and Regulations

Due to the lack of details in the project paper governing the contribution of the GOE to the STC project and the fact that ENSTINET did not maintain records and documentation that provide the basis for how ENSTINET accounted for the said contribution we were unable to determine the value of this contribution and whether it is appropriate.

MANAGEMENT COMMENTS

We have reviewed ENSTINET response to the finding which is included in Appendix A. The response provided by ENSTINET have not caused us to change our position as presented and discussed in Appendix B.

As for the finding in the report on compliance with laws and regulations, the Auditee requested additional time to determine the basis of quantification for the in kind contribution made to the project.

Mr. Philippe L. Darcy
Regional Inspector General for Audit
UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT
MISSION TO EGYPT
Cairo - Egypt

FUND ACCOUNTABILITY STATEMENT
Report of Independent Accountants

We have audited the Fund Accountability Statement of ENSTINET, a sub-project of the Science And Technology Cooperation Project (STC) for the period from February 15, 1989 to May 31, 1992 relating to expenditures incurred in Egypt under PIL 5 Project No. 263-0140. The Fund Accountability Statement is the responsibility of ENSTINET's management. Our responsibility is to express an opinion on the Fund Accountability Statement based on our audit.

Except as discussed in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards and government auditing standards. 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 the management, as well as evaluating the overall presentation of the Fund Accountability Statement. We believe that our audit provides a reasonable basis for our opinion.

We did not meet the continuing education requirements, listed in Paragraph 6 of Chapter 3 of the government auditing standards. Additionally, we did not have an external quality control review by an unaffiliated audit organization as required by Paragraph 46 of Chapter 3

of government auditing standards since no such quality review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of government auditing standards is not material because we participate in the Coopers & Lybrand (C&L) worldwide internal quality control program which requires the C&L Cairo office to be subjected, every two years, to an extensive quality control review by partners and managers from other C&L offices.

As described in Note 3, the accompanying Fund Accountability Statement has been prepared on the basis of cash disbursements. Consequently, expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying Fund Accountability Statement is not intended to present results in accordance with accounting principles generally accepted in the United States of America.

In our opinion, except for \$3,732 identified by us as questioned costs, the Fund Accountability Statement referred to above presents fairly in all material respects ENSTINET's expenditures pertinent to PIL 5 for the period from February 15, 1989 to May 31, 1992, in conformity with the cash basis of accounting.

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

Cairo, Egypt
February 3, 1993



Farid S. Mansour

FINANCIAL RELATED AUDIT
OF LOCAL EXPENDITURES OF
EGYPTIAN NATIONAL SCIENTIFIC & TECHNICAL INFORMATION NETWORK
(ENSTINET)

Project Implementation Letter No. 5
Science and Technology Project
(STC) No 263 - 0140.01

FUND ACCOUNTABILITY STATEMENT
FOR THE PERIOD FROM FEBRUARY 15, 1989 TO MAY 31, 1992

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>QUESTIONED COSTS</u>		<u>REFERENCE TO</u>
			<u>INELIGIBLE</u>	<u>UNSUPPORTED</u>	<u>AUDIT FINDINGS</u>
<u>Revenue</u>					
PIL No. 5	<u>\$ 1,223,278</u>	<u>\$ 1,026,538</u>			
 <u>Expenditures</u>					
Salaries & consultancy					
fees	\$ 237,822	\$ 209,222		\$ 3,732	Note at
Equipments	102,000	21,572		-	Page 12
Travel & per diem	18,800	10,904		-	
Info Services					
. Database development	61,793	36,756		-	
. Online database	624,000	591,285		-	
Supplies & training	69,066	64,292		-	
Computer maintenance	<u>109,797</u>	<u>92,507</u>		<u>-</u>	
 Total expenditures	 <u>\$ 1,223,278</u>	 <u>\$ 1,026,538</u>			
 Outstanding balance			 <u>\$ -</u>	 <u>\$ 3,732</u>	

FINANCIAL RELATED AUDIT
OF LOCAL EXPENDITURES OF
EGYPTIAN NATIONAL SCIENTIFIC & TECHNICAL INFORMATION NETWORK
(ENSTINET)

Project Implementation Letter No. 5
Science and Technology Project
(STC) No 263 - 0140.01

NOTES TO THE FUND ACCOUNTABILITY STATEMENT

NOTE 1 - SCOPE OF AUDIT

The Fund Accountability Statement of ENSTINET includes all locally incurred direct costs under PIL No. 5, a sub-project of USAID/Egypt Project No. 263-0140. The PIL does not allow for reimbursement of indirect costs.

NOTE 2 - SOURCE OF DATA

The column labeled "Actual" is the responsibility of ENSTINET's management and represents the cumulative local expenditures incurred for the Project for the period from February 15, 1989 through May 31, 1992.

NOTE 3 - BASIS OF PRESENTATION

The Fund Accountability Statement has been prepared on the basis of cash disbursements. Consequently, expenditures are recognized when paid rather than when the obligation is incurred.

NOTE 4 - EXCHANGE RATE

Expenses incurred in Egyptian pounds have been converted to US dollars at an average exchange rate of 2.8234 Egyptian pounds to 1 US dollar for the period from February 15, 1989 through May 31, 1992.

NOTE 5 - QUESTIONED COSTS

Questioned costs are presented in two separate categories - ineligible and unsupported costs - and consist of audit findings proposed on the basis of the terms of the grant. Costs in the column labeled "Ineligible" are supported by vouchers or other documentation but are ineligible for reimbursement because they are not program related, are unreasonable, or prohibited by the Agreement or applicable laws and regulations. Costs in the column labeled "Unsupported" are also formally included in the classification of "questioned costs" and relate to costs that are not supported with adequate documentation or did not have the required prior approvals or authorizations. All questioned costs are detailed in the 'Fund Accountability Statement - Audit Findings' section of this report.

FINANCIAL RELATED AUDIT
OF LOCAL EXPENDITURES OF
EGYPTIAN NATIONAL SCIENTIFIC & TECHNICAL INFORMATION NETWORK
(ENSTINET)

Project Implementation Letter No. 5
Science and Technology Project
(STC) No 263 - 0140.01

FUND ACCOUNTABILITY STATEMENT

AUDIT FINDINGS

JOURNAL VOUCHER	DATE	QUESTIONED COSTS	
		<u>INELIGIBLE</u>	<u>UNSUPPORTED</u>
			\$ 3,732

NOTE - US\$ 3,732

The amount represents cost of salaries and consulting fees related to PIL 3 not PIL 5. In addition, the amount was not documented. ENSTINET should have billed the cost under PIL 3.

Mr. Philippe L. Darcy
Regional Inspector General for Audit
UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT
MISSION TO EGYPT
Cairo - Egypt

INTERNAL CONTROL STRUCTURE
Report of Independent Accountants

We have audited the Fund Accountability Statement of ENSTINET pertinent to the Science And Technology Cooperation Project (STC) for the period from February 15, 1989 to May 31, 1992 relating to expenditures incurred in Egypt under PIL No. 5, Project No. 263-0140 and we have issued our report thereon dated February 3, 1993.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in 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.

We did not meet the continuing education requirements listed in Paragraph 6 of Chapter 3 of the government auditing standards. Additionally, we did not have an external quality control review by an unaffiliated audit organization as required by Paragraph 46 of Chapter 3 of government auditing standards since no such quality review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of government Auditing standards is not material because we participate in the Coopers & Lybrand (C&L) worldwide internal quality control program which requires the C&L Cairo office to be subjected, every two years, to

an extensive quality control review by partners and managers from other C&L offices.

In planning and performing our audit of ENSTINET 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 ENSTINET 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 the preparation of the Fund Accountability Statement in accordance with the cash basis of accounting. 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 deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: cash disbursements, payroll and general ledger. For all the control categories cited 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 Fund Accountability Statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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

Cairo, Egypt
February 3, 1993



Farid S. Mansour

Mr. Philippe L. Darcy
Regional Inspector General for Audit
UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT
MISSION TO EGYPT
Cairo - Egypt

COMPLIANCE WITH CONTRACT TERMS
AND APPLICABLE LAWS AND REGULATIONS
Report of Independent Accountants

We have audited the Fund Accountability Statement of ENSTINET pertinent to the Science And Technology Cooperation Project (STC) for the period from February 15, 1989 to May 31, 1992 relating to expenditures incurred in Egypt under PIL No. 5, Project No. 263-0140 and have issued our report thereon dated February 3, 1993.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in 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.

We did not meet the continuing education requirements listed in Paragraph 6 of Chapter 3 of the government auditing standards. Additionally, we did not have an external quality control review by an unaffiliated audit organization as required by Paragraph 46 of Chapter 3 of government auditing standards since no such quality review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of government auditing standards is not material because we participate in the Coopers & Lybrand (C&L) worldwide internal quality control program

which requires the C&L Cairo office to be subjected, every two years, to an extensive quality control review by partners and managers from other C&L offices.

Compliance with applicable laws, regulations, contract, grants and binding policies and procedures applicable to ENSTINET is the responsibility of ENSTINET's management. As part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, we performed tests of ENSTINET's compliance with certain provisions of laws, regulations and contract, grants and binding policies and procedures. However, our objective was not to provide an opinion on compliance with such provisions.

Material instances of noncompliance are violations of laws, regulations, contracts, grants, or bending policies and procedures that cause us to conclude that the aggregation of misstatements resulting from those violations is material to the Fund Accountability Statement. The results of our test of compliance disclosed the following material instance of noncompliance. The project agreement terms stipulated that the total host-country contribution in cash and in kind will be estimated to be LE 14.4 million and will cover the following:

- Office and laboratory facilities and renovations including standard material and supplies.
- University and research center overhead and other indirect costs.
- Local costs related to equipment installation, storage and customs clearance.
- Local costs related to normal project operations.

The project agreement and / or the PIL lacks the following essential details regarding the GOE in kind contribution:

1. The committed share of contribution for each component of the STC project including PIL 5.
2. The basis of calculation or the amount of contribution committed for each budgeted line item.
3. The annual budget for each line item.

In addition ENSTINET did not maintain an accounting system for the in kind contribution, there is evidence that the GOE did participate in providing in kind contribution through ENSTINET. We were able to observe that office space, utilities, communication system and custom duties were provided to the project. We were unable to determine or evaluate the actual amounts of the in kind contribution because there was a lack of actual accounting.

Even if ENSTINET had maintained the accounting system we would not have been able to determine the appropriateness of this contribution because the project agreement lacked specificity.

On the other hand ENSTINET maintained proper records and documentation for the GOE in cash contribution which were tested and determined to be satisfactory.

We considered this material instance of noncompliance in forming our opinion on whether ENSTINET's Fund Accountability Statement represented fairly in all material respects, in conformity with the cash basis of accounting, and this report does not affect our report on the Fund Accountability Statement dated February 1, 1993.

Except as described above, the results of our tests of compliance indicated that with respect to the items tested ENSTINET complied, in all material respects, with the provisions referred to in the fourth paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that ENSTINET had not complied, in all material respects, with those provisions.

This report is intended solely for the information of the United States Agency for International Development and ENSTINET's management. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Cairo, Egypt
February 3, 1993


Farid S. Mansour

APPENDIX A

MANAGEMENT RESPONSE
TO AUDIT FINDING



EGYPTIAN NATIONAL STI NETWORK

Academy of Scientific Research and Technology

ENSTINET

• **SECTORAL INFORMATION
NODES AND SUBNODES :**

1. AGRICULTURAL SECTOR :

• Egyptian Documentation
and Information Center
for Agriculture
Tel. : 3492970 - 3492971

2. ENERGY SECTOR :

• Organization for Energy
Planning
Tel. : 3557113 - 3564267
• Atomic Energy
Tel. : 3558269

3. INDUSTRIAL SECTOR :

• Industrial Design
Development Center
Tel. : 858542 - 852550

**4. MEDICAL & HEALTH
CARE SECTOR :**

• Center for Educational
Technology for Health
Sciences
Tel. : 3632941 - 848046
• Ain Shams University
Specialized Hospital
Tel. : 2618187 - 2618189
• Pharmaco Information Center
Tel. : 3603897

**5. RECONSTRUCTION
SECTOR :**

• The Reconstruction
Information Center
Tel. : 3540592

**6. SCIENCE &
TECHNOLOGY SECTOR :**

• National Information &
Documentation Center
Tel. : 701211 - 701615
• Geological Survey
Information Cents.
Tel. : 2825482

7. SOCIAL SECTOR :

• National Social &
Criminological Research
Center
Tel. : 3460886 - 3461440

• **REGIONAL NODES :**

1. ALEXANDRIA UNIVERSITY
Tel. : (03) 4225007 - 4227688

2. ASSIUT UNIVERSITY
Tel. : (088) 32433

3. MANSOURA UNIVERSITY
Tel. : (050) 358847

4. SUEZ CANAL UNIVERSITY
Tel. : (064) 224009 - 229976

5. TANTA UNIVERSITY
Tel. : (040) 329728 - 329729

6. ZAGAZIG UNIVERSITY
Tel. : (055) 323252

Feb. 08, 1993

Mr Abdel Aziz Mahmoud
Farid Mansour & co.
Public Accountants

Dear mr Abdel Aziz;

With reference to your negotiations with us we would like to inform you that the difference amount of US\$ 3731.79 represents the staff salaries paid in February 1989 recorded in PIL#3 records and paid from the amounts allocated for the said PIL#3; For a period prior to the start of PIL#5 hope such amount will be adjusted accordingly.

Thank you and best regards.

Sincerely yours

Ahmad A. Bassit
Director, ENSTINET

HF/lsw

APPENDIX B

AUDITORS' COMMENT ON MANAGEMENT RESPONSE
TO AUDIT FINDING

AUDITORS' COMMENT ON MANAGEMENT RESPONSE TO AUDIT FINDING:

The response of the auditee confirmed our position regarding the audit finding, accordingly the cost should be deducted from ENSTINET's billing to USAID under PIL 5.



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

MAR 4 1993

M E M O R A N D U M

RECEIVED
7 12 1993

TO: Philippe L. Darcy, RIG/A/C

FROM: Douglas S. Franklin, AD/FM *DSF*

SUBJECT: NFA Report on Egyptian Scientific and Technical Information Network (ENSTINET) Local Expenditures Incurred Under PIL No. 5, Relating to the Science and Technology Project, No. 263-0140.1 - Draft Report

Under Recommendations No. 2 on the subject audit, it is stated that this recommendation can be resolved when the Mission provides RIG/A/C with a copy of its request that ENSTINET address its compliance weakness. Attached is a letter from the Project Officer, dated February 17, 1993, requesting ENSTINET to address the inadequate accounting for in-kind contribution. Based on this action, Mission requests that Recommendations No. 2 be resolved.

Mission is discussing Recommendation No. 1 on the subject audit with ENSTINET. Upon receipt of ENSTINET's final response, Mission will determine if the questioned costs are sustained.

Please issue final audit report on the subject.

Att: a/s above

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February 17, 1993

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Dr. Ahmed Abdel Bassit
Director, ENSTINET
Academy of Scientific Research & Technology
101 Kasr El Aini St.,
Cairo, Egypt

SUBJECT: Non-Federal Audit Report on Egyptian Scientific
and Technical Information Network (ENSTINET),
Local Expenditures Incurred Under PIL No. 5,
Relating to the Science and Technology Cooperation
(STC) Project No. 263-0140.1

Dear Mr. Abdel Bassit,

Enclosed is a copy of the draft report on the subject audit. The report contains two recommendations that you need to satisfactorily address before USAID will close the recommendations. Recommendations Nos. 1 and 2 are detailed on pages 17 and 18 of the report.

Recommendation No. 1, will require resolving the unsupported costs of \$3,732. Recommendation No. 2, will require ENSTINET to address the inadequate accounting for in-kind contribution.

If ENSTINET desires to have an exit conference to discuss the audit report findings before responding to the recommendations, please send me a letter requesting the exit conference and I will make arrangements for the meeting.

USAID will appreciate it if ENSTINET would respond to Recommendations Nos. 1 and 2 by March 7, 1993. If you need any assistance and or require clarification on any audit issue, please let me know.

Sincerely,



Marc P. Madland
Project Officer

Encl.

Draft:PDS/ENV:SWahba:1a:02/17/93, Doc NFA *OW*

Clearance:

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APPENDIX D

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