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AUDIT OF THE  
OVERHEAD RATES FOR THE  
CENTRAL AMERICAN INSTITUTE  
FOR BUSINESS ADMINISTRATION

AUDIT REPORT NO. 1-520-87-29-N  
MAY 29, 1987

**AGENCY FOR INTERNATIONAL DEVELOPMENT**

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May 29, 1987

MEMORANDUM

TO : D/ROCAP, Nadine N. Plaster  
D/USAID/Costa Rica, Daniel A. Chaij

FROM : RIG/A/T, *Coinage N. Gothard*  
Coinage N. Gothard

SUBJECT : Audit Report No. 1-520-87-29-N, "Audit of the Overhead Rates for the Central American Institute for Business Administration"

This report presents the results of a non-Federal audit that the Regional Office for Central American Programs (ROCAP) requested of the overhead rates for the Central American Institute for Business Administration (INCAE) in Alajuela, Costa Rica. Although ROCAP specifically requested an overhead rate for ROCAP Project No. 596-0124, the rates discussed in this report could be applied to any AID project with INCAE. During the course of the review, the auditors also identified an area of non-compliance with two INCAE agreements with USAID/Costa Rica, so the report is also addressed to USAID/Costa Rica for action regarding this matter. The audit firm of Price Waterhouse in San Jose, Costa Rica prepared the report, which is dated May 27, 1987.

The purpose of this financial and compliance audit was to determine (1) INCAE'S overhead rates using criteria established in OMB Circular A-21, identifying any questionable costs associated with AID projects; (2) the adequacy of INCAE's system of internal controls for AID purposes; (3) the adequacy of INCAE's time allocation system for AID sponsored projects; and (4) the extent of INCAE's compliance with agreement terms and applicable laws and regulations.

In the opinion of Price Waterhouse, the overhead rate applicable to ROCAP Project No. 596-0124 for the fiscal year ended August 31, 1986 is 18.5 percent based on direct costs. Their review also identified \$195,989 in questionable costs associated with AID projects. Price Waterhouse believes that INCAE's system of internal controls is adequate for AID's purposes except for three areas--the indirect allocation system is not consistent with OMB Circular A-21, the accounting system does not separately record transactions related to AID projects, and the system to translate disbursements in local currencies to dollars was not accurate. Price Waterhouse found that INCAE does not have an adequate time allocation system for AID's purposes. In the opinion of Price Waterhouse, INCAE complied with agreement terms and applicable laws and

regulations except for certain problems concerning immigration and social security laws of Costa Rica, not using a trustee to hold the title to a housing complex as required in Memorandum of Understanding No. 6, not reimbursing AID for interest earned on bank accounts for Project No. 596-0124, and not hiring a person to perform internal audits of Project No. 596-0124. As part of their audit, Price Waterhouse also found that INCAE had not had required external audits performed on projects under Memoranda of Understanding No. 31 and No. 33 with USAID/Costa Rica. At the time of the audit, USAID/Costa Rica was aware of the problem and had sent correspondence to INCAE concerning the noncompliance. With respect to items not tested, nothing came to the attention of Price Waterhouse to indicate that INCAE had not complied with agreement terms or applicable laws and regulations.

The report contains 12 recommendations which we have summarized into the following seven recommendations to be included in the Office of the Inspector General's audit recommendation follow-up system.

#### Recommendation No. 1

We recommend that the Regional Office for Central American Programs:

- a. negotiate and finalize an overhead rate for Project No. 596-0124 with the Central American Institute for Business Administration for fiscal year 1986 based on our recommended rate of 18.5 percent of total direct costs;
- b. review the contract's payments for overhead for fiscal year 1986 and make the necessary adjustments; and
- c. establish the provisional rate for fiscal year 1987.

#### Recommendation No. 2

We recommend that the Regional Office for Central American Programs require annual cost-incurred audits of the Central American Institute for Business Administration to determine the most accurate overhead rate, to adjust actual overhead costs, and to identify any questionable project costs.

#### Recommendation No. 3

We recommend that the Regional Office for Central American Programs:

- a. review the \$195,989 in questionable costs billed to AID that are identified in the Price Waterhouse report dated May 27, 1987 along with their workpapers and
- b. negotiate a settlement to the questionable costs with the Central American Institute for Business Administration.

#### Recommendation No. 4

We recommend that the Regional Office for Central American Programs include as part of any future agreement or contract with the Central American Institute for Business Administration requirements to:

- a. implement an overhead system which is consistent with OMB Circular A-21 and
- b. support its time charges to AID-sponsored projects with timesheets prepared by employees and approved by supervisors.

#### Recommendation No. 5

We recommend that the Regional Office for Central American Programs require the Central American Institute for Business Administration to:

- a. provide separate accounting records for each AID project to ensure observance of contract terms, accountability, and control over AID funds;
- b. convert transactions of local currency to U.S. dollars for AID funds applying the monthly average free market rate of exchange as published by the central banks of the respective countries; and
- c. reimburse AID on a quarterly basis for interest income earned on funds from Project No. 596-0124.

#### Recommendation No. 6

We recommend that the Regional Office for Central American Programs obtain evidence from the Central American Institute for Business Administration for the areas of noncompliance discussed in the Price Waterhouse report dated May 27, 1987 to ensure that the Institute has:

- a. met the legal requirements for the two mentioned Nicaraguan citizens' to work in Costa Rica;
- b. reported the 1985 salaries to the Costa Rican Social Security Institute for the two people not previously reported; and
- c. performed internal audits of project No. 596-0124 as required by the agreement.

#### Recommendation No. 7

We recommend that USAID/Costa Rica obtain evidence from the the Central American Institute for Business Administration that it has had the required external audits performed for Memoranda of Understanding No. 31 and No. 33.

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

AUDIT OF OVERHEAD RATES FOR THE CENTRAL  
AMERICAN INSTITUTE FOR BUSINESS  
ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

MAY 27, 1987



AUDIT OF THE OVERHEAD RATES OF THE  
CENTRAL AMERICAN INSTITUTE FOR  
BUSINESS ADMINISTRATION

TABLE OF CONTENTS

	<u>Page</u>
Transmittal Letter and Summary	1-6
Report on Overhead Rates	
Auditor's Opinion	7
Memorandum on the Methodology Applied to Determine Overhead Rates	8-11
Audit Findings	12-14
Report on Internal Controls	
Auditor's Opinion	15-16
Audit Findings	17-19
Report on Time Allocation System	
Auditor's Opinion	20
Audit Findings	21
Report on Compliance with Contract Terms and Applicable Laws and Regulations	
Auditor's Opinion	22
Audit Findings	23-28
Management comments	29-40
PW's Response to INCAE's Comments	41-44
	<u>Exhibit</u>
Schedule of Direct Costs and Notes on Questionable Costs for 1986, 1985 and 1984	I and II
Schedule of Indirect Costs and Notes on Questionable Costs for 1986, 1985 and 1984	III to VIII

AUDIT OF THE OVERHEAD RATES OF THE  
CENTRAL AMERICAN INSTITUTE FOR  
BUSINESS ADMINISTRATION

TABLE OF CONTENTS

	<u>Exhibit</u>
Classification of Indirect Costs for 1986 into Indirect Costs Categories	IX
Allocation of Indirect Costs Categories for 1986 into Major Functions	X
Overhead Allocation for 1986 under the Direct Costs Method	XI
Overhead Allocation for 1986 under the Modified Direct Costs Method	XII
Overhead Allocation for 1986 under the Direct Labor Method	XIII
Comparison of Contractual and Calculated Overhead Rates	XIV
Overhead Rates under Direct Costs, Modified Direct Costs and Direct Labor for 1986, 1985 and 1984	XV
Detail of Agreements signed with AID during 1986, 1985 and 1984 fiscal years	XVI

\* \* \*

# *Price Waterhouse*



May 27, 1987

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

Dear Mr. Gothard:

This report presents the results of our audit of the overhead rates of the Export Management Training Project assigned to the Central American Institute for Business Administration (INCAE, Instituto Centroamericano de Administración de Empresas) by ROCAP/Guatemala under Cooperative Agreement No. 596-0124.

## BACKGROUND

INCAE is a privately-supported graduate school of business administration founded in 1964 by the Central American business community, the Agency for International Development, and Harvard University's Graduate School of Business in response to the region's need for skilled private and public sector managers. The institution strives to raise the quality of management education, to improve managerial competence, to encourage private sector support for regional integration, and to conduct research on management practices and problems in the Central American region.

INCAE currently offers a two-year Masters Degree Program, Advanced Management Program, short-term seminars, and management consulting services for industries and governments in the Central American region and in neighboring South American countries. Although initially founded to serve the private sector, INCAE's programs have also focused on generic management to serve the public sector as well.

INCAE is supported by tuition fees, donations from the private sector, and grants, loans and contracts from international agencies. For example, during the years audited (1984 to 1986) INCAE had 16 agreements amounting to approximately \$15,500,000 with AID.

Although initially located in Nicaragua, INCAE felt the need at the beginning of the 80's decade to establish an alternative campus in Costa Rica for its regional activities. This led to a separation of INCAE's operations into those of INCAE Nicaragua and INCAE International.

May 27, 1987  
Mr. Coinage N. Gothard

INCAE is governed by a nine-member Board of Directors consisting of one representative from each of the Central American countries, Panama, Ecuador, the President of the Board, and the Rector. The Rector is selected by the Board of Directors and manages the internal and external relations of the Institute. At the operating level, there are five divisions: the comptroller's division, the administrative division, two academic divisions, and the division of external relations. The comptroller's division handles all matters related to financial management. The administrative division manages all support services for the Institute. One academic division is comprised of the masters program and executive programs, while the other includes the regional programs and special programs. The division of external relations is responsible for fund raising and promotion.

On December 31, 1985, INCAE and the Regional Office for Central American Programs (ROCAP) of the Agency for International Development signed Cooperative Agreement No. 596-0124 (Export Management Training Project). The completion date of the Project is scheduled for December 31, 1990.

The goal of the Project is to stimulate export-led growth in the Central America and Panama region by helping to improve export management training and encouraging appropriate policy changes with particular reference to non-traditional exports and to strengthen INCAE's capabilities in the areas of: export management training, assistance to other schools of business administration in the region, and inter-sectorial policy dialogue.

#### AUDIT OBJECTIVES AND SCOPE

The specific objectives of our examination were to:

- a) Determine overhead rates and the related methodology for the Project.
- b) Determine adequacy of INCAE's control systems to record transactions under the Project.
- c) Determine adequacy of INCAE's time allocation system for AID sponsored Projects.
- d) Review INCAE's compliance with Agreement terms and applicable laws and regulations.

Our examination was performed in accordance with generally accepted auditing standards as well as with the United States Comptroller's General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 Revision).

May 27, 1987  
Mr. Coinage N. Gothard

The scope of our work consisted of the following:

Reviewing INCAE's direct and indirect costs for fiscal years 1984, 1985 and 1986.

Determining allowable direct costs for each fiscal year.

Determining allowable indirect costs for each fiscal year.

Applying principles contained in OMB Circular A-21 to calculate overhead rates based on allowable direct and indirect costs, using the following methods for allocating overhead for each fiscal year:

- a) Direct costs
- b) Direct labor
- c) Modified total direct costs

Reviewing the internal and administrative control systems with emphasis on those systems which are utilized in recording Project activity.

Reviewing INCAE's time allocation system.

Reviewing INCAE's operations and Project transactions for compliance with Agreement terms and applicable laws and regulations.

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

## RESULTS OF AUDIT

### Overhead Rates

Our work indicates that of the three cost allocation methods applied, the direct cost method provides a relatively stable and uncomplicated method for calculating overhead rates applicable to AID sponsored projects. Under the direct cost allocation method the overhead rate applicable to ROCAP/Guatemala Project No. 596-0124 for the fiscal year ended August 31, 1986 is 18.5% based on direct costs. The overhead rate proposed by INCAE for this Project was 34% using another base. Because INCAE did not apply the methodology described in OMB Circular A-21 it was not feasible to reconcile INCAE's proposed overhead rate to those overhead rates that resulted from our application of such methodology.

INCAE's overhead rate has varied considerably over the last three years so provisional rates may have to be calculated annually to be reasonable. Our review also identified \$195,989 in questionable costs associated with AID projects.

May 27, 1987  
Mr. Coinage N. Gothard

### Internal Control

INCAE's internal control systems are adequate for AID's purposes, except as follows:

- Indirect Cost Allocation System is not consistent with OMB Circular A-21.
- Inadequate accounting system to record transactions related to ROCAP/Guatemala Project No. 596-0124.
- Inadequate system to translate disbursements in local currencies to U.S. dollars.

### Time Allocation System

INCAE does not have a time allocation system that is adequate for AID's purposes.

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

INCAE complied with Agreement terms and applicable laws and regulations, except as follows:

- Two Nicaraguan citizens contracted by INCAE did not comply with the necessary requirements to work in Costa Rica.
- Remunerations paid to certain administrative personnel were not reported to the Costa Rican Social Security Office.
- Title to the student housing complex was not transferred to a designated trustee as required by Memorandum of Understanding No. 6.
- The financial and compliance audits required by two memoranda of understanding have not been performed.
- Interest earned on restricted bank accounts for Project No. 596-0124 has not been reimbursed to AID or its designee.
- The person hired to perform the internal audit function as required by Project No. 596-0124 is performing the financial manager's function.

With respect to items not reviewed or tested, nothing came to our attention to indicate that INCAE had not complied with Agreement terms and applicable laws and regulations.

May 27, 1987  
Mr. Coinage N. Gothard

Management Comments

During March 1987, a draft copy of this audit report was submitted to INCAE for their review and analysis and on April 24, 1987, INCAE provided AID with their comments. A copy of INCAE's comments and our reply thereon are enclosed to this report. Additionally, this final audit report includes certain changes made to the draft version once INCAE's comments were reviewed and analyzed by us, as more widely explained in our mentioned reply.



Lic. Douglas Acosta Porras

\* \* \*



*Price Waterhouse*



CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

AUDITOR'S OPINION

We have performed a financial and compliance examination of ROCAP/ Guatemala Project No. 596-0124 between the Central American Institute for Business Administration (INCAE) and the Agency for International Development (AID). The purpose of our examination was to determine overhead rates and the related methodology for the contract. Our work was performed in accordance with applicable guidelines included in OMB Circular No. A-21 (Principles for Determining Costs Applicable to Grants, Contracts and Other Agreements with Educational Institutions), FAR 31.3 (Contracts with Educational Institutions), AID Handbook 14 (Part 731 - Contract Cost Principles and Procedures and subpart 731.3 - Contracts with Educational Institutions) and the United States Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 Revision). Pursuant to AID's Statement of Work for the above-mentioned Project we applied the principles contained in OMB Circular No. A-21 to calculate overhead rates based on allowable direct and indirect costs using the following methods for allocating overhead costs: a) direct costs, b) direct labor, and c) modified total direct costs.

Based on the results of our work described above, we believe that the direct cost method provided a relatively stable and uncomplicated method for calculating overhead rates applicable to AID sponsored projects. Application of the direct cost allocation method resulted in the following overhead rates for the three years ended August 31, 1986, with respect to ROCAP/Guatemala Project No. 596-0124 and other AID contracts:

<u>Major function</u>	<u>Overhead rates</u>		
	<u>1986</u>	<u>1985</u>	<u>1984</u>
Sponsored instruction	19%	29%	21%
Non-sponsored instruction	18	28	21
Residential instruction	37	40	32
Other sponsored activities	18	34	21
Other institutional activities	24	33	31
Average rate for the year	22	33	25

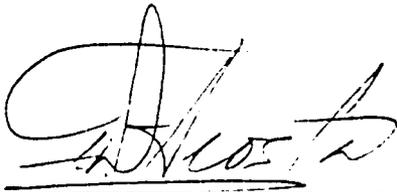
CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

AUDITOR'S OPINION

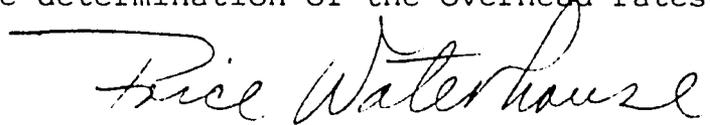
The overhead rates for sponsored instruction (19%) and other sponsored activities (18%) are applicable to ROCAP/Guatemala Project No. 596-0124. Accordingly, we recommend that a overhead rate of 18.5% based on direct costs be used in 1986 for Contract No. 596-0124. The following memorandum describes in detail the methodology and the underlying assumptions used in the determination of the overhead rates listed before.



Lic. Douglas Acosta Porras

January 10, 1987

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CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

MEMORANDUM ON THE METHODOLOGY APPLIED TO DETERMINE  
OVERHEAD RATES

General

Our determination of overhead rates for Project No. 596-0124 was based on the methodology and related guidelines set forth in the OMB Circular No. A-21 (Principles for Determining Cost Applicable to Grants, Contracts and Other Agreements with Educational Institutions). Our scope of work also included a review of INCAE's direct costs and indirect costs of AID's funded activities for fiscal years ended August 31, 1986, 1985 and 1984 and their classification into the categories of proposed, questionable, and allowable costs. Below we describe the methodology applied to determine the overhead rates included in our opinion.

Description of INCAE's major functions

Based on our understanding of INCAE's operations and discussions with key officials and in accordance with the provisions of OMB Circular No. A-21, Section B.1., the following activities were identified as INCAE's major functions:

- a) Sponsored instruction; short-term instruction to individuals financed through specific donations and grants.
- b) Non-sponsored instruction; short-term instruction to individuals financed through INCAE's own resources.
- c) Residential instruction; academic instruction provided to full-time students of INCAE.
- d) Other sponsored activities; programs and projects which are financed by specific donors.
- e) Other institutional activities; activities realized by INCAE that do not fall within the functions described above, including research activities which we considered not significant enough to be a separate function.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

MEMORANDUM ON THE METHODOLOGY APPLIED TO DETERMINE  
OVERHEAD RATES

Determination of total allowable direct  
and indirect costs

We were provided with statement of accounts listings containing INCAE's direct and indirect costs for the three fiscal years ended August 31, 1986. Cost related to the Nicaraguan Campus were not included in our determination of provisional overhead rates based on agreements between AID and INCAE not to include these costs. Indirect costs were reduced by interest income earned on funds granted by AID to INCAE for its Endowment Fund.

We selectively tested the direct costs and indirect costs recorded in the statements of accounts to determine their allowability for AID contract purposes. Our testing of direct costs was limited to those costs charged to AID sponsored projects. Our findings are included in Exhibits I through VIII.

Classification of indirect costs into cost  
categories

Indirect costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity or any other institutional activity.

Based on our understanding of INCAE's operations, discussions with key officials and review of the chart of accounts, we classified the indirect costs into the following cost categories prescribed by OMB Circular No. A-21, Section E:

- a) Depreciation; includes depreciation on fixed assets.
- b) Operation and maintenance; includes those costs related with the administration, maintenance, preservation and protection of INCAE's facilities.
- c) General and administrative; includes costs of general and administrative functions, such as the accounting, financial and administrative departments as well as those of the National Secretariats of INCAE.
- d) Departmental administration; includes the cost of the Rector's office and academic direction of INCAE.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

MEMORANDUM ON THE METHODOLOGY APPLIED TO DETERMINE  
OVERHEAD RATES

- e) Library; includes costs for the operation of the library and purchase of books and related materials.
- f) Student administration and services; include costs for student affairs and services.

Allocation of indirect cost to major functions

The respective indirect cost categories were allocated to major functions of INCAE and within indirect costs categories when applicable, based on the following criteria and order:

- a) Depreciation expense -

Depreciation expense related to major functions was recorded as a direct cost of such activities in accordance with INCAE's current accounting procedures.

Depreciation expense related to fixed assets that benefit the indirect costs categories was allocated based on square meters of usable space to all of the indirect cost categories listed below.

- b) Operation and maintenance expense -

The distribution of operation and maintenance expense to major functions and to the indirect costs categories was based on total usable space.

The operation and maintenance expense distributed to instruction's functions was allocated to each instruction function based on total direct costs less the costs of activities not realized in the Costa Rican Campus. This allocation method was selected by us because of the lack of information with respect to the degree to which such expenses benefit each individual instruction function on the basis of usable space.

- c) Administrative and general expense -

This expense was allocated to the major functions and the remaining indirect cost categories based on total direct costs.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

MEMORANDUM ON THE METHODOLOGY APPLIED TO DETERMINE  
OVERHEAD RATES

d) Library expense -

This expense was allocated to the individual instruction functions based on INCAE's estimated percentage of utilization by type of instruction.

e) Departmental administration -

This expense was allocated to the major functions based on total direct costs.

f) Student services and administration -

This expense was allocated only to residential instruction since it is the only instruction activity with regular full time students.

Overhead allocation methods and results

The Statement of Work for Project No. 596-0124 required that we distribute overhead costs to major functions using the following allocation methods:

a) Direct costs -

Includes total direct costs for each major function.

b) Modified direct costs -

Includes direct costs for salaries and wages, fringe benefits, materials and subgrants and subcontracts up to \$25,000 each, as defined in Section G-2 of the OMB Circular No. A-21 for each major function.

c) Direct labor -

Includes direct costs for salaries, wages and payroll taxes for major function.

Based on our analysis of the overhead rates and of their standard deviation resulting from the application of the above mentioned allocation methods, we conclude that the direct costs basis produces a relatively stable and uncomplicated method for determining overhead allocations.

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CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

AUDIT FINDINGS

1. INCAE's overhead rates

Condition:

INCAE's actual overhead rate for Contract No. 596-0124 using direct costs as a base is 18.5 percent for 1986 as opposed to the 34 percent provisional rate using another base in the contract. (The methodology for calculating the 18.5 percent overhead rate is discussed in detail in the memorandum on the methodology applied to determine overhead rates included in this section).

Criteria:

The methodology prescribed is OMB Circular A-21 was used to calculate the 18.5 percent rate, while the 34 percent rate does not use the provisions of the Circular.

Cause:

The difference between the proposed provisional overhead rate of 34 percent in the contract and our recommended 18.5 percent is attributable to different methodologies and different allocations. The 34 percent rate is only applied to seminar scholarship costs while the 18.5 percent uses direct costs.

Effect:

The contract's proposed 34 percent rate is not based on the requirements prescribed in OMB Circular A-21, although the practical difference in cost payments between the two methods for 1986 will probably be negligible.

Recommendation:

The authorized contracting officer for ROCAP/Guatemala should: (a) negotiate and finalize an overhead rate for fiscal year 1986 based on our recommended rate of 18.5 percent of total direct costs with INCAE; (b) review the contract's payments for overhead for fiscal year 1986 and make the necessary adjustments, if any; and (c) establish the provisional rate for fiscal year 1987.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

AUDIT FINDINGS

2. INCAE'S overhead rate has changed substantially over time.

Condition:

INCAE's overhead rate has shown a great deal of volatility, over the years 1984, 1985 and 1986. For example, using direct costs as a base, INCAE's overall overhead varied from 25% in 1984 to 33% in 1985 and 22% in 1986.

Criteria:

OMB Circular A-21 methodology for allocating overhead resulted in large variations for the years analyzed.

Cause:

INCAE has experienced significant changes in its operations since they moved the Campus from Nicaragua to Alajuela, Costa Rica in 1983.

Effect:

Overhead rates may not accurately reflect the overhead costs over time and major adjustments may have to be made at the end of the contract if a cost incurred contract audit is performed.

Recommendation:

ROCAP/Guatemala should require annual audits of the Central American Institute for Business Administration to determine the most accurate overhead rate and to adjust actual overhead costs.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

AUDIT FINDINGS

3. Questionable Direct Costs

Condition:

Our review of the contract identified \$195,989 in questionable direct costs billed to AID for INCAE's fiscal years 1984, 1985, and 1986.

Criteria:

The criteria for questioning these costs are specifically identified in Exhibits I to II.

Cause:

NCAE was not aware that it was submitting invoices to AID that included questionable costs.

Effect:

INCAE received up to \$195,989 in payments of questionable costs from AID.

Recommendation:

ROCAP/Guatemala should, review the \$195,989 in questionable costs billed to AID that are identified in this report along with Price Waterhouse's workpapers and negotiate a settlement to the questionable costs with INCAE.

*Price Waterhouse*



CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON INTERNAL CONTROLS

AUDITOR'S OPINION

We have performed a study and evaluation of the internal accounting and administrative control systems of the Central American Institute for Business Administration (INCAE) in connection with our financial and compliance examination of its contract (ROCAP/Guatemala Project No. 596-0124) with the Agency for International Development (AID). The purpose of our study and evaluation was to determine the adequacy of the control systems to record transactions under the Project. Our study and evaluation was performed in accordance with the United States Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 Revision) and pursuant to the criteria established by AID as set forth in its Statement of Work for the Project and was limited to an evaluation of cash receipts and disbursements, purchases, payroll and reporting.

The management of INCAE is responsible for establishing and maintaining the internal control systems used in administering the Project applicable to the above mentioned Agreement. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of the internal control systems used in administering this Project are to provide management with reasonable, but not absolute, assurance that with respect to Project requirements, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

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

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

USAID/GUATEMALA PROJECT NO. 596-0124

REPORT ON INTERNAL CONTROLS

AUDITOR'S OPINION

Based on our study and the criteria referred to in the first paragraph of this report, we believe that INCAE's control systems are adequate for AID's purposes, except for the conditions described in findings Nos. 1 through 3 and finding No. 1 included in our Report on Time Allocation System which we believe result in more than a relatively low risk that errors and irregularities in amounts that would be material to the Project may occur and not be detected within a timely period.

In addition to these weaknesses, other conditions of lesser significance were noted. Our recommendations for improvements in such areas were included in a separate report submitted to INCAE.

This report is intended solely for the use of INCAE and the United States Agency for International Development (AID). This restriction is not intended to limit distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.



Lic. Douglas Acosta Porras



January 10, 1987

STAMP TAX PAID - LAW NO. 6663

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON INTERNAL CONTROLS

AUDIT FINDINGS

1. INCAE's indirect cost allocation system is not consistent with OMB Circular A-21.

Condition:

INCAE does not have a system for allocating indirect costs in accordance with OMB Circular A-21 even though about 65 percent of its income is derived from the U.S. Government which requires compliance with the Circular.

Criteria:

AID contracted projects with educational institutions require the distribution of overhead costs in accordance with OMB Circular A-21.

Cause:

Prior to the initiation of this audit, INCAE was not aware of the requirements of OMB Circular A-21.

Effect:

Contracts may be signed which contain overhead rates that are not justifiable under OMB Circular A-21.

Recommendation:

INCAE should implement an overhead system which is consistent with OMB Circular A-21.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON INTERNAL CONTROLS

AUDIT FINDINGS

2. INCAE's financial accounting system does not provide appropriate separate accountability for Project expenditures

Condition:

INCAE's financial accounting system includes certain cost centers to record Project transactions. However, INCAE also records non-allowable expenditures in these cost centers. Certain Project activities do not have their own individual cost centers and are recorded in cost centers applicable to non-sponsored projects.

Criteria:

AID sponsored projects require effective control and accountability for project funds.

Cause:

INCAE's financial accounting system is not designed to provide separate accountability as required by AID.

Effect:

This condition makes it more difficult to exercise effective financial control over Project activities. In addition more effort is necessary to prepare the financial reports required by AID and the possibility of errors in their preparation increases since the information needed is gathered from different sources.

Recommendation:

INCAE should modify its financial accounting system to provide the required control. We recommend that a fund accounting system be implemented whereby separate accounts are maintained to insure observance of contract terms, accountability, and control over Project funds.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON INTERNAL CONTROLS

AUDIT FINDINGS

3. Disbursements made in local currencies of different countries were translated into U.S. dollars and charged to Project No. 596-0124 using exchange rates different from the free market rates of exchange prevailing at the date of each transaction.

Condition:

INCAE's accounting policy provides for translating disbursements made in currencies of the countries where INCAE operates (Central American countries and Ecuador) into U.S. dollars using a fixed exchange rate estimated at the beginning of each fiscal year for the financial period which might differ from the current free market rate of exchange prevailing in such countries at the transaction date.

Criteria:

Transactions made by INCAE in local currencies of the above mentioned countries should be translated into U.S. dollars applying a rate of exchange, such as the free market of exchange, that produces an equivalent dollar amount.

Cause:

The fixed rate of exchange is used by INCAE to simplify the accounting for transactions made in local currencies.

Effect:

Expenses incurred in local currencies charged to AID Projects may be over or understated.

Recommendation:

INCAE should convert transactions from local currencies to U.S. dollars applying the monthly average free market rate of exchange published by the Central Banks of the respective countries.

*Price Waterhouse*



CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON TIME ALLOCATION SYSTEM

AUDITOR'S OPINION

We have performed a review of the Central American Institute for Business Administration (INCAE) time allocation system with respect to ROCAP/Guatemala Project No. 596-0124 with the Agency for International Development (AID). Our review included those areas that we considered relevant to the criteria established by AID as set forth in its Statement of Work for the above mentioned Agreement. Our work was performed in accordance with the United States Comptroller General's "Standards for Audit of Government Organizations, Programs, Activities, and Functions" (1981 Revision).

Based on our review and understanding of the criteria included in the Statement of Work referred to in the above paragraph, we believe that Central American Institute for Business Administration (INCAE) does not have a system for allocating time charges with respect to the above-mentioned Project that is adequate for AID's purposes. Our opinion is based on finding No. 1 described on the following page.

This report is intended solely for the use of the Central American Institute for Business Administration (INCAE) and the United States Agency for International Development (AID). This restriction is not intended to limit distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

Lic. Douglas Acosta Porras

January 10, 1987

STAMP TAX PAID - LAW NO. 6663

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON TIME ALLOCATION SYSTEM

AUDIT FINDINGS

1. INCAE's personnel do not prepare time sheets for time devoted to activities of Project No. 596-0124

Condition:

Actual allocation of costs of personnel engaged in activities of Project No. 596-0124 is based on percentages set forth in the contract.

Criteria:

For AID purposes, time charges should be allocated to AID funded Projects based on time sheets identifying actual level of effort for each project by the respective employee.

Cause:

It is not INCAE's policy to have its personnel prepare time sheets.

Effect:

There are no internal reports to support time charges made by INCAE to the activities of Project No. 596-0124. Also, current allocation method of time charges could cause an over or under estimation of such charges to the Project.

Recommendation:

INCAE should support its time charges to AID-sponsored projects with timesheets prepared by employees and approved by supervisors.

*Price Waterhouse*



CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION  
ROCAP/GUATEMALA PROJECT NO. 596-0124  
REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND APPLICABLE  
LAWS AND REGULATIONS  
AUDITOR'S OPINION

We have performed a financial and compliance examination with respect to ROCAP/Guatemala Project No. 596-0124 between the Central American Institute for Business Administration (INCAE), and the Agency for International Development (AID). Our study and evaluation was performed in accordance with the United States Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" (1981 Revision).

The management of INCAE is responsible for compliance with terms of the above-mentioned Agreement and applicable laws and regulations. In connection with our examination referred to above, we selected and tested transactions and records to determine INCAE's compliance with Agreement terms and applicable laws and regulations.

The results of our study indicate that, for the items tested, INCAE complied with Agreement terms and applicable laws and regulations except as described in findings Nos. 1 through 6 and in finding No.3 of the Report on Provisional Overhead Rates. With respect to items not reviewed or tested, nothing came to our attention to indicate that INCAE had not complied with Agreement terms and applicable laws and regulations.

This report is intended solely for the use of INCAE and the United States Agency for International Development (AID). This restriction is not intended to limit distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

Lic. Douglas Acosta Porras

*Price Waterhouse*

January 10, 1987

STAMP TAX PAID - LAW NO. 6663

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND  
APPLICABLE LAWS AND REGULATIONS

AUDIT FINDINGS

1. Two Nicaraguan citizens contracted by INCAE did not comply with the necessary requirements to work in Costa Rica.

Condition:

During fiscal year 1985, INCAE hired Mr. Enrique Obando and Mrs. Fidelina González, Nicaraguan citizens, to work as financial manager and secretary, respectively. We were informed by INCAE personnel that these two individuals lacked official authorization to work in Costa Rica. During fiscal year 1986, Mr. Obando obtained the necessary authorization to work in Costa Rica. Mrs. González's status is still pending.

Criteria:

Regulations set forth in Costa Rica law (Ley de Migración y Extranjería) establishes that foreign citizens are allowed to work in Costa Rica if they are granted residential status or a temporary work permit.

Cause:

Both officials had previously worked at the Nicaraguan Campus of INCAE and it was agreed to transfer them to Costa Rica. However, their legal status was not formalized before their arrival in Costa Rica.

Effect:

INCAE might be subject to a fine determined by the courts for this infringement of law.

Recommendation:

INCAE should discontinue its labor contract with the employee who is unable to work in Costa Rica or have the employee legalize her status in Costa Rica. In addition INCAE should establish an official policy to prevent future similar situations.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND  
APPLICABLE LAWS AND REGULATIONS

AUDIT FINDINGS

2. Remunerations paid to Costa Rican administrative personnel was not reported to the Costa Rican Social Security Institute.

Condition:

During fiscal year 1985, INCAE paid remunerations of US\$8,400 and \$8,385 to Mrs. Lourdes Peralta and Ilse Kriebel, both Costa Rican citizens, who were hired by INCAE as Executive Director of the Costa Rican Secretariat and Administrative Officer, respectively. These amounts were not reported to the Costa Rican Social Security Institute.

Criteria:

In accordance with the regulations of the Costa Rican Social Security Institute, employers should report all remunerations paid to employees.

Cause:

We were informed that INCAE considered the payments made to the two individuals mentioned above as professional fees which are exempt from Social Security reporting.

Effect:

Employee and employer's payroll taxes on the remunerations to these two individuals were not paid and therefore INCAE is contingently liable for approximately US\$5,200.

Recommendation:

INCAE should report the remunerations paid in 1985 to Mrs. Lourdes Peralta and Ilse Kriebel to the Costa Rican Social Security Institute.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND  
APPLICABLE LAWS AND REGULATIONS

AUDIT FINDINGS

3. Title to the student housing complex expansion was not transferred to a designated trustee as set forth in Memorandum of Understanding No. 6

Condition:

In accordance with the provisions set forth in the Memorandum of Understanding No. 6, signed with the Costa Rican Mission of AID, INCAE should have transferred to a designated trustee appropriate title to the student housing complex but did not. The title was to be released once INCAE met certain terms of the agreement.

Criteria:

All agreement terms in Memorandum No. 6 established in AID contracts should be complied with.

Cause:

The Government of Costa Rica donated the property where such facilities were built by means of a special law that does not allow INCAE to transfer such property to third parties.

Effect:

This non-compliance did not produce any effect because INCAE complied with conditions required for release of title to the student housing complex.

Recommendation:

We are not including a recommendation on this finding because INCAE met all the conditions required for the release of the title so the need for a trustee is no longer necessary.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND  
APPLICABLE LAWS AND REGULATIONS

AUDIT FINDINGS

4. The financial and compliance audits described in the Memoranda of Understanding No. 31 and No. 33 have not been performed.

Condition:

The financial and compliance audits required under Article II, Subparagraph G of the Memorandum of Understanding No. 31, and Article II subparagraph F of the Memorandum of Understanding No. 33 have not been performed.

Criteria:

The required financial and compliance audits in the above mentioned memoranda should be performed.

Cause:

INCAE has not contracted the external audit services needed to perform such audits.

Effect:

The respective Memoranda of Understanding do not indicate the effects in the event of non-compliance with Agreement terms.

Recommendation:

INCAE should contract external auditors to perform the required financial and compliance audits.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND  
APPLICABLE LAWS AND REGULATIONS

AUDIT FINDINGS

5. Interest earned on restricted banks accounts for Project No. 596-0124 has not been reimbursed to AID or its designee.

Condition:

INCAE has not reimbursed AID for approximately US\$4,000 related to interest income earned on restricted bank accounts for Project No. 596-0124.

Criteria:

In accordance with section B-6, Subparagraph b of the Project's contract such interest should be reimbursed on a quarterly basis.

Cause:

INCAE's officials state that they have not received official notification from AID establishing the mechanism under which such reimbursement should be made.

Effect:

In accordance with Section G Subparagraph K of the contract, further payments may be withheld by the contracting office in the event of material non-compliance with the Agreement terms.

Recommendation:

INCAE should reimburse AID for interest income on a quarterly basis once the related mechanism has been agreed upon. We suggest that as an alternative such funds could be deducted from periodic requests for expense reimbursement submitted to ROCAP.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON COMPLIANCE WITH AGREEMENT TERMS AND  
APPLICABLE LAWS AND REGULATIONS

AUDIT FINDINGS

6. The internal auditor hired by INCAE is performing the financial manager's function.

Condition:

During July 1986, INCAE contracted Mr. Guillermo Ruiz as internal auditor. However, this employee is carrying out the function of financial manager.

Criteria:

Section F-12, Subparagraph G of Project No. 596-0124 requires INCAE to contract an internal auditor.

Cause:

In August 1986, the financial manager resigned and the administration decided to utilize Mr. Ruiz in that position.

Effect:

In accordance with Section G, Subparagraph K of the Contract, further payments may be withheld by the contracting office in the event of material non-compliance with the Agreement terms.

Recommendation:

INCAE should reinstate Mr. Ruiz as an internal auditor or hire a person to perform the internal audit function.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

MANAGEMENT COMMENTS

*280*

*Price Waterhouse*



# INCAE

April 24th, 1987

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

Dear Mr. Gothard,

We have closely examined the auditing report prepared by Price Waterhouse, according to Contract No. 596-0124 between ROCAP and INCAE, and based on circular letter OMB No. A-21. Our comments on each main section of the report follow:

## 1.- Provisional Overhead Rate

We agree on the results obtained as well as on the methodology based on circular OMB No. A-21 and the use of the overhead rate based on direct costs. We understand that revisions for future periods would probably alter the results. There is one qualification, however, and it is that we would like you and Price to revise the rates proposed by INCAE, which are the following:

MAIN FUNCTIONS	INCAE 1986	PRICE REPORT
Sponsored Instruction	20%	16%
Non-sponsored Instruction	20%	16%
Residential Instruction	40%	29%
Other Sponsored Activities	20%	16%
Other Institutional Activities	31%	20%

The rates modified and computed by INCAE are based not on modifications of the methodology, but rather on the following considerations:

- Auditing scope did not include a revision of direct costs for non-sponsored instruction, residential instruction and other institutional activities.

INSTITUTO CENTROAMERICANO DE ADMINISTRACION DE EMPRESAS

Sede Costa Rica

Apartado 960  
4050 Alajuela  
Costa Rica

Telex 7040  
Teléfono 41-22-55

29

Sede Nicaragua

Telex 2360 Apartado 2485  
Teléfono 58446/8 Managua, Nicaragua

- INCAE is applying the same methodology for these main functions as in circular OMB No. A-21. Therefore, the amount of direct costs is affected by the corresponding declines in the amounts for depreciation and Faculty development.

- We found a US\$ 300,000 numerical error in residential instruction direct costs.

- We found duplication of direct costs for other institutional activities, as well as cost centers corresponding to past periods.

- Upon modifying the direct cost basis, allotted distribution is modified, and, therefore, the overhead rates INCAE proposes make sense. (Exhibit No. 1 shows a table of direct costs by non-sponsored instruction, residential instruction and other institutional activities. Exhibit No. 2 shows the new distribution of indirect costs by main function and the resulting overhead rates).

We request approval of said modifications after being revised by Price.

We also request AID and Price to place in the text the Institute's "actual" overhead rate of 30% on direct cost, in order for INCAE to use this rate in projects that are not financed with U.S. Government funds. (INCAE proposes the indirect costs shown in Exhibit No. 3, its allocation in Exhibit No. 4 and the overhead rate calculus in Exhibit No. 5.)

Similarly, we would like results of overhead rates on salaries to be shown more explicitly in the report, since INCAE may sometimes use this rate.

Based on the analysis of overhead rate variations for the year 1985, and given that this year was crucial to INCAE in developing infrastructure, operational know-how and expenses incurred in making the 1985-1990 strategy, we request that overhead rate variations which are above the average be amortized over a 5-year period, thus increasing the overhead rate resulting from annual operations in 1986-1990.

## 2.- Internal Control

### 2a) Overhead Rate Methodology

INCAE will comply with the overhead rate calculation system proposed in the report and in accordance with the methodology of circular OMB No. A-21 for AID-financed projects.

## 2b) Accounting by Funds

There are plans to start a study on the adaptability and conversion to a system of fund accounting, which would be implemented on September, 1988. It is worth noting that INCAE receives donations not only from AID, but also from some 10 additional sources, and furthermore, each institution has its own requirements.

## 2c) Local Currency Accounting at the Exchange Rate Prevailing at the Moment of Transaction

INCAE will change its fixed rate system to a variable rate system, starting from September, 1987. To do so, the necessary changes in the computation system will be made.

## 3. Time Allotment System

Our experience and knowledge indicate that American universities which are more stable and have less activities have not implemented these time allotment systems. INCAE thinks these procedures would be cumbersome and bureaucratic to implement.

## 4.- Compliance with Contract Terms, Regulations and Applicable Laws

4a) Two Nicaraguan citizens under contract with INCAE did not meet the legal requirements to work in Costa Rica.

Since 1985, INCAE has hired its Faculty and administrative personnel taking care of their legal situation beforehand while their work relationship lasts. Presently, its personnel do not have legal problems in that respect. The case of Mrs. Gonzalez has been presented to immigration authorities. It is still awaiting solution because of immigration delays.

4b) Remunerations Paid to Costa Rican Administrative Personnel Were Not Reported to Social Security (C.C.S.S.)

Starting from September, 1986, INCAE corrected this situation that arose from start-up reasons and because the situation had not been fully understood at the beginning of our operations.

4c) Title Deed on Houses Was Not Transferred to a Trustee According to MOU No. 6

The AID Mission and INCAE didn't know about the implementation problem at the time the agreement was signed.

The solution to remedy this legal hindrance was negotiated with AID Mission in Costa Rica. It is anticipated that this or any other similar situation will not happen again and INCAE is now clear that it will not commit itself to legal aspects that will not be able to fulfill.

- 4d) Financial and Compliance Audits in MOUs No. 30 and 33 Have Not Been Carried Out

INCAE has not hired external auditors to carry these out because there is no budget for such purposes. Auditors from the AID Mission-Costa Rica visited INCAE and revised MOU No. 30. Technical and financial reports were prepared in compliance with both MOUs.

- 4e) The Amount of Interest Earned on the Restricted Account of ROCAP Project 596-0124 Has Not Been Reimbursed to AID

INCAE has requested from ROCAP information on the matter in order to know what the transfer mechanism should be.

The amount of interest to date is easily recognizable and the money is available to ROCAP at such time as they inform us of the appropriate transfer procedure.

- 4f) The Internal Auditor Hired by INCAE Performs the Functions of Financial Manager

When Price carried out the auditing, Mr. Ruiz was starting on his job. To date, many Internal Auditing activities have been carried out, which can be easily verified. Therefore, there is no need for hiring another person to such effect.

- 5.- Questioning of Direct Costs in AID Projects for the Amount of US\$ 262,434.00

Upon request from ROCAP and Local AID Missions, INCAE can justify said amount corresponding to 2.8% of the amount of Audited Agreements for 3 years. We have the documentation and the necessary supports for such effect, when required and would be pleased to do so.

We would like to express our satisfaction with the scope and results of the job performed by Price Waterhouse.

With nothing further on the matter, we remain,

Truly yours

  
Marc Lindenberg  
RECTOR

cc: Mr. Everet Orr  
Price Waterhouse  
Mrs. Nadine Plaster  
File

GP/ld

**EXHIBIT I**

Evento	Número	INCAE DETERMINACION DE INDIPECTOS ABRIL 23, 1987					Otros	Monto en \$ Non sponsored Instruction	Residential Instruction	Other Institutional Activities
		Monto en \$ Non sponsored Instruction	Residential Instruction	Other Institutional Activities	Costos Indirectos	Desarrollo de Facultad				
271 South America Expansion Central Site		52,728								
272 Marketing and Finance		13,685								
274 Enterprise Strategy		9,703								
275 Management		10,557								
276 Personnel		35								
277 Sales Management		15,456								
278 Production Inflation Times		6,424								
282 Productivity		6,718								
283 Investment Strategy With Microcomputers		13,528								
284 Exports		10,638								
285 Production Management		10,525								
291 Public Administration		1,709								
294 Organization		1,740								
295 Organization Press-Info		(861)								
296 Energy		49								
301 Special Executives Programs Central Site		37,057								
302 Jackson Health Program Miami		84,520			443	3,113				
303 Health Program 2 Miami		105,210								
304 Health Program 3 Miami		102,651								
305 Health Program 4 Miami		112,259								
306 Decision Making, Shell Costa Rica		28								
309 Economy for Journalists Dominican Republic		8,550								
311 Strategy for Energetics		704								
312 Cases for Health Organizations		38								
315 Health Program Evaluation		13,000								
341 Exports Policies Central Site		77,720			17,379	7,688				
342 Central America Political And Economic Essence		6,088								
343 Central America Political And Economic		6,267								
344 Political and Economical Perspectives		6,634								
345 Fusades Seminar el Salvador		(5,470)								
346 Intersectorial Dialogue Costa Rica		63								
347 Anep Institutional Strategy		2,153								
348 Fundap Workshop		1,596								
349 Political and Economical Seminar for Central America & Panama		600								
350 Devaluation And Inflation el Salvador		8,108								
351 Sectorial Engines Guatemala		9,899								
352 Sectorial Engines Panama		5								
354 Energy Bid Central Site		140,764			18,298	7,536				
355 Demand And Prices		45								
357 Evaluation And Administration Of Rural Electrical Projects		1,140								
358 Regional Seminar for Cement Factories		405								
360 Planning, Strategy And Markets		704								
361 Los Alamos Seminar		15,014								
362 Prices And Tariffs		486								
363 Energy Administration In Enterprises		11								
385 A.I.D. Productivity And Energy		210								
400 O.S.F.L. And Cooperatives		204,965			13,562	15,112				
402 Introduction to Managerial Administration		49								
403 Cooperatives Administration		141,644								
410 Seminar for Instructors, Genecoop		28,655								
411 Cooperatives Administration		271								
412 Cooperative Strategy		3,055								
413 Diagraming And Materials Preparation Guatemala		21,421								
414 Instructor Training I Honduras		23,511								
415 Instructor Training II Honduras		18,135								
416 Instructor Training III Honduras		17,215								
422 Fudecap Seminar		29								
426 Finance And Banking		60,274			3,207	5,513				
428 Microcomputers On Banking		15,645								
429 Project Evaluation		1								
431 Project Evaluation Guatemala		7,023								
433 Fondo Seminar		7,985								
434 Project Evaluation		27,345								
435 Banco Agronegocio De El Salvador		(5,120)								
438 Strategic Plan In Banking		3,859								
441 Information Systems Central Site		107,092			6,789	10,100				
442 Microcomputers and Investment Budget		22,668								

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Eventos	Nombre	IMPRE DETERMINACION DE INDIRECTOS ABRIL 23, 1987					Otras	IMPRE DETERMINACION DE INDIRECTOS ABRIL 23, 1987		
		Montos en \$ Non sponsored Instruction	Residential Instruction	Other Institutional Activities	Costos Indirectos	Desarrollo de Facultad		Costos Directos y Requisición	Montos en \$ Non sponsored Instruction	Residential Instruction
443	Microcomputers And Cost Management									
444	Microcomputers And Cost Management	15,668						15,668		
445	Microcomputers And Cost Management	16,745						16,745		
446	Microcomputers And Cost Management	13,702						13,702		
447	Microcomputers And Cost Management	6,822						6,822		
448	IBM Entry Level Training	8,452						8,452		
449	IBM Entry Level Training	11,255						11,255		
450	Public Administration Central Site	10,255						10,255		
451	Latin American Teachers Program Central Site	45						45		
452	Southern California University's Seminar	53,712				3,025	4,255	45		
453	Chamber Of Commerce	8,909						8,909		
454	Private Sector Guatemala	(1,920)						(1,920)		
455	Local Seminar On Economic Policies	462						462		
456	Local Seminar On Economic Policies	13						13		
457	Non Profit Organizations Central Site	165						165		
458	Diagnosis Costa Rica	21,471				10,000		11,471		
459	Diagnosis Panama	4,347						4,347		
460	Rncap Project	1,261						1,261		
461	Management For Development Central Site	701						701		
462	Companies Superintendent	7,656						7,656		
463	Frans Workshop	18,334						18,334		
464	Organized Development Ecuadorian Band	11,214						11,214		
467	Age Seminar	1,563						1,563		
468	Abecafe Organizational Seminar	1,609						1,609		
469	Entrepreneurs Sector Dialogue	(3,483)						(3,483)		
470	Economic And Political Analysis	3,894						3,894		
471	Labor Sector Dialogue	(3,716)						(3,716)		
472	Economic And Political Analysis	3,503						3,503		
473	Intersectorial Dialogue	4,072						4,072		
474	Dialogue I	6,399						6,399		
475	Customs Analysis	9,991						9,991		
476	Intersectorial Dialogue	344						344		
477	Fusades Seminar El Salvador	2,513						2,513		
478	Documents Of Exports Policies	1,680						1,680		
479	Paraguay Project	21,067						21,067		
480	University Teacher Program Paraguay	18,366				6,600		11,766		
481	Management Strategies On Crisis Times	33,313						33,313		
482	Study For Industrial Sector	4,120						4,120		
483	Problematic And future Action Workshop, Bandung	4,580						4,580		
484	Banking Managerial Program	4,585						4,585		
485	Top Management Program Central Site		105,578						105,578	
486	Top Management Program XXIV		38,277			2,781	1,112		34,384	
487	Master Business Administration Program Central Site		440,386			14,987	26,772		363,389	
488	Students Services		363,148			16,481	6,703	300,000	196,386	
489	Banking Program Central Site		26,837						26,837	
490	Los Hlamos Consultancy		199,206						176,022	
491	U.S.A Chamber			17094						17,084
492	Didactic Material Development			775						775
493	Construction			5633						5,633
494	Path Finder Program			537						537
495	Seminar In Progress			35907						35,907
496	Central American Peace Scholarships			206727						206,727
497	Book Translation For Cabal			22845						22,845
498	Shore			3846						3,846
499	Leasing			33491		489		381		32,621
500	Coffee Shop			194713		73,374				121,339
501	Interpretation And Translation			366607		18,979		155,597		192,031
502	Reproduction			47921		320				47,101
503	Macanography			92704		8,101				84,603
504	Copy Center			42822		3,248				39,574
505	Incase Magazine			32756		4,082				28,674
506	Incase to Kinder			4						4
507	Rentals			7708						7,779
508	Comissions Costa Rica			2						2
509	Exchange Differences			-1262						(1,262)
				618191				539,490		78,701

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ALLOCATION OF INDIRECT COSTS CATEGORIES FOR THE YEAR ENDED AUGUST 31, 1986 INTO MAJOR FUNCTIONS

	INDIRECT COST ACTIVITIES				MAJOR FUNCTIONS				
	SPONSORED PROJ. ADM.	LIBRARY EXPENSES	DEP. ADM. EXPENSES	STUDENT ADM. AND SERVICES	SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONS. ACTIVITIES	OTHER INST. ACTIVITIES
ADMINISTRATIVE AND GENERAL EXPENSES (858,631)	988	14,505	39,551	7,485	159,162	233,433	113,324	134,578	155,603
FINAL AMOUNT 3TH ALLOCATION STEP.	8,610	126,297	344,365	65,169	164,847	238,929	121,094	140,263	263,619
INITIAL AMOUNT 4TH ALLOCATION STEP. SPONS. PROJ. ADM.	(8,610)				4,667			3,943	
LIBRARY		(126,297)		-	6,647	13,295	106,355		
DEP. ADM. EXP.			(344,365)	-	70,039	102,892	49,658	59,175	(1,600)
STUD. ADM.			(65,169)	(65,169)			65,169		
FINAL AMOUNT 4TH. ALLOC. STEP. 1,473,195					246,200	355,116	342,276	203,381	326,219
TOTAL DIRECT COSTS 5,950,035					1,220,954	1,788,531	865,596	1,031,498	1,043,456
OVERHEAD RATE					20.16%	19.86%	39.54%	19.72%	31.26%
					20%	20%	40%	20%	31%

INDIRECT COSTS CALCULATION 1986

(INCAE'S METHODOLOGY)

ALLOWABLE INDIRECT COSTS	\$1,473,196
+ QUESTIONABLE COSTS	144,804
+ NON-ALLOWABLE DEPRECIATION	46,534
+ INTERESTS FROM ENDOWMENT FUND	149,925
+ FACULTY DEVELOPMENT AND DEPRECIATION COSTS NOT INCLUDED IN DIRECT COSTS CENTERS.	319,047
	<hr/>
TOTAL INDIRECT COSTS	<u>\$2,133,506</u>

CLASSIFICATION OF INDIRECT COSTS FOR THE YEAR ENDED  
AUGUST 31, 1986 INTO CATEGORIES OF INDIRECT COSTOS  
(EXPRESSED IN U.S. DOLLARS)

C O S T C E N T E R	AMOUNT	C A T E G O R I E S						
		DEP & USE ALLOWANCES	OP & MAINT. EXPENSES	GEN. ADM. & GEN EXPENSES	SPONSORED PROJ. ADM.	LIBRARY EXPENSES	DEP. ADM. EXPENSES	STUDENT ADM AND SERVICES
ADMISSION	64,025							
RECTOR OFFICE	140,801							64,025
ADMINISTRATIVE DIREC.	61,747						140,801	
ADMINISTRATIVE SERVICE	26,298			61,747				
PURCHASES	80,887			26,298				
PERSONNEL	40,220			80,887				
FINANCIAL DIRECTION	170,874			40,220				
ACCOUNTING ADM.	55,591			170,874				
CREDIT	15,104			55,591				
INTERNAL AUDIT	18,919			15,504				
AUTOMATIZATION	26,502			18,919				
FACULTY DEVELOPMENT	215,472			26,502				
ACADEMIC DIRECTION	54,115						215,472	
COMMUNICATIONS	27,366						54,115	
BUILDINGS	63,248			27,366				
RECREATIONAL FACILITIES	51,913		63,248					
SECURITY	91,360		51,913					
SECRETARIAT OF GUATEMALA	56,451		91,360					
SECRETARIAT OF EL SALV.	64,041			56,451				
SECRETARIAT OF HONDURAS	47,429			64,041				
SECRETARIAT OF C.R.	34,712			47,429				
SECRETARIAT OF PANAMA	58,455			34,712				
SECRETARIAT OF ECUADOR				58,455				
SECRETARIAT OF MIAMI	4,652							
MARKETING AND OPERATIONS	144,202			4,652				
INTEREST AND PRINCIPAL	11,899			144,202				
OTHERS	747			11,899				
CASES HANS SEIDEL DONATION	401			747				
AID-ROCAP PROJ. ADM.	6,165			401				
DEPRECIATION	308,283	308,283			6,165			
LIBRARY	95,846					95,846		
TOTALS	2,037,905	308,283	206,521	946,497	6,165	95,846	410,388	64,205
FACULTY DEV.	95,601		11,415	52,316	341	5,298	22,683	3,549
TOTAL	\$2,133,506	\$ 308,283	\$ 217,936	\$ 998,813	\$ 6,506	\$ 101,144	\$ 433,071	\$ 67,754

39

OVERHEAD RATE CALCULATION ON DIRECT COSTS 1986

INCAE'S METHODOLOGY

CATEGORIES	INDIRECT COST		MAJOR FUNCTIONS												
	AMOUNTS	DIST. BASIS	DEPRECIATION	OPERAT EXP	GEN. ADM EXPENS	SPONS PROJ	LIBRARY	DEP	ADM EXPEN	STUDENT EXPENS	SPONS INST	HON-SPON INST	RESID INST.	OTHER SA ACTIV	OTHER INST ACTIV
INIT AMOUNT	\$2 100.506		308 293	217 936	998.813	6.506	101.144	433.071	67.754						
DEPRECIATION		308 293 AREA	(308 293)	21 580	325.047	3.083	21.580	9 248	27.754						
FINAL AMOUNT															
1ST ALLOCATION STEP				239.516	1 223 860	9.589	122.724	442.319	95.499						
INITIAL AMOUNT 2ND ALLOCATION STEP															
OPER AND MAINT EXP		239.516 AREA		(239.516)	45.508	2.395	16.766	4.790	2.395	7.185	7.185	7.185	7.185	138.919	
FINAL AMOUNT 2ND ALLOC. STEP					1.269.368	11 984	139.490	447 109	97 894	7.185	7.185	7.185	7.185	138.919	
INITIAL AMOUNT 3RD ALLOC STEP															
ADM AND GEN EXP		1.269.368 EXPENSES			(1 269 368)	2 232	25 984	93 239	18 236	228.782	334.512	162.585	193.490	220.257	
FINAL AMOUNT 3RD ALLOC STEP							14.216	165.474	530.398	116.130	235.967	341.697	169.770	200.675	359.176
INITIAL AMOUNT 4TH STEP															
- SPONS PROJ ADM						(14 216)				7.705				6.511	
- LIBRARY EXP							(165.474)			8.708	17 418	139.347			
- DEP ADM EXP								(530.398)		108.838	159.433	77.161	91.950	93.016	
- STUDENT EXPENSES									(116.130)						
- FINAL AMOUNT 4TH ALL. STEP	2 133.506									361.718	518.548	502.408	299.136	452.192	
TOTAL DIRECT COST	5,950,035														
OVERHEAD RATE										30%	29%	58%	29%	43%	

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

PW'S RESPONSE TO INCAE'S COMMENTS



## THE PRICE WATERHOUSE RESPONSE TO INCAE'S COMMENTS

We have reviewed the comments set forth in INCAE's letter dated April 24, 1987, to Mr. Coinage Gothard, U.S. Regional Inspector General for Audit, with respect to our draft report on the audit of overhead rates for INCAE, applicable for ROCAP/Guatemala Project No. 596-0124.

After additional field work performed by our staff at INCAE and further explanations provided to us by INCAE's financial staff, including Mr. Gerardo Peralta's letters dated May 4 and May 5, 1987, we summarize as follows our comments on the above mentioned letter:

### 1. OVERHEAD RATES

#### A. Proposed changes to direct costs

We agree with the following proposed changes by INCAE to the total direct costs taken to determine overhead rates for 1986:

- a) Faculty development charges for \$95,601 recorded as direct costs of major functions during 1986 should be written-off, since they are not costs really incurred by INCAE and such charges arise only because of an accounting policy followed by the Institute for internal purposes.
- b) The numerical error of \$300,000 in residential instruction exists and should be corrected to avoid an overstatement of direct costs of such function.
- c) We concur that direct costs of INCAE's Coffee Shop and Reproduction Center for \$155,597 and \$52,483, respectively, should be also written-off, because most of these costs are transferred to other direct cost centers of INCAE through the billing of such services at stated transfer prices.
- d) We agree that exchange rate gains for \$539,490 should offset exchange losses recorded as direct costs. This treatment is consistent with generally accepted accounting principles as well as with the OMB Circular A-21.

With respect to the other changes proposed in mentioned letter, it is our opinion that they are not acceptable under the provisions of the OMB Circular A-21, because of the following reasons:

- a) With respect to the amount of \$223,446 of depreciation expenses for 1986 mentioned in such letter it should be noted that INCAE's staff has further informed us that because of a misunderstanding such amount also included charges other

than depreciation and therefore a revised amount was provided to us. The revised amount for a total of \$143,322 includes depreciation expenses charged as direct costs of INCAE's major functions which are related with depreciation on assets that we deem clearly identifiable with specific functions, but which are almost exclusively not allocable to functions with which AID has projects. For example, we noted that approximately 60% of such depreciation expenses were recorded in the cost centers for Lodging and Coffee Shop and an additional 14% was recorded in the cost centers of the Business Administration and Banking Programs, INCAE's major residential programs.

Therefore, in accordance with provisions of the OMB Circular A-21 such expenses qualify as direct costs and should remain as part of the total direct costs of respective major functions.

Additionally, it should be noted that although the OMB Circular A-21 allows an offset of the depreciation expenses on assets previously donated by the government of the United States of America, this offset applies only in those instances when such expenses are charged as costs of sponsored activities by the government.

- b) We were informed that costs of executive and other programs recorded by INCAE during the fiscal year 1986 consists primarily of expenses incurred on behalf of activities related with prior year programs, which were not recorded on the respective fiscal year due to INCAE's accounting practices. We noted also that the effect on total direct costs of INCAE of such unrecorded expenses tends to be compensated each year (ie: \$378,843 in 1986 and \$316,657 in 1985).

Due to the above, we considered that in accordance with INCAE's accounting practices such expense items should be considered as direct costs for the year incurred. Furthermore, if an offset for those prior year expenses is done, it will be also necessary that INCAE adjust its fiscal year 1986's financial statements to give appropriate recognition to those 1986 expenses that will be recorded during fiscal year 1987, which at April 30, 1987 amounts approximately to \$260,000 and their final amount will be known at fiscal year-end.

In spite of the above, we believe that for fiscal year 1986 such adjustments would have minor effects on the overhead rate computations, because of the above mentioned trends of such expenses.

- c) Expenses incurred by the loan fund of INCAE during fiscal year 1986 for \$55,048 refers to the administrative costs of this fund. We were informed that the loan fund has its own legal incorporation under the laws of Panama and its accounts are consolidated at year end with those of INCAE.

However, this loan fund operates using the facilities and services of the Costa Rican Campus of INCAE and its major activity is to make loans to students of the Business Administration Programs of INCAE. Because of the mentioned matters, we considered that there is a clear relationship and complement between the fund activities and those carried out by INCAE and, therefore, this cost center should be considered as a direct cost, as presently stated on INCAE's books, and share a part of INCAE's overall overhead for the year.

We have included in our final audit report the effect of the overhead rates and total direct costs for 1986, resulting from the mentioned agreed changes. Therefore, the following is a summary of the revised overhead rates for 1986.

<u>Major function</u>	<u>Overhead rates for 1986</u>	
	<u>Draft report</u>	<u>Revised rates</u>
Sponsored instruction	16%	19%
Non-sponsored instruction	16	18
Residential instruction	29	37
Other sponsored activities	16	18
Other institutional activities	20	24
Average rate for the year	19	25

#### B. INCAE's "Actual" Overhead Rate

It is not feasible for us to include in our final audit report INCAE's calculation of an "Actual" overhead rate of 30 percent for Non-AID Sponsored projects because our statement of work for this audit was very specific and limited to the audit of provisional overhead rates applicable to U.S. Government contracts. Therefore, we have not audited INCAE's methodology and we are unable to express and we do not express, an opinion on INCAE's calculated "Actual" rate.

#### C. Overhead Rate Based on Salaries

INCAE requested that we include more information on the overhead rate for salaries because INCAE may want to use them. We have not included this information because the overhead rate using salaries as a base was extremely unstable over time so it does not produce a reasonable estimate for future overhead rates. We were also informed by Mr. Gerardo Peralta, Financial Director of INCAE, that the additional disclosures regarding this overhead allocation method requested in INCAE's letter dated April 24, 1987 are no longer required by INCAE.

#### D. Amortization of 1985 costs

INCAE requested that we amortize certain indirect costs incurred in 1985 over a five year period because 1985 was a major transition year for INCAE operations in Costa Rica. We cannot allocate these expenses for five years because this methodology would not be consistent with generally accepted accounting principles nor with OMB Circular A-21 which require costs to be allocated in the year in which the cost is incurred.

#### 2. INTERNAL CONTROL

We reviewed INCAE's comments regarding the actions being taken by INCAE to adopt our internal accounting controls findings and have no further comments thereon.

#### 3. TIME ALLOCATION SYSTEM

ROCAP/Guatemala requested an opinion on INCAE's time allocation system because they wanted an assurance that they are receiving what they were paying for. As a result, our work statement specifically required us to review INCAE's procedures in connection with time allocation charges to AID's sponsored projects. As stated in our report, AID requires that time charges to sponsored projects be supported by proper internal reports, such as the mentioned time sheets.

#### 4. COMPLIANCE WITH CONTRACT TERMS, REGULATIONS AND APPLICABLE LAWS

We reviewed INCAE's comments regarding our findings on the compliance by INCAE with contract terms, regulations and applicable laws and have no further comments thereon.

#### 5. QUESTIONABLE DIRECT COSTS FOR \$262,434

We requested from Mr. Gerardo Peralta, Financial Director of INCAE, the supporting documentation for the questionable costs mentioned in our draft report. After reviewing such documentation, we found that INCAE only has adequate support for \$66,445 of such questionable costs and therefore the total questionable direct costs shown in our final audit report have been reduced accordingly.

\* \* \*

Price Waterhouse

May 27, 1987

San José, Costa Rica

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

RDCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

SUMMARY OF DIRECT COSTS CLASSIFIED AS PROPOSED, ALLOWABLE  
AND QUESTIONABLE FOR THE YEARS ENDED ON  
AUGUST 31, 1984, 1985, AND 1986

(expressed in U.S. dollars)

AGREEMENT NUMBER	NAME OF AGREEMENT	YEAR ENDED ON AUGUST 31, 1984			YEAR ENDED ON AUGUST 31, 1985			YEAR ENDED ON AUGUST 31, 1986			TOTAL			EXPLANATION OF QUESTIONABLE COSTS (EXHIBIT II)
		PROPOSED	ALLOWABLE	QUESTIONABLE	PROPOSED	ALLOWABLE	QUESTIONABLE	PROPOSED	ALLOWABLE	QUESTIONABLE	PROPOSED	ALLOWABLE	QUESTIONABLE	
596-0113	Expansion project - Component I	\$1,559,873	\$1,559,873	-	\$150,678	\$150,678	-	-	-	-	\$1,710,551	\$1,710,551	-	1
	Component II	179,725	173,612	\$6,113	56,760	51,501	\$5,259	-	-	-	236,495	225,113	\$11,372	
	Component III	253,343	253,343	-	194,434	194,434	-	-	-	-	447,777	447,777	-	
MOU 6	Memorandum of Understanding Component I	680,833	680,833	-	131,038	98,777	32,261	-	-	-	811,871	779,610	32,261	2
598-0602	LAC Training Initi- atives (B)	-	-	-	-	-	-	\$21,689	\$20,692	\$997	21,689	20,692	997	3
502-0505	Central American Shelter Training Initiative	-	-	-	97,656	91,584	6,072	122,202	103,236	18,966	219,858	194,820	25,038	4
936-5709	Bioenergy Systems and Technology Project	-	-	-	-	-	-	14,196	12,321	1,875	14,196	12,321	1,875	5
597-0001-04	Central American Peace Scholarships	-	-	-	-	-	-	430,910	379,932	50,978	430,910	379,932	50,978	6
519-0260	Training to Salvadorean Cooperatives	-	-	-	85,917	85,917	-	-	-	-	85,917	85,917	-	7
522-86-04	Central American Peace Scholarships	-	-	-	-	-	-	153,719	137,307	16,412	153,719	137,307	16,412	
596-0124	Regional Export Manage- ment Training	-	-	-	-	-	-	880,425	861,288	19,137	880,425	861,288	19,137	8
596-0000.6	Political Economic Conference	-	-	-	-	-	-	144,876	144,876	-	144,876	144,876	-	9
MOU 33	Memorandum of Understanding	-	-	-	-	-	-	54,479	53,670	809	54,479	53,670	809	
MOU 25	Memorandum of Understanding	-	-	-	-	-	-	191,716	188,861	2,855	191,716	188,861	2,855	10
MOU 18	Memorandum of Understanding	-	-	-	-	-	-	530,305	524,643	5,662	530,305	524,643	5,662	11
MOU 31	Memorandum of Understanding	-	-	-	48,353	47,000	1,353	-	-	-	48,353	47,000	1,353	12
MOU 3A	Memorandum of Understanding	341,592	319,195	22,497	267,874	263,131	4,743	-	-	-	609,566	582,326	27,240	13
	Total	\$3,015,466	\$2,986,856	\$28,610	\$1,032,710	\$983,022	\$49,688	\$2,544,517	\$2,426,826	\$117,691	\$6,592,693	\$6,396,704	\$195,989	

EXHIBIT I

15

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

EXPLANATIONS OF QUESTIONABLE DIRECT COSTS FOR THE  
YEARS ENDED ON AUGUST 31, 1986, 1985 AND 1984  
(expressed in US dollars)

<u>Exhibit I</u> <u>Reference</u>	<u>Agreement</u> <u>number</u>	<u>Detail</u>	<u>Amount</u>
1	596-0113	Airfare costs without the supporting documentation corresponding to the months of June and August, 1984.	\$ 4,841
		Costs charged in August, 1984 to the "Engines of Development" Seminar without the supporting documentation.	1,272
		Cost of air ticket not used by Mr. José Velázquez (route Managua-Guatemala-Managua), which was registered as an expense in December, 1984.	759
		Professional services paid in June, 1985 to Maria Joaquina Larraz without the supporting documentation (Industrial Policy Seminar held in Panamá)	<u>4,500</u>
			11,372
2	MOU 6	Expenses of ¢1,570,491 in excess of the budgeted amount with no evidence of having been approved. (Applicable exchange rate ¢48.68 per dollar)	<u>32,261</u>
		Carried forward	<u>\$43,633</u>

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

EXPLANATIONS OF QUESTIONABLE DIRECT COSTS FOR THE  
YEARS ENDED ON AUGUST 31, 1986, 1985 AND 1984  
(expressed in US dollars)

<u>Exhibit I</u> <u>Reference</u>	<u>Agreement</u> <u>number</u>	<u>Detail</u>	<u>Amount</u>
		Brought forward	\$43,633
3	598-0622	For residential Status Costs of Mr. A. Bolaños in excess of the rates established in the AID Handbook 10 (Communication TN #86-1).	997
4	522-0596	Administration costs in excess of the proportional salary of the personnel involved in the administration of the Project (Mr. Eduardo Montiel and Mrs. Clara Polanco).	\$11,894
4	522-0596	Payment to the Massachusetts Institute of Technology during May, 1985 that lacks supporting documentation.	125
		Carried forward	<u>\$12,019</u>
			<u>\$44,630</u>

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

EXPLANATIONS ON THE QUESTIONABLE DIRECT COSTS FOR THE  
YEARS ENDED ON AUGUST 31, 1986, 1985 AND 1984  
(expressed in US dollars)

<u>Exhibit I</u> <u>Reference</u>	<u>Agreement</u> <u>number</u>	<u>Detail</u>	<u>Amount</u>
		Brought forward	\$12,019
			\$44,630
		Effect of exchange differences arising from translating into U.S. dollars related expenses denominated in local currencies of Central American countries applying the average free market rate of exchange for the year rather than the fixed exchange rate applied by INCAE.	<u>13,019</u>
			25,038
5	936-5709	Five months rent for housing for the Agreement Coordinator which was not incurred.	1,875
6	597-0001-04	Rates charged for 40 participants in "Exports Management" and "Strategy for Management Training" Seminars held in Miami for 2 weeks, were \$950 for each participant week which exceeds by \$117	
		Carried forward	<u>\$71,543</u>

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

EXPLANATIONS ON THE QUESTIONABLE DIRECT COSTS FOR THE  
YEARS ENDED ON AUGUST 31, 1986, 1985 AND 1984  
(expressed in US dollars)

<u>Exhibit I Reference</u>	<u>Agreement number</u>	<u>Detail</u>	<u>Amount</u>
		Brought forward	\$71,543
6	597-0001-04	the average maximum monthly cost per participant in these seminars, according to terms established in Article V of the agreement.	\$ 9,360
		Rates charged for 40 participants in PAG XXXIV held in Costa Rica for 4 weeks were \$3,333.33 for each participant which exceeds by \$33.33 the regular rate of \$3,300 charged by INCAE to other participants in this event.	1,333
		Average cost of training subcontracted with "Agricultural Cooperative Development International" (A.C.D.I.) was \$3,390 which exceeds by \$890, the maximum limit per participant established in Article V of the Agreement.	35,600
		Expenses for "Residential Status" in excess of the rates established in the AID Handbook 10 (communication TN	
		Carried forward	<u>\$46,293</u>
			<u>\$71,543</u>

69

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

EXPLANATIONS ON THE QUESTIONABLE DIRECT COSTS FOR THE  
YEARS ENDED ON AUGUST 31, 1986, 1985 AND 1984  
(expressed in US dollars)

<u>Exhibit I</u> <u>Reference</u>	<u>Agreement</u> <u>number</u>	<u>Detail</u>		<u>Amount</u>
		Brought forward	\$46,293	\$ 71,543
6	597-0001-04	#86-1) for the participants in doctoral scholarships (Mr. E. Pereira and R. Quant).	2,835	
		Amount charged to the agreement without supporting documentation.	<u>1,850</u>	50,978
7	522-86-04	Fees charged for promotion of the event by Mr. César González, Executive Di- rector of the Secretariat of INCAE in Honduras which were not effectively paid to Mr. González since he is an employee.	4,395	
7	522-86-04	Professional fees for Mr. Benito Cobb, Admission's Director for promotional work of this event, which were not ef- fectively paid to Mr. Cobb, since he is an employee.	<u>2,622</u>	
		Carried forward	<u>\$ 7,017</u>	<u>\$122,521</u>

50

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

EXPLANATIONS ON THE QUESTIONABLE DIRECT COSTS FOR THE  
YEARS ENDED ON AUGUST 31, 1986, 1985 AND 1984  
(expressed in US dollars)

<u>Exhibit I</u> <u>Reference</u>	<u>Agreement</u> <u>number</u>	<u>Detail</u>		<u>Amount</u>
		Brought forward	\$ 7,017	\$122,521
7	522-86-04	Amounts expensed in excess of the budg- eted amount for certain items.	<u>9,395</u>	16,412
8	596-0124	Participation fee for seminar in excess of regular fee charged by INCAE for similar events.	9,533	
3	596-0124	Effect of exchange differences arising from translating into U.S. dollars the related expenses denominated in local currencies of Central American coun- tries applying the average free market rate of exchange for the year rather than the fixed exchange rate applied by INCAE	<u>7,354</u>	
		Carried forward	<u>\$16,887</u>	<u>\$138,933</u>

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

EXPLANATIONS ON THE QUESTIONABLE DIRECT COSTS FOR THE  
YEARS ENDED ON AUGUST 31, 1986, 1985 AND 1984  
(expressed in US dollars)

<u>Exhibit I</u> <u>Reference</u>	<u>Agreement</u> <u>number</u>	<u>Detail</u>		<u>Amount</u>
		Brought forward	\$16,887	\$138,933
8	596-0124	Non-allowable portion during fiscal year 1986 of the salary of Mr. Jorge Villalobos, project investigator, that exceeds the allowable level of effort established in Section D-2 of the Agreement.		
			<u>2,250</u>	19,137
9	MOU 33	Lodging and meals expense in excess of the approved budget.		809
10	MOU 25	Overhead charged in excess of the authorized percentage (7.5%).		2,855
11	MOU 18	Overhead charged in excess the authorized percentage (7.5%).		<u>5,662</u>
		Carried forward		<u>\$167,396</u>

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

EXPLANATIONS ON THE QUESTIONABLE DIRECT COSTS FOR THE  
YEARS ENDED ON AUGUST 31, 1986, 1985 AND 1984  
(expressed in US dollars)

<u>Exhibit I</u> <u>Reference</u>	<u>Agreement</u> <u>number</u>	<u>Detail</u>	<u>Amount</u>
		Brought forward	\$167,396
12	MOU 31	Hotel expenses and INCAE's other costs in excess of the budgeted amount.	1,353
13	MOU 3A	Effect of exchange differences arising from translating into Costa Rican colo- nes expenses denominated in U.S. dollars applying the average free market rate of exchange for the year rather than the fixed exchange rate applied by INCAE.	<u>Ø1,212,676</u>
		Equivalent in U.S. dollars at the respective average exchange rate.	<u>27,240</u>
		Total questionable direct costs	\$195,989 =====

53

## CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124  
REPORT ON OVERHEAD RATESSUMMARY OF INDIRECT COSTS CLASSIFIED AS PROPOSED, QUESTIONABLE, AND  
ALLOWABLE FOR THE YEAR ENDED ON AUGUST 31, 1984

(expressed in U.S. dollars)

CENTER NUMBER	NAME OF COST CENTER	PROPOSED COSTS	DEPRECIATION	QUESTIONABLE COSTS		EXCHANGE DIFFERENCE		INTEREST INCOME FROM ENDOWMENT FUND	ALLOWABLE COSTS
				(EXHIBIT VI)	SUBTOTAL	INDIRECT COSTS	QUESTIONABLE COSTS		
472	ADMISSION	\$57,646		(\$2,410)	\$55,236	\$4,922	(\$47)		\$60,111
474	LIBRARY	36,416		0	36,416	1,951	0		38,367
476	DEAN OFFICE	120,432		(9,383)	111,049	4,977	(304)		115,723
477	INTERNAL ADMINISTRATION	42,139		(3,840)	38,299	1,063	0		39,362
478	PERSONNEL	8,833		0	8,833	1,256	0		10,089
479	PURCHASE OFFICE	56,308		(540)	55,768	8,182	(79)		63,871
480	ADMINISTRATIVE SERVICES	15,818		0	15,818	2,304	0		18,122
481	TRANSPORTS	696		0	696	101	0		797
485	FINANCIAL DIRECTION	80,682		(6,341)	74,341	4,781	(225)		78,897
486	ACCOUNTING ADMINISTRATION	27,936		0	27,936	3,757	0		31,693
487	TREASURY	12,315		0	12,315	1,390	0		13,705
490	ACADEMIC DIRECTION	26,536		(5,852)	20,684	1,669	(40)		22,312
492	FACULTY RECRUITMENT AND DEVELOPMENT	48,339		(11,404)	36,935	1,855	(328)		38,462
493	MARKETING AND OPERATIONS	0		0	0	0	0		0
494	COMMUNICATIONS	36,182		(42,952)	(6,770)	5,307	(6,260)		(7,723)
495	BUILDINGS	29,145		(466)	28,679	4,922	(68)		33,533
496	RECREATIONAL FACILITIES	12,067		0	12,067	1,759	0		13,826
497	SECURITY	40,907		0	40,907	5,962	0		46,869
500	SECRETARIAT OF GUATEMALA	46,566		0	46,566	(441)	0		46,125
501	SECRETARIAT OF HONDURAS	67,603		(3,798)	63,805	31	0		63,836
502	SECRETARIAT OF EL SALVADOR	55,274		(4,414)	50,860	(15,185)	1,683		37,358
503	SECRETARIAT OF COSTA RICA	14,429		0	14,429	2,066	0		16,495
504	SECRETARIAT OF PANAMA	44,818		0	44,818	(2,950)	0		41,868
509	INTEREST AND PRINCIPAL	740		0	740	(97)	0		643
512	OTHER DISBURSEMENTS	58,099		(18,710)	39,389	6,204	0		45,593
513	LOAN FUND	13,694		0	13,694	974	0		14,668
600	PERSONNEL BENEFITS	4,110		0	4,110	599	0		4,709
TOTALS		\$957,730	0	(\$110,110)	\$847,620	\$47,358	(\$5,667)	0	\$889,311

EXHIBIT III

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 956-0124

REPORT ON OVERHEAD RATES

SUMMARY OF INDIRECT COSTS CLASSIFIED AS PROPOSED, QUESTIONABLE AND  
ALLOWABLE FOR THE YEAR ENDED AUGUST 31, 1985

(expressed in U.S. dollars)

CENTER NUMBER	NAME OF COST CENTER	PROPOSED COSTS	DEPRECIATION	QUESTIONABLE COSTS		EXCHANGE DIFFERENCE		INTEREST INCOME FROM ENDOWMENT FUND	ALLOWABLE COSTS
				(EXHIBIT VII)	SUBTOTAL	INDIRECT COSTS	QUESTIONABLE COSTS		
472	ADMISSION	\$50,830	(\$673)	(\$779)	\$49,378	\$179	(\$21)	(\$4,099)	\$45,436
474	LIBRARY	88,436	(17,345)	(4,324)	66,767	873	(3)	(7,132)	60,504
475	DEAN OFFICE	144,075	(3,710)	(10,114)	130,251	738	(32)	(11,620)	119,337
476	PERSONNEL BENEFITS	2,217	0	0	2,217	60	0	(179)	2,098
477	INTERNAL ADMINISTRATION	58,393	(5,872)	(4,648)	47,873	473	(4)	(4,709)	43,633
478	PERSONNEL	29,804	0	(53)	29,751	808	(1)	(2,404)	28,154
479	PURCHASE OFFICE	53,491	0	0	53,491	1,456	0	(4,314)	50,633
480	ADMINISTRATIVE SERVICES	17,487	0	(8,473)	9,014	474	(230)	(1,410)	7,848
481	TRANSPORTS	(140)	0	0	(140)	(4)	0	11	(133)
485	FINANCIAL DIRECTION	131,578	(3,663)	(17,352)	110,563	2,203	(378)	(10,612)	101,776
486	ACCOUNTING ADMINISTRATION	46,997	0	(220)	46,777	1,238	(6)	(3,790)	44,218
487	TREASURY	15,555	0	(100)	15,455	300	(3)	(1,255)	14,498
490	ACADEMIC DIRECTION	49,559	(628)	(4,245)	44,686	(304)	(6)	(3,997)	40,379
492	FACULTY RECRUITMENT AND DEVELOPMENT	311,021	0	(152,943)	158,078	(118,662)	110,778	(25,084)	125,110
493	MARKETING AND OPERATIONS	105,057	(582)	(5,657)	98,818	(75)	(45)	(8,473)	90,224
494	COMMUNICATIONS	77,200	0	(57,758)	19,442	2,102	(1,566)	(6,226)	13,752
495	BUILDINGS	113,333	(43,085)	(79)	70,169	1,905	(2)	(9,140)	62,931
496	RECREATIONAL FACILITIES	36,910	0	(19)	36,891	771	(1)	(2,977)	34,684
497	SECURITY	83,316	0	(1,189)	82,127	2,259	(32)	(6,719)	77,635
500	SECRETARIAT OF GUATEMALA	38,062	0	0	38,062	(18,742)	0	(3,070)	16,251
501	SECRETARIAT OF HONDURAS	57,025	0	0	57,025	0	0	(4,599)	52,426
502	SECRETARIAT OF EL SALVADOR	47,678	0	0	47,678	(14,697)	0	(3,845)	29,136
503	SECRETARIAT OF COSTA RICA	30,487	0	(8,526)	21,961	827	(231)	(2,459)	20,098
504	SECRETARIAT OF PANAMA	76,622	0	0	76,622	11	0	(6,180)	70,454
505	SECRETARIAT OF ECUADOR	20	0	0	20	0	0	(2)	18
506	SECRETARIAT OF MIAMI	45,597	0	0	45,597	(104)	0	(3,677)	41,816
509	INTEREST AND PRINCIPAL	15,958	0	0	15,958	(4,763)	0	(1,287)	9,908
670	GRADUATE PROFILES	778	0	(14)	764	8	(0)	(63)	708
SUB-TOTAL		\$1,727,346	(\$75,558)	(\$276,493)	\$1,375,295	(\$140,667)	\$108,215	(\$139,310)	1,203,533
PLUS - ALLOWABLE DEPRECIATION									23,706
TOTAL ALLOWABLE INDIRECT COSTS									\$1,227,239

EXHIBIT IV

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124  
REPORT ON OVERHEAD RATES

SUMMARY OF INDIRECT COSTS CLASSIFIED AS PROPOSED, QUESTIONABLE AND  
ALLOWABLE FOR THE YEAR ENDED AUGUST 31, 1986

(expressed in U.S. dollars)

CENTER NUMBER	NAME OF COST CENTER	PROPOSED COSTS	DEPRECIATION	QUESTIONABLE COSTS (EXHIBIT VIII)		EXCHANGE DIFFERENCE			ALLOWABLE COSTS
				INDIRECT COSTS	QUESTIONABLE COSTS	INTEREST FROM ENDOWMENT FUND	SUBTOTAL		
551	ADMISSIONS	\$66,719	(\$2,694)	(\$4,363)	\$59,662	(\$1,523)	(\$35)	(\$5,761)	\$52,342
555	DEAN OFFICE	143,025	(2,224)	(20,725)	120,076	(676)	..35)	(12,350)	106,944
561	ADMINISTRATIVE DIRECTION	64,969	(3,222)	(5,740)	56,007	161	(4)	(5,610)	50,553
562	ADMINISTRATIVE SERVICES	29,485	(3,187)	0	26,298	212	0	(2,546)	23,964
563	PURCHASE OFFICE	84,074	(3,187)	0	80,887	650	0	(7,260)	74,277
564	PERSONNEL	43,407	(3,187)	0	40,220	324	0	(3,748)	36,796
571	FINANCIAL DIRECTION	190,847	(19,973)	(7,575)	163,299	(468)	(4)	(16,480)	146,347
572	ACCOUNTING ADMINISTRATION	55,591	0	0	55,591	(4)	0	(4,800)	50,787
573	CREDIT	15,104	0	0	15,104	(137)	0	(1,304)	13,663
574	AUDIT	18,919	0	0	18,919	(330)	0	(1,634)	16,955
575	AUTOMATIZATION	26,502	0	0	26,502	20	0	(2,289)	24,234
581	FACULTY DEVELOPMENT	229,962	0	(68,175)	161,787	(12,709)	14,490	(19,850)	143,711
583	ACADEMIC DIRECTION	56,859	(2,744)	0	54,115	15	0	(4,910)	49,220
591	COMMUNICATIONS	29,462	(2,096)	0	27,366	305	0	(2,544)	25,127
592	BUILDINGS	95,478	(32,230)	0	63,248	508	0	(8,245)	55,511
593	RECREATIONAL FACILITIES	60,563	(8,650)	0	51,913	419	0	(5,230)	47,102
594	SECURITY	91,360	0	0	91,360	736	0	(7,889)	84,208
601	SECRETARIAT OF GUATEMALA	59,746	0	(4,864)	54,882	(40,246)	3,295	(5,159)	12,772
602	SECRETARIAT OF EL SALVADOR	64,041	0	0	64,041	516	0	(5,530)	59,027
603	SECRETARIAT OF HONDURAS	47,429	0	0	47,429	(6)	0	(4,096)	43,327
604	SECRETARIAT OF COSTA RICA	34,712	0	0	34,712	280	0	(2,997)	31,994
605	SECRETARIAT OF PANAMA	58,455	0	0	58,455	2	0	(5,048)	53,409
607	SECRETARIAT OF MIAMI	4,652	0	(2,901)	1,751	1	0	(402)	1,350
611	MARKETING AND OPERATIONS	145,645	(1,443)	(9,537)	134,665	(2,768)	(4)	(12,577)	119,316
615	INTEREST AND PRINCIPAL	11,899	0	0	11,899	(431)	0	(1,028)	10,441
621	OTHERS	747	0	0	747	(727)	0	(65)	(45)
624	CASES HNAS SEIDEL DONATION	401	0	0	401	3	0	(35)	370
700	AID-ROCAP ADMINISTRATOR	6,165	0	0	6,165	(288)	0	(532)	5,344
SUB-TOTAL		\$1,736,220	(\$84,837)	(\$123,880)	\$1,527,503	(\$56,163)	\$17,631	(\$149,925)	\$1,339,047
PLUS ALLOWABLE DEPRECIATION									38,303
LIBRARY EXPENSES									95,845
TOTAL ALLOWABLE INDIRECT COSTS									\$1,473,195

EXHIBIT V

176

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF QUESTIONABLE INDIRECT COSTS FOR THE YEAR ENDED

AUGUST 31, 1984

(expressed in U.S. dollars)

<u>Cost Center Number</u>	<u>Detail</u>	<u>Currency</u>	<u>Amount</u>	<u>Criteria for Questioning</u>	<u>Reference to OMB Circular A-21</u>
472	Annual charge for "Faculty Development"	Dollars	\$ 2,090	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
476	Annual charge for "Faculty Development"	Dollars	7,300	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
477	Annual charge for "Faculty Development"	Dollars	3,840	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
485	Annual charge for "Faculty Development"	Dollars	3,360	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
485	Reimbursement of air tickets paid in Nicaraguan Cordobas to Mr. Emilio Pereira, employee of INCAE (CD.D-73 of 2/84)	Dollars	328	Incorrect exchange rate used for conversion of this expense.	N/A
490	Annual charge for "Faculty Development"	Dollars	2,650	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
490	Reimbursement of air tickets to Mr. Silvio de Franco (CD.D302 de 8/84)	Dollars	2,925	The supporting documentation for this disbursement was not found.	N/A
492	Annual charge for "Faculty Development"	Dollars	3,250	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
492	Professional services paid to Mr. Jorge Mario Castro (Ck. 773625 of 6/84)	Dollars	1,305	The supporting documentation for this disbursement was not found.	N/A
492	Reimbursement of travel expenses in Europe to Mr. Kenneth Hoadley (CDW-63 of 4/84).	Dollars	1,500	The supporting documentation for this disbursement was not found.	N/A
492	Payment of the professional association for the doctoral scholarship of Mr. Javier Morales (CD C147 of 4/84).	Dollars	3,100	The supporting documentation for this disbursement was not found.	N/A
512	Write-off of deferred expenses accounts accounts (CD D-386 of 8/84)	Dollars	<u>15,198</u>	No adequate documentation to evaluate this accounting entry was available.	N/A
	Sub-total		<u>\$ 46,846</u>		

EXHIBIT VI

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF QUESTIONABLE INDIRECT COSTS FOR THE YEAR ENDED

AUGUST 31, 1984

(expressed in U.S. dollars)

<u>Cost Center Number</u>	<u>Detail</u>	<u>Currency</u>	<u>Amount</u>	<u>Criteria for Questioning</u>	<u>Reference to OMB Circular A-21</u>
485	Liquidation of air tickets of Mr. Emilio Pereira (San José-Managua-San José CD D77 de 2/84)	Cordobas	648	Incorrect exchange rate used for conversion of this expense.	N/A
485	Liquidation of air tickets for the wife of Mr. Pereira (San José-Miami-San José) CD D77 de 2/84)	Cordobas	<u>462</u>	This ticket should have been charged to Mr. Pereira's personal account.	N/A
	Sub-total		<u>1,110</u>		
502	Payments for purchase of air conditioning equipment (CD-45,46 y 69 of 11/83, 5/84 and 6/84, respectively)	Salvadorean Colones	1,298	Disbursement should have been capitalized as a fixed asset and this is an indirect expense.	Section J Point 13
502	Purchase of 1,000 binders printed with INCAE's logo (CD D-64 of 2/84)	Salvadorean Colones	<u>3,116</u>	These materials are used by the participants in the activities developed by INCAE and thus, they constitute a direct cost.	Section D Point 1
	Sub-total		<u>4,414</u>		
472	Telephone service charges (CD-D-41 of 2/84)	Costa Rican Colones	227	The supporting documentation for this disbursement was not found.	N/A
472	Purchase of beer for reception of the new Masters Program (MAE) students	Costa Rican Colones	93	The expenses of social activities are not eligible for indirect cost classification.	Section Point 12
476	Telephone service charges (Cks. 50226 and 50427 of 3/84 and 4/84, respectively)	Costa Rican Colones	847	The supporting documentation for this disbursement was not found.	N/A
476	Travel expenses and air tickets of Mr. Marc Lindenberg (CD-D40 of 3/84)	Costa Rican Colones	346	The supporting documentation for this disbursement was not found.	N/A
476	Telephone service charges (CD D341 of 8/84)	Costa Rican Colones	442	The supporting documentation for this disbursement was not found.	N/A
476	Telephone service charges (Ck. 438337 of 8/84)	Costa Rican Colones	448	The supporting documentation for this disbursement was not found.	N/A
479	Warehouse supplies charges (CD D341 of 8/84)	Costa Rican Colones	540	The supporting documentation for this disbursement was not found.	N/A
485	Rental of residential home of Mr. Enrique Obando (Financial Manager of INCAE) for three months)	Costa Rican Colones	<u>480</u>	This benefit does not constitute a generalized policy applicable to other INCAE employees, reason for which this disbursement is not eligible as an indirect cost.	Section J Point 15
	Carried forward		<u>\$ 3,423</u>		

## REPORT ON OVERHEAD RATES

DETAIL OF QUESTIONABLE INDIRECT COSTS FOR THE YEAR ENDED

AUGUST 31, 1984

(expressed in U.S. dollars)

<u>Cost Center Number</u>	<u>Detail</u>	<u>Currency</u>	<u>Amount</u>	<u>Criteria for Questioning</u>	<u>Reference to OMB Circular A-21</u>
	Brought forward		3,423		
485	Warehouse supply charges (CD D341 of 8/84 and CD D29 of 11/83)	Costa Rican Colones	341	The supporting documentation for this disbursement was not found.	N/A
485	Telephone service charges (Ck. 50407 and 50206 of 4/84 and 5/84, respectively)	Costa Rican Colones	722	The supporting documentation for this disbursement was not found.	N/A
490	Invoice No. 82825 from Agencia Panamericana de Viajes, S.A.	Costa Rican Colones	277	The supporting documentation for this disbursement was not found.	N/A
492	Invoices for air tickets (CD-355 of 8/84)	Costa Rican Colones	2,249	The supporting documentation for this disbursement was not found.	N/A
494	Telephone service charges (Ck380096 of 1/84)	Costa Rican Colones	2,114	The supporting documentation for this disbursement was not found.	N/A
494	Telephone service charges (Cks. 50416 and 50227 of 3/84 and 4/84, respectively)	Costa Rican Colones	14,894	The supporting documentation for this disbursement was not found.	N/A
494	Telephone service charges (Ck 380338 of 2/84)	Costa Rican Colones	5,062	The supporting documentation for this disbursement was not found.	N/A
494	Telephone service charges (Ck. 773593 and D341 of 6/84 and 8/84)	Costa Rican Colones	14,891	The supporting documentation for this disbursement was not found.	N/A
494	Telephone service charges (Ck 438337 of 8/84)	Costa Rican Colones	6,001	The supporting documentation for this disbursement was not found.	N/A
495	Warehouse supplies charges (CD D18 of 3/84)	Costa Rican Colones	159	The supporting documentation for this disbursement was not found.	N/A
495	Supplies purchases (Ck 380238 of 2/84)	Costa Rican Colones	80	The supporting documentation for this disbursement was not found.	N/A
495	Supplies purchases (CD D135 of 8/84)	Costa Rican Colones	227	The supporting documentation for this disbursement was not found.	N/A
	Sub-total		50,430		
512	Write-off of accounts receivable (CD D93 of 2/84)	Sucres	3,512	No adequate documentation to evaluate this accounting entry was available. Additionally, bad debt expenses are not eligible as indirect expenses.	Section J Point 2
	Sub-total		\$ 3,512		

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF QUESTIONABLE INDIRECT COSTS FOR THE YEAR ENDED

AUGUST 31, 1984

(expressed in U.S. dollars)

<u>Cost Center Number</u>	<u>Detail</u>	<u>Currency</u>	<u>Amount</u>	<u>Criteria for Questioning</u>	<u>Reference to OMB Circular A-21</u>
501	Office rental payments in Palmira Building	Lempiras	1,500	The cost of said rentals was donated by the Honduran Cement Industry and thus are not eligible as Indirect Costs.	Section J Point 10
501	Rental payment of conference room in the Honduras Maya Hotel for the carrying out of the Engines of Development Seminar	Lempiras	1,500	This disbursement is related to the specific activities developed by INCAE and should be a direct cost of the same.	Section D Point 7
501	Purchase of office supplies (CD D-26 of 11/83)	Lempiras	336	The supporting documentation for this disbursement was not found.	N/A
501	Warranty deposit for rental contract with INSERCO (CD D24 of 1/84)	Lempiras	<u>462</u>	Relates to a warranty deposit for a rental which does not qualify as an indirect cost.	N/A
	Sub-total		<u>3,798</u>		
	Total questionable indirect costs		<u>\$110,110</u> =====		

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF QUESTIONABLE INDIRECT COSTS FOR THE YEAR ENDED

AUGUST 31, 1985

(expressed in U.S. dollars)

<u>Cost Center Number</u>	<u>Detail</u>	<u>Currency</u>	<u>Amount</u>	<u>Criteria for Questioning</u>	<u>Reference to OMB Circular A-21</u>
474	Annual charge for "Faculty Development"	Dollars	\$ 4,200	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
475	Annual charge for "Faculty Development"	Dollars	8,930	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
477	Annual charge for "Faculty Development"	Dollars	4,500	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
485	Annual charge for "Faculty Development"	Dollars	3,400	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
490	Annual charge for "Faculty Development"	Dollars	4,020	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
492	Annual charge for "Faculty Development"	Dollars	14,200	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
492	Cost of case development for Finance and Banking Course (CD S-453 of 7/85)	Dollars	5,000	Costs are identifiable with specific activities of INCAE's, reason for which they are not eligible as indirect costs.	Section D Point 13
493	Annual charge for "Faculty Development"	Dollars	<u>3,980</u>	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
	Sub-total		<u>48,230</u>		
492	Purchase of fans and calculators in Nicaragua (CD-X-040 de 1/85)	Córdoba	14,775	Disbursements for the purchase of office equipment which should have been capitalized as fixed assets.	Section J Point 13
492	Purchase of roofing materials in Nicaragua and transport into Costa Rica (CD-#S-391, S-394 and S-396 of 6/85 and S-492 of 8/85)	Córdoba	92,740	Construction materials which should have been capitalized into cost of the buildings.	Section J Point 13
492	Gold purchases to make rings of recognition for the professors of the Functional Management Program (CDS-#S391, S-394 y S-395 de 6/85 y S-492 of 8/85)	Córdoba	<u>1,463</u>	Identifiable costs with specific activities of INCAE, reason for which they are not eligible as indirect costs.	Section D Point 13
	Sub-total		<u>108,978</u>		
492	Contribution to the Association of Graduates of INCAE Guatemala for the realization of congress (CD R-136 of 8/85)	Quetzales	<u>18,250</u>	Costs of activities for INCAE's ex-students are not eligible as indirect costs.	Section D Point 39
	Sub-total		<u>\$ 18,250</u>		

EXHIBIT VII

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF QUESTIONABLE INDIRECT COSTS FOR THE YEAR ENDED

AUGUST 31, 1985

(expressed in U.S. dollars)

<u>Cost Center Number</u>	<u>Detail</u>	<u>Currency</u>	<u>Amount</u>	<u>Criteria for Questioning</u>	<u>Reference to OMB Circular A-21</u>
472	10% sales tax on telephone service charges during the period	Colones	779	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
474	10% sales tax on telephone service charges during the period	Costa Rican Colones	124	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
475	10% sales tax on telephone service charges during the period	Costa Rican Colones	1,184	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
477	10% sales tax on telephone service charges during the period	Costa Rican Colones	148	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
478	10% sales tax on telephone service charges during the period	Costa Rican Colones	53	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
480	10% sales tax on telephone service charges during the period	Costa Rican Colones	88	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other income.	Section J Point 41-A
480	Professional services paid to Ilse Kriebel from November 1984 to August 1985	Costa Rican Colones	8,385	Payment of salaries to administrative employees which were not included in the official payroll of INCAE as established by the Costa Rican Social Security Office.	N/A
485	Professional services paid to Mr. Enrique Obando and Mrs. Fidelina González Dávila during the year ended August 31, 1985	Costa Rican Colones	12,200	Payment of salaries to nicaraguan citizens that held the positions of Financial Manager and Secretary, respectively, who didn't have an official permit to work in Costa Rica.	N/A
485	10% sales tax on telephone service charges during the period	Costa Rican Colones	<u>1,752</u>	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
	Carried forward		<u>\$ 24,713</u>		

EXHIBIT VII  
Page 2

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF QUESTIONABLE INDIRECT COSTS FOR THE YEAR ENDED

AUGUST 31, 1985

(expressed in U.S. dollars)

<u>Cost Center Number</u>	<u>Detail</u>	<u>Currency</u>	<u>Amount</u>	<u>Criteria for Questioning</u>	<u>Reference to OMB Circular A-21</u>
	Brought forward		\$ 24,713		
486	10% sale tax on telephone service charges during the period	Costa Rican Colones	220	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
487	10% sale tax on telephone service charges during the period	Costa Rican Colones	100	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
490	10% sale tax on telephone service charges during the period	Costa Rican Colones	225	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
492	10% sale tax on telephone service charges during the period	Costa Rican Colones	20	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
492	Purchase of furniture for the computer room (CD X198 of 3/85)	Costa Rican Colones	6,495	Disbursement which should be capitalized as a fixed asset and, thus, is not eligible as an indirect cost.	Section J Point 13
493	10% sale tax on telephone service charges during the period	Costa Rican Colones	1,677	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
494	Telephone service charges	Costa Rican Colones	57,758	Balance of sub-account 5115-006-0005 (Transports and communications) at August 31, 1985. This balance was distributed to the different cost centers, but "Other Income" was credited instead of this account.	N/A
495	10% sale tax on telephone service charges during the period	Costa Rican Colones	76	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
	Carried forward		\$ 91,284		

## CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

RDCAP/GUATEMALA PROJECT NO. 596-0124

## REPORT ON OVERHEAD RATES

DETAIL OF QUESTIONABLE INDIRECT COSTS FOR THE YEAR ENDED

AUGUST 31, 1985

(expressed in U.S. dollars)

<u>Cost Center Number</u>	<u>Detail</u>	<u>Currency</u>	<u>Amount</u>	<u>Criteria for Questioning</u>	<u>Reference to OMB Circular A-21</u>
	Brought forward		\$ 91,284		
496	10% sales tax on telephone service charges during the period	Costa Rican Colones	19	INCAE has an official exoneration for the payment of this tax, and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
497	10% sales tax on telephone service charges during the period	Costa Rican Colones	45	INCAE has an official exoneration for the payment of this tax, and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
497	Purchase of revolvers (handguns)	Costa Rican Colones	1,144	The supporting documentation for this disbursement was not found.	N/A
503	10% sales tax on telephone service charges during the period	Costa Rican Colones	126	INCAE has an official exoneration for the payment of this tax, and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
503	Professional services paid to Mrs. Lourdes Peralta during the year ended on August 31, 1985	Costa Rican Colones	8,400	Salary of the Executive Director of INCAE's Secretariat in Costa Rica, which was not included in the official payroll of INCAE, as established by the Costa Rican Social Security Office.	N/A
497	10% sales tax on telephone service charges during the period	Costa Rican Colones	17	INCAE has an official exoneration for the payment of this tax, and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
			<u>101,035</u>		
	Total questionable indirect costs		<u>\$276,493</u>		

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF QUESTIONABLE INDIRECT COSTS FOR THE YEAR ENDED

AUGUST 31, 1986

(expressed in U.S. dollars)

<u>Cost Center Number</u>	<u>Detail</u>	<u>Currency</u>	<u>Amount</u>	<u>Criteria for Questioning</u>	<u>Reference to OMB Circular A-21</u>
555	Annual charge for "Faculty Development"	Dollars	7,597	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
561	Annual charge for "Faculty Development"	Dollars	5,203	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
571	Annual charge for "Faculty Development"	Dollars	7,030	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
581	Annual charge for "Faculty Development"	Dollars	3,625	Corresponds to the registration of an accounting provision only for INCAE's internal purposes.	Section J Point 7
581	Premiums paid on Mr. Marc Lindenberg's insurance policies subscribed with IIAA Insurance (CD K993 of 11/85)	Dollars	8,250	The supporting documentation for this disbursement was not found.	N/A
581	Costs of Mr. Francisco Leguimazon's doctoral scholarship (CD K1675 y 1676 of 3/86)	Dollars	5,000	Mr. Leguimazon is a member of the Faculty of the INCAE Campus in Nicaragua, and for this reason, this disbursement is not related to the Costa Rican Campus operations.	N/A
581	Penalty for late presentation of tax returns to Internal Revenue Service (IRS) (CD K1828 of 4/86)	Dollars	5,000	Costs of penalties and fines are not eligible as indirect costs.	Section J Point 14
607	Reimbursement of income tax withheld to the Miami Secretariats' employees (CD K2041 of 5/86)	Dollars	2,901	The reimbursed amount does not constitute a cost for INCAE, since said retention was registered as an expense when registering the gross salary of of these employees was recorded.	N/A
611	Annual charge for "Faculty Development"	Dollars	<u>9,000</u>	Corresponds to an accounting provision recorded only for INCAE's internal purposes.	Section J Point 7
	Sub-total		<u>53,614</u>		
581	Consulting services for the updating of the Nicaraguan Campus insurance (CD S-807 of 3/86)	Cordobas	<u>2,857</u>	This disbursement is not related to the Costa Rican Campus operations.	N/A
	Carried forward		<u>\$ 2,857</u>		

EXHIBIT VIII

## CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

## REPORT ON OVERHEAD RATES

DETAIL OF QUESTIONABLE INDIRECT COSTS FOR THE YEAR ENDED

AUGUST 31, 1986

(expressed in U.S. dollars)

Cost Center Number	Detail	Currency	Amount	Criteria for Questioning	Reference to OMB Circular A-21
	Brought forward		2,857		
581	Costs of studies of Mr. Barrios and Ruiz, employees of the Nicaraguan Campus, in the Functional Management Program (CD S-1240 of 7/86)	Corobas	<u>12,300</u>	This disbursement is not related with the Costa Rican Campus operations, and thus is not eligible as indirect costs.	N/A
	Sub-total		<u>15,157</u>		
601	Computer donated to the Guatemalan Secretariat	Quetzales	<u>4,864</u>	The donation should be recorded as a fixed asset. Additionally, the donations of goods are not eligible as indirect costs.	Section J Point 10
	Sub-total		<u>4,864</u>		
551	Costs of printing admission forms and brochures for the Master Program	Costa Rican Colones	3,826	These costs are related to INCAE's specific activities and should be a direct cost of same.	Section D Point 1
551	10% sales tax on telephone service during the year	Costa Rican Colones	537	INCAE has an official exoneration for the payment of this tax, and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
555	10% sales tax on telephone service during the year	Costa Rican Colones	537	INCAE has an official exoneration for the payment of this tax, and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
555	Telephone service charges (CD K267- of 9/86 and K1007 of 11/85)	Costa Rican Colones	12,591	The supporting documentation for this disbursement was not found.	N/A
561	10% sales tax on telephone service during the year	Costa Rican Colones	537	INCAE has an official exoneration for the payment of this tax, and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
571	10% sales tax on telephone service during the year	Costa Rican Colones	537	INCAE has an official exoneration for the payment of this tax, and receives a reimbursement of said tax which is registered as Other Income.	Section J Point 41-A
581	Scholarships given to Mr. Emilio Pereira and Mr. German Retana, employees of INCAE (CD S281 of 11/85).	Costa Rican Colones	<u>10,000</u>	Duplicate recording of these expenses since they were also recorded in the previous fiscal year.	N/A
	Carried forward		<u>\$ 28,565</u>		

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF QUESTIONABLE INDIRECT COSTS FOR THE YEAR ENDED

AUGUST 31, 1986

(expressed in U.S. dollars)

<u>Cost Center Number</u>	<u>Detail</u>	<u>Currency</u>	<u>Amount</u>	<u>Criteria for Questioning</u>	Reference to OMB Circular <u>A-21</u>
	Brought forward		\$ 28,565		
581	Lodging and alimentation costs of Mr. Blasco Peña, Vicepresident of Ecuador, during his visit to INCAE (CD K100396 of 4/86)	Costa Rican Colones	3,630	Public relations costs of INCAE are not eligible as indirect costs.	Section J Point 12
581	Purchase of aerial protection mesh for student residences (CD P-007 of 2/86 P-16 of 3/86 and P-026 of 4/86)	Costa Rican Colones	12,845	This disbursement should be capitalized as fixed assets, and thus is not eligible as an indirect cost.	Section J Point 13
581	Printing of brochures for the masters (MAE) Top Management (PAG) and University Teachers (PDU) Programs (CD P-017 of 3/86)	Costa Rican Colones	3,330	These costs are related to specific activities of INCAE and constitute direct costs of these activities, reason for which they are not eligible as indirect costs.	Section D Point 1
581	10% sales tax on telephone services during the year	Costa Rican Colones	<u>537</u>	INCAE has an official exoneration for the payment of this tax and receives a reimbursement of said tax, which is registered as Other Income.	Section J Point 41-A
	Sub-total		<u>48,907</u>		
581	Air ticket for Mr. Blasco Peña, Vice-president of Ecuador for his visit to INCAE.	Sucres	<u>1,338</u>	Costs of public relations of INCAE, which are not eligible as indirect costs.	Section J Point 12
	Sub-total		<u>1,338</u>		
	Total Questionable Indirect Costs		<u>\$123,890</u> =====		

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT No 596-0124

REPORT ON OVERHEAD RATES

CLASSIFICATION OF INDIRECT COSTS FOR THE YEAR ENDED AUGUST 31, 1986 INTO CATEGORIES OF INDIRECT COSTS  
(EXPRESSED IN U.S. DOLLARS)

*****CATEGORIES*****									
COST CENTER	AMOUNT	DISTRIBUTION BASIS	DEP & USE ALLOWANCES	OP & MAINT. EXPENSES	GEN. ADM. & SPONSORED GEN EXPENSES	LIBRARY EXPENSES	DEP. ADM. EXPENSES	STUDENT ADM AND SERVICES	
ADMISSION	\$52,342	OMB A-21							\$52,342
RECTOR OFFICE	106,944	OMB A-21					\$106,944		
ADMINISTRATIVE DIRECTION	50,553	OMB A-21			\$50,553				
ADMINISTRATIVE SERVICES	23,964	OMB A-21			23,964				
PURCHASES	74,277	OMB A-21			74,277				
PERSONNEL	36,796	OMB A-21			36,796				
FINANCIAL DIRECTION	146,347	OMB A-21			146,347				
ACCOUNTING ADMINISTRATION	50,787	OMB A-21			50,787				
CREDIT	13,663	OMB A-21			13,663				
INTERNAL AUDIT	16,955	OMB A-21			16,955				
AUTOMATIZATION	24,234	OMB A-21			24,234				
FACULTY DEVELOPMENT	143,711	OMB A-21					143,711		
ACADEMIC DIRECTION	49,220	OMB A-21					49,220		
COMMUNICATIONS	25,127	OMB A-21			25,127				
BUILDINGS	55,511	OMB A-21		\$55,511					
RECREATIONAL FACILITIES	47,102	OMB A-21		47,102					
SECURITY	84,208	OMB A-21		84,208					
SECRETARIAT OF GUATEMALA	12,772	OMB A-21			12,772				
SECRETARIAT OF EL SALVADOR	59,027	OMB A-21			59,027				
SECRETARIAT OF HONDURAS	43,327	OMB A-21			43,327				
SECRETARIAT OF COSTA RICA	31,994	OMB A-21			31,994				
SECRETARIAT OF PANAMA	53,409	OMB A-21			53,409				
SECRETARIAT OF ECUADOR	0	OMB A-21			0				
SECRETARIAT OF MIAMI	1,350	OMB A-21			1,350				
MARKETING AND OPERATIONS	119,316	OMB A-21			119,316				
INTEREST AND PRINCIPAL	10,441	OMB A-21			10,441				
OTHERS	(45)	OMB A-21			(45)				
CASES HANS SEIDEL DONATION	370	OMB A-21			370				
AID-ROCAP PROJECT ADMINISTRATI	5,344	OMB A-21							\$5,344
DEPRECIATION	38,303	OMB A-21	\$38,303						
LIBRARY	95,846	OMB A-21				\$95,846			
*****									
TOTALS	\$1,473,195		\$38,303	\$186,821	\$794,664	\$5,344	\$95,846	\$299,875	\$52,342
*****									

EXHIBIT IX

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT No. 596-0124

REPORT ON OVERHEAD RATES

ALLOCATION OF INDIRECT COSTS CATEGORIES FOR THE YEAR ENDED AUGUST 31, 1986 INTO MAJOR FUNCTIONS

(EXPRESSED IN U.S. DOLLARS)

		*****INDIRECT COSTS CATEGORIES*****										***** MAJOR FUNCTIONS *****				
C A T E G O R I E S	AMOUNTS	DISTRIBUT. BASIS	DEPRECIAT. & USE ALLOW.	OP. & MAINT. EXPENSES	GEN. ADM. & SPONSORED PROJ. ADM. EXPENSES	LIBRARY EXPENSES	DEP. ADM. EXPENSES	STUDENT ADM. AND SERVICES	SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONS. ACTIVITIES	OTHER INSTIT. ACTIVITIES			
INITIAL AMOUNT 1st ALLO. STEP	\$1,473,195		\$38,303	\$136,821	\$794,664	\$5,344	\$95,846	\$299,875	\$52,342							
DEPRECIATION	38,303	AREA	(38,303)	2,681	27,961	383	2,681	1,149	3,447							
FINAL AMOUNT 1st ALLOCATION STEP			0	189,502	822,625	5,727	98,527	301,024	55,789							
-----																
INITIAL AMOUNT 2nd ALLOCATION STEP				189,502	822,625	5,727	98,527	301,024	55,789							
OPERATION AND MAINTENANCE EXPENSES	189,502	AREA	(189,502)	36,005	1,895	13,265	3,790	1,895	\$ 5,685	\$ 5,496	\$ 7,770	\$ 5,685	\$ 108,016			
FINAL AMOUNT 2nd ALLOCATION STEP			0	858,630	7,622	111,792	304,814	57,684	5,685	5,496	7,770	5,685	108,016			
-----																
INITIAL AMOUNT 3rd ALLOCATION STEP					858,630	7,622	111,792	304,814	57,684	5,685	5,496	7,770	5,685	108,016		
ADMINISTRATIVE AND GENERAL EXPENSES	858,630	EXPENSES	(858,630)	930	13,630	37,165	7,037	149,098	227,005	109,774	125,833	187,250				
FINAL AMOUNT 3rd ALLOCATION STEP			0	8,552	125,430	341,999	64,721	154,783	233,381	117,544	131,519	295,266				
-----																
INITIAL AMOUNT 4th ALLOCATION STEP						8,552	125,430	341,999	64,721	154,783	233,381	117,544	131,519	295,266		
ALLOCATION OF:																
-SPONSORED PROJECTS ADMINIS.	8,552	SPONS. ACTIV.	(8,552)	0	0	0	0	4,638	0	0	3,914	0				
-LIBRARY EXPENSES	125,430	INSTRUCTION		(125,430)	0	0	0	6,602	13,203	105,625	0	0				
-DEPARTMENTAL ADM. EXPENSES	341,999	EXPENSES			(341,999)	0	0	63,752	97,440	46,936	53,824	80,065				
-STUDENT ADM. AND SERVICES	64,721	RES. INSTR.				(64,721)	0	0	0	64,721	0	0				
FINAL AMOUNT 4th ALLO. STEP	1,473,195				(0)	(0)	0	0	229,774	344,024	334,828	189,237	375,331			
-----																
TOTAL ALLOCATION OF INDIRECT COSTS CATEGORIES INTO MAJOR FUNCTIONS									\$229,774	\$344,024	\$334,828	\$189,237	\$375,331			

EXHIBIT X

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT No. 596-0124

REPORT ON OVERHEAD RATES

ALLOCATION OF THE INDIRECT COSTS FOR THE YEAR ENDED AUGUST 31, 1986 INTO MAJOR FUNCTIONS UNDER THE DIRECT COSTS METHOD  
(EXPRESSED IN U.S. DOLLARS)

DEVELOPED ACTIVITIES	DIRECT COSTS	ALLOCATION BASIS	*****MAJOR FUNCTIONS*****				
			SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED ACTIVITIES	OTHER INSTITUTIONAL ACTIVITIES
EXPOAGRO CENTRAL SITE	\$123,679	ANALYSIS	\$123,679				
AGROINDUSTRIAL STRATEGY PROGRAM	16,317	ANALYSIS	16,317				
INTERNATIONAL COMPETITIVE STRATEGY PROGRAM	2	ANALYSIS	2				
INTERNATIONAL COMPETITIVE STRATEGY PROGRAM	1,119	ANALYSIS	1,119				
INTERNATIONAL COMPETITIVE STRATEGY PROGRAM	1,781	ANALYSIS	1,781				
ADVANCED MANAGERIAL PROGRAM HONDURAS	4,709	ANALYSIS	4,709				
INTERNATIONAL COMPETITIVE STRATEGY PROGRAM	1,343	ANALYSIS	1,343				
ROCAP REGIONAL SEMINAR	148,074	ANALYSIS	148,074				
FINANCE, OPERATION AND COOPERATIVE STRATEGY MANAGERIAL CONTROL	28,639	ANALYSIS	28,639				
FINANCE, OPERATION AND COOPERATIVE STRATEGY	28,639	ANALYSIS	28,639				
PEACE SCHOLARSHIPS (COOPERATIVES)	379,932	ANALYSIS	379,932				
TOP MANAGEMENT PROGRAM MIAMI	118,242	ANALYSIS	118,242				
IMPROVEMENT SEMINAR CENTRAL SITE	4,897	ANALYSIS	4,897				
MARKETING IN CHANGING TIMES COSTA RICA	898	ANALYSIS	898				
REGIONAL IMPROVEMENT SEMINAR	10	ANALYSIS	10				
REGIONAL IMPROVEMENT SEMINAR	3	ANALYSIS	3				
HOUSING CENTRAL SITE	24,676	ANALYSIS	24,676				
STRATEGY SEMINAR	16,175	ANALYSIS	16,175				
DIAGNOSIS	9,190	ANALYSIS	9,190				
REGIONAL SEMINAR ON FINANCING	725	ANALYSIS	725				
LOCAL SEMINAR ON FINANCING	8,592	ANALYSIS	8,592				
REGIONAL POLICIES SEMINAR	90	ANALYSIS	90				
RESEARCH	3,438	ANALYSIS	3,438				
PRONAVIPO TRAINING PROGRAM	1,286	ANALYSIS	1,286				
SUMMER PROGRAM MASTER BUSINESS ADMINISTRATION	271,098	ANALYSIS	271,098				
SOUTH AMERICA EXPANSION CENTRAL SITE	59,451	ANALYSIS		\$59,451			
MARKETING AND FINANCE	13,685	ANALYSIS		13,685			
ENTERPRISE STRATEGY	9,703	ANALYSIS		9,703			
AGRIINDUSTRY	10,557	ANALYSIS		10,557			
PERSONNEL	35	ANALYSIS		35			
SALES MANAGERIAL	15,456	ANALYSIS		15,456			
CREDIT ON INFLATION TIMES	6,424	ANALYSIS		6,424			
PRODUCTIVITY	6,718	ANALYSIS		6,718			
INVESTMENT STRATEGY WITH MICROCOMPUTERS	13,528	ANALYSIS		13,528			
EXPORTS	10,638	ANALYSIS		10,638			
PRODUCTION MANAGERIAL	10,525	ANALYSIS		10,525			
PUBLIC ADMINISTRATION	1,709	ANALYSIS		1,709			
ORGANIZATION	1,740	ANALYSIS		1,740			
ORGANIZATION PREMI-INFA	(861)	ANALYSIS		(861)			
ENERGY	49	ANALYSIS		49			
SPECIAL EXECUTIVES PROGRAMS CENTRAL SITE	33,944	ANALYSIS		33,944			

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT No. 596 0124

REPORT ON OVERHEAD RATES

ALLOCATION OF THE INDIRECT COSTS FOR THE YEAR ENDED AUGUST 31, 1986 INTO MAJOR FUNCTIONS UNDER THE DIRECT COSTS METHOD

(EXPRESSED IN U.S. DOLLARS)

DEVELOPED ACTIVITIES	DIRECT COSTS	ALLOCATION BASIS	MAJOR FUNCTIONS				
			SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED ACTIVITIES	OTHER INSTITUTIONAL ACTIVITIES
JACKSON HEALTH PROGRAM MIAMI	84,528	ANALYSIS		\$ 84,528			
HEALTH PROGRAM 2 MIAMI	105,248	ANALYSIS		105,248			
HEALTH PROGRAM 3 MIAMI	102,651	ANALYSIS		102,651			
HEALTH PROGRAM 4 MIAMI	112,259	ANALYSIS		112,259			
DECISION MAKING, SHELL COSTA RICA	28	ANALYSIS		28			
ECONOMY FOR JOURNALISTS DOMINICAN REPUBLIC	8,550	ANALYSIS		8,550			
STRATEGY FOR ENERGETICS	764	ANALYSIS		764			
CASES FOR HEALTH ORGANIZATIONS	38	ANALYSIS		38			
HEALTH PROGRAM EVALUATION	13,000	ANALYSIS		13,000			
EXPORTS POLICIES CENTRAL SITE	70,032	ANALYSIS		70,032			
CENTRAL AMERICA POLITIC AND ECONOMIC ESSENCE	6,088	ANALYSIS		6,088			
CENTRAL AMERICA POLITIC AND ECONOMIC	6,267	ANALYSIS		6,267			
POLITICAL AND ECONOMICAL PERSPECTIVES	6,634	ANALYSIS		6,634			
FUSADES SEMINAR EL SALVADOR	(5,470)	ANALYSIS		(5,470)			
INTERSECTORIAL DIALOGUE COSTA RICA	63	ANALYSIS		63			
ANEP INSTITUTIONAL STRATEGY	2,153	ANALYSIS		2,153			
FUNDAP WORKSHOP	1,596	ANALYSIS		1,596			
POLITICAL & ECONOMICAL SEMINAR FOR CENTRAL AMERICA & PANAMA	600	ANALYSIS		600			
DEVALUATION AND INFLATION EL SALVADOR	8,108	ANALYSIS		8,108			
SECTORIAL ENGINES GUATEMALA	9,839	ANALYSIS		9,839			
SECTORIAL ENGINES PANAMA	5	ANALYSIS		5			
ENERGY BID CENTRAL SITE	131,208	ANALYSIS		131,208			
DEMAND AND PRICES	45	ANALYSIS		45			
EVALUATION AND ADMINISTRATION OF RURAL ELECTRICAL PROJECTS	1,148	ANALYSIS		1,148			
REGIONAL SEMINAR FOR CEMENT FACTORIES	405	ANALYSIS		405			
PLANNING, STRATEGY AND MARKETS	704	ANALYSIS		704			
LOS ALAMOS SEMINAR	15,014	ANALYSIS		15,014			
PRICES AND TARIFFS	486	ANALYSIS		486			
ENERGY ADMINISTRATION IN ENTERPRISES	11	ANALYSIS		11			
A.I.D. PRODUCTIVITY AND ENERGY	210	ANALYSIS		210			
C.S.F.L. AND COOPERATIVES	183,853	ANALYSIS		183,853			
INTRODUCTION TO MANAGERIAL ADMINISTRATION	49	ANALYSIS		49			
COOPERATIVES ADMINISTRATION	141,644	ANALYSIS		141,644			
SEMINAR FOR INSTRUCTORS, CENECOOP	28,655	ANALYSIS		28,655			
COOPERATIVES ADMINISTRATION	271	ANALYSIS		271			
COOPERATIVE STRATEGY	3,055	ANALYSIS		3,055			
DIAGRAMING AND MATERIALS PREPARATION GUATEMALA	21,421	ANALYSIS		21,421			
INSTRUCTOR TRAINING I HONDURAS	23,511	ANALYSIS		23,511			
INSTRUCTOR TRAINING II HONDURAS	18,135	ANALYSIS		18,135			
INSTRUCTOR TRAINING III HONDURAS	17,215	ANALYSIS		17,215			
FUDECAP SEMINAR	29	ANALYSIS		29			
FINANCE AND BANKING	54,761	ANALYSIS		54,761			

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT No. 596-0124

REPORT ON OVERHEAD RATES

ALLOCATION OF THE INDIRECT COSTS FOR THE YEAR ENDED AUGUST 31, 1986 INTO MAJOR FUNCTIONS UNDER THE DIRECT COSTS METHOD  
(EXPRESSED IN U.S. DOLLARS)

		*****MAJOR FUNCTIONS*****					
DEVELOPED ACTIVITIES	DIRECT COSTS	ALLOCATION BASIS	SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED ACTIVITIES	OTHER INSTITUTIONAL ACTIVITIES
MICROCOMPUTERS ON BANKING	\$ 15,645	ANALYSIS		\$ 15,645			
PROJECT EVALUATION	1	ANALYSIS		1			
PROJECT EVALUATION GUATEMALA	7,023	ANALYSIS		7,023			
FONDEI SEMINAR	7,985	ANALYSIS		7,985			
PROJECT EVALUATION	27,345	ANALYSIS		27,345			
BANCO AGROPECUARIO DE EL SALVADOR	(5,120)	ANALYSIS		(5,120)			
STRATEGIC PLAN IN BANKING	3,859	ANALYSIS		3,859			
INFORMATION SYSTEMS CENTRAL SITE	96,992	ANALYSIS		96,992			
MICROCOMPUTERS AND INVESTMENT BUDGET	22,668	ANALYSIS		22,668			
MICROCOMPUTERS AND COST MANAGEMENT	15,668	ANALYSIS		15,668			
MICROCOMPUTERS AND COST MANAGEMENT	16,745	ANALYSIS		16,745			
MICROCOMPUTERS AND COST MANAGEMENT	13,702	ANALYSIS		13,702			
FINANCIAL MODELS WITH MICROCOMPUTERS	6,822	ANALYSIS		6,822			
MICROCOMPUTERS AND COST MANAGEMENT	8,452	ANALYSIS		8,452			
IBM ENTRY LEVEL TRAINING	11,255	ANALYSIS		11,255			
IBM ENTRY LEVEL TRAINING	10,255	ANALYSIS		10,255			
PUBLIC ADMINISTRATION CENTRAL SITE	45	ANALYSIS		45			
LATIN AMERICAN TEACHERS PROGRAM CENTRAL SITE	49,457	ANALYSIS		49,457			
SOUTHERN CALIFORNIA UNIVERSITY'S SEMINAR	8,909	ANALYSIS		8,909			
CHAMBER OF COMMERCE	(1,920)	ANALYSIS		(1,920)			
PRIVATE SECTOR QUETZALTENANGO	462	ANALYSIS		462			
LOCAL SEMINAR ON ECONOMIC POLICIES	13	ANALYSIS		13			
LOCAL SEMINAR ON ECONOMIC POLICIES	165	ANALYSIS		165			
NON PROFIT ORGANIZATIONS CENTRAL SITE	21,471	ANALYSIS		21,471			
DIAGNOSIS COSTA RICA	4,347	ANALYSIS		4,347			
DIAGNOSIS PANAMA	1,261	ANALYSIS		1,261			
ROCAP PROJECT	700	ANALYSIS		700			
MANAGEMENT FOR DEVELOPMENT CENTRAL SITE	7,656	ANALYSIS		7,656			
COMPANIES SUPERINTENDENT	18,334	ANALYSIS		18,334			
FREMI WORKSHOP	11,214	ANALYSIS		11,214			
ORGANIZED DEVELOPMENT EQUATORIAN BANK	1,563	ANALYSIS		1,563			
RAGE SEMINAR	1,609	ANALYSIS		1,609			
REFOARF ORGANIZATIONAL SEMINAR	(5,483)	ANALYSIS		(5,483)			
ENTREPRENEURS SECTOR DIALOGUE	3,854	ANALYSIS		3,854			
ECONOMIC AND POLITICAL ANALYSIS	(3,716)	ANALYSIS		(3,716)			
LABOR SECTOR DIALOGUE	3,563	ANALYSIS		3,563			
ECONOMIC AND POLITICAL ANALYSIS	4,072	ANALYSIS		4,072			
INTERSECTORIAL DIALOGUE	6,399	ANALYSIS		6,399			
DIALOGUE I	9,991	ANALYSIS		9,991			
CUSTOMS ANALYSIS	344	ANALYSIS		344			
INTERSECTORIAL DIALOGUE	2,513	ANALYSIS		2,513			
FUSAFES SEMINAR EL SALVADOR	1,680	ANALYSIS		1,680			

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT No. 596-0124

REPORT ON OVERHEAD RATES

ALLOCATION OF THE INDIRECT COSTS FOR THE YEAR ENDED AUGUST 31, 1986 INTO MAJOR FUNCTIONS UNDER THE DIRECT COSTS METHOD

(EXPRESSED IN U.S. DOLLARS)

*****MAJOR FUNCTIONS*****							
DEVELOPED ACTIVITIES	DIRECT COSTS	ALLOCATION BASIS	SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED ACTIVITIES	OTHER INSTITUTIONAL ACTIVITIES
DOCUMENTS OF EXPORTS POLICIES	\$ 21,067	ANALYSIS		\$21,067			
PARAGUAY PROJECT	18,366	ANALYSIS		18,366			
UNIVERSITY TEACHER PROGRAM PARAGUAY	33,313	ANALYSIS		33,313			
MANAGEMENT STRATEGIES ON CRISIS TIMES	4,120	ANALYSIS		4,120			
STUDY FOR INDUSTRIAL SECTOR	4,580	ANALYSIS		4,580			
PROBLEMATIC AND FUTURE ACTION WORKSHOP, BANDESA	4,585	ANALYSIS		4,585			
BANKING MANAGERIAL PROGRAM	104,466	ANALYSIS			\$104,466		
TOP MANAGEMENT PROGRAM CENTRAL SITE	38,277	ANALYSIS			38,277		
TOP MANAGEMENT PROGRAM XXXIV	196,386	ANALYSIS			196,386		
MASTER BUSINESS ADMINISTRATION PROGRAM CENTRAL SITE	341,376	ANALYSIS			341,376		
STUDENTS SERVICES	26,837	ANALYSIS			26,837		
BANKING PROGRAM CENTRAL SITE	192,503	ANALYSIS			192,503		
LOS ALAMOS CONSULTANCY	17,084	ANALYSIS					\$17,084
U.S.A. CHAMBER	775	ANALYSIS					775
DIDACTIC MATERIAL DEVELOPMENT	5,635	ANALYSIS					5,635
SUGAR STUDY CONSULTANCY AID/COSTA RICA	101,162	ANALYSIS				\$101,162	
MEET STUDY CONSULTANCY AID/COSTA RICA	73,020	ANALYSIS				73,020	
PORTS STUDY CONSULTANCY AID/COSTA RICA	275,483	ANALYSIS				275,483	
PRICES STUDY CONSULTANCY AID/COSTA RICA	205,139	ANALYSIS				205,139	
ADMINISTRATION OF MDU 18 AID/CR	1,168	ANALYSIS				1,168	
ADMINISTRATION OF MDU 25 AID/CR	938	ANALYSIS				938	
BUN-AID PROGRAM	12,322	ANALYSIS				12,322	
POLICIES CENTER CENTRAL SITE	7,860	ANALYSIS				7,860	
LETTERS AND MAGAZINES, POLICIES CENTER	3,785	ANALYSIS				3,785	
EXTERNAL SUPPORT POLICIES CENTER	2,862	ANALYSIS				2,862	
HOUSING FINANCING	7,382	ANALYSIS				7,382	
MASTER IN ECONOMICS	131,253	ANALYSIS				131,253	
LATIN AMERICAN TEACHERS PROGRAM	185,194	ANALYSIS				185,194	
AID-ROCAP LIBRARY	21,017	ANALYSIS				21,017	
AID-ROCAP TOWERS AID	30,692	ANALYSIS				30,692	
SUPPORT TO UNIVERSITIES CENTRAL SITE	2,236	ANALYSIS				2,236	
SUPPORT TO UNIVERSITIES PANAMA	77	ANALYSIS				77	
SUPPORT TO UNIVERSITIES GUATEMALA	552	ANALYSIS				552	
SUPPORT TO UNIVERSITIES EL SALVADOR	138	ANALYSIS				138	
SUPPORT TO UNIVERSITIES COSTA RICA	0	ANALYSIS				0	
SUPPORT TO UNIVERSITIES HONDURAS	194	ANALYSIS				194	
AID-ROCAP CONSTRUCTION	54,254	ANALYSIS				54,254	
AID-ROCAP PROGRAM ADMINISTRATION	3,959	ANALYSIS				3,959	
CONSTRUCTION	537	ANALYSIS					537
PATH FINDER PROGRAM	35,987	ANALYSIS					35,987
SEMINAR IN PROGRESS	206,727	ANALYSIS					206,727
CENTRAL AMERICAN PEACE SCHOLARSHIPS	22,845	ANALYSIS					22,845

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT No. 596-0124  
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ALLOCATION OF THE INDIRECT COSTS FOR THE YEAR ENDED AUGUST 31, 1986 INTO MAJOR FUNCTIONS UNDER THE DIRECT COSTS METHOD  
 (EXPRESSED IN U.S. DOLLARS)

DEVELOPED ACTIVITIES	DIRECT COSTS	ALLOCATION BASIS	*****MAJOR FUNCTIONS*****				OTHER INSTITUTIONAL ACTIVITIES
			SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED ACTIVITIES	
BOOK TRANSLATION FOR CABEI	\$ 3,846	ANALYSIS					\$ 3,846
STORE	53,491	ANALYSIS					53,491
LOADING	194,713	ANALYSIS					194,713
COFFE SHOP	211,010	ANALYSIS					211,010
INTERPRETATION AND TRANSLATION	47,921	ANALYSIS					47,921
REPRODUCTION	40,221	ANALYSIS					40,221
MECANOGRAPHY	42,822	ANALYSIS					42,822
COPY CENTER	32,756	ANALYSIS					32,756
INCAE MAGAZINE	4	ANALYSIS					4
INCAITO KINDER	7,788	ANALYSIS					7,788
RENTALS	2	ANALYSIS					2
COMMISSIONS COSTA RICA	(1,262)	ANALYSIS					(1,262)
LOAN FUND	55,048	ANALYSIS					55,048
EXCHANGE DIFFERENCES	78,699	ANALYSIS					78,699
MISCELLANEOUS	(54)	ANALYSIS					(54)
HANS SIEDEL DONATION	18,785	ANALYSIS					18,785
INTEREST AND PRINCIPAL	30	ANALYSIS					30
DONATION LIBRARY	(1,000)	ANALYSIS					(1,000)
EXTERNAL RELATIONS CENTRAL SITE	81,810	ANALYSIS					81,810
MISCELLANEOUS	33	ANALYSIS					33
EXECUTIVE PROGRAMS	285,117	ANALYSIS					285,117
EXECUTIVE PROGRAMS	838	ANALYSIS					838
OTHER PROGRAMS	92,888	ANALYSIS					92,888

A- TOTAL DIRECT COSTS PER MAJOR FUNCTION	\$6,556,499		\$1,222,193	\$1,868,034	\$899,845	\$1,031,489	\$1,534,937
B- TOTAL INDIRECT COSTS PER MAJOR FUNCTION (FROM EXHIBIT IX)	\$1,473,194		\$229,774	\$344,024	\$334,828	\$189,237	\$375,331
C- OVERHEAD RATE PER MAJOR FUNCTION	22.47%		18.80%	18.42%	37.21%	18.35%	24.45%

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

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ALLOCATION OF INDIRECT COSTS FOR THE YEAR ENDED AUGUST 31, 1986 INTO MAJOR FUNCTIONS UNDER THE MODIFIED TOTAL DIRECT COSTS METHOD  
(EXPRESSED IN U.S. DOLLARS)

		*****MAJOR FUNCTIONS*****					
DEVELOPED ACTIVITIES	MODIFIED TOTAL DIRECT COSTS	ALLOCATION BASIS	SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED ACTIVITIES	OTHER INSTITUTIONAL ACTIVITIES
EXPOAGRO CENTRAL SITE	\$123,679	ANALYSIS	\$123,679				
AGROINDUSTRIAL STRATEGY PROGRAM	16,317	ANALYSIS	16,317				
INTERNATIONAL COMPETITIVE STRATEGY PROGRAM	2	ANALYSIS	2				
INTERNATIONAL COMPETITIVE STRATEGY PROGRAM	1,119	ANALYSIS	1,119				
INTERNATIONAL COMPETITIVE STRATEGY PROGRAM	1,781	ANALYSIS	1,781				
ADVANCED MANAGERIAL PROGRAM HONDURAS	4,709	ANALYSIS	4,709				
INTERNATIONAL COMPETITIVE STRATEGY PROGRAM	1,343	ANALYSIS	1,343				
ROCAP REGIONAL SEMINAR	148,074	ANALYSIS	148,074				
FINANCE, OPERATION AND COOPERATIVE STRATEGY MANAGERIAL CONTROL	28,639	ANALYSIS	28,639				
FINANCE, OPERATION AND COOPERATIVE STRATEGY	28,639	ANALYSIS	28,639				
PEACE SCHOLARSHIPS (COOPERATIVES)	304,937	ANALYSIS	304,937				
TOP MANAGEMENT PROGRAM MIAMI	118,242	ANALYSIS	118,242				
IMPROVEMENT SEMINAR CENTRAL SITE	4,897	ANALYSIS	4,897				
MARKETING IN CHANGING TIMES COSTA RICA	898	ANALYSIS	898				
REGIONAL IMPROVEMENT SEMINAR	10	ANALYSIS	10				
REGIONAL IMPROVEMENT SEMINAR	3	ANALYSIS	3				
HOUSING CENTRAL SITE	24,676	ANALYSIS	24,676				
STRATEGY SEMINAR	16,175	ANALYSIS	16,175				
DIAGNOSIS	9,190	ANALYSIS	9,190				
REGIONAL SEMINAR ON FINANCING	725	ANALYSIS	725				
LOCAL SEMINAR ON FINANCING	8,592	ANALYSIS	8,592				
REGIONAL POLICIES SEMINAR	90	ANALYSIS	90				
RESEARCH	3,438	ANALYSIS	3,438				
PRONAVIPO TRAINING PROGRAM	1,286	ANALYSIS	1,286				
SUMMER PROGRAM MASTER BUSINESS ADMINISTRATION	271,098	ANALYSIS	271,098				
SOUTH AMERICA EXPANSION CENTRAL SITE	59,451	ANALYSIS		\$59,451			
MARKETING AND FINANCE	13,685	ANALYSIS		13,685			
ENTERPRISE STRATEGY	9,703	ANALYSIS		9,703			
AGRIINDUSTRY	10,557	ANALYSIS		10,557			
PERSONNEL	35	ANALYSIS		35			
SALES MANAGERIAL	15,456	ANALYSIS		15,456			
CREDIT ON INFLATION TIMES	6,424	ANALYSIS		6,424			
PRODUCTIVITY	6,718	ANALYSIS		6,718			
INVESTMENT STRATEGY WITH MICROCOMPUTERS	13,528	ANALYSIS		13,528			
EXPORTS	10,638	ANALYSIS		10,638			
PRODUCTION MANAGERIAL	10,525	ANALYSIS		10,525			
PUBLIC ADMINISTRATION	1,709	ANALYSIS		1,709			
ORGANIZATION	1,740	ANALYSIS		1,740			
ORGANIZATION PREMI-INFO	(861)	ANALYSIS		(861)			
ENERGY	49	ANALYSIS		49			
SPECIAL EXECUTIVES PROGRAMS CENTRAL SITE	33,944	ANALYSIS		33,944			

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

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DEVELOPED ACTIVITIES	MODIFIED TOTAL DIRECT COSTS	ALLOCATION BASIS	*****MAJOR FUNCTIONS*****				
			SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED ACTIVITIES	OTHER INSTITUTIONAL ACTIVITIES
JACKSON HEALTH PROGRAM MIAMI	\$ 84,528	ANALYSIS		\$ 84,528			
HEALTH PROGRAM 2 MIAMI	105,248	ANALYSIS		105,248			
HEALTH PROGRAM 3 MIAMI	102,651	ANALYSIS		102,651			
HEALTH PROGRAM 4 MIAMI	112,259	ANALYSIS		112,259			
DECISION MAKING, SHELL COSTA RICA	28	ANALYSIS		28			
ECONOMY FOR JOURNALISTS DOMINICAN REPUBLIC	8,550	ANALYSIS		8,550			
STRATEGY FOR ENERGETICS	764	ANALYSIS		764			
CASES FOR HEALTH ORGANIZATIONS	38	ANALYSIS		38			
HEALTH PROGRAM EVALUATION	13,000	ANALYSIS		13,000			
EXPORTS POLICIES CENTRAL SITE	70,032	ANALYSIS		70,032			
CENTRAL AMERICA POLITIC AND ECONOMIC ESSENCE	6,088	ANALYSIS		6,088			
CENTRAL AMERICA POLITIC AND ECONOMIC	6,267	ANALYSIS		6,267			
POLITICAL AND ECONOMICAL PERSPECTIVES	6,634	ANALYSIS		6,634			
FUSADES SEMINAR EL SALVADOR	(5,470)	ANALYSIS		(5,470)			
INTERSECTORIAL DIALOGUE COSTA RICA	63	ANALYSIS		63			
ANEP INSTITUTIONAL STRATEGY	2,153	ANALYSIS		2,153			
FUNDOP WORKSHOP	1,536	ANALYSIS		1,536			
POLITICAL & ECONOMIC SEMINAR FOR CENTRAL AMERICA & PANAMA	600	ANALYSIS		600			
EVALUATION AND INFLATION EL SALVADOR	8,100	ANALYSIS		8,100			
SECUTORIAL ENGINEER GUATEMALA	9,853	ANALYSIS		9,853			
HISTORICAL ENGINEER PANAMA	5	ANALYSIS		5			
ENERGY BID CENTRAL SITE	131,208	ANALYSIS		131,208			
DEMAND AND PRICES	45	ANALYSIS		45			
EVALUATION AND ADMINISTRATION OF RURAL ELECTRICAL PROJECTS	1,148	ANALYSIS		1,148			
REGIONAL SEMINAR FOR CEMENT FACTORIES	405	ANALYSIS		405			
PLANNING, STRATEGY AND MARKETS	704	ANALYSIS		704			
LOS ALAMOS SEMINAR	15,014	ANALYSIS		15,014			
PRICES AND TARIFFS	486	ANALYSIS		486			
ENERGY ADMINISTRATION IN ENTERPRISES	11	ANALYSIS		11			
A.I.D. PRODUCTIVITY AND ENERGY	210	ANALYSIS		210			
O.S.F.L AND COOPERATIVES	189,853	ANALYSIS		189,853			
INTRODUCTION TO MANAGERIAL ADMINISTRATION	49	ANALYSIS		49			
COOPERATIVES ADMINISTRATION	141,644	ANALYSIS		141,644			
SEMINAR FOR INSTRUCTORS, CENECCOP	28,655	ANALYSIS		28,655			
COOPERATIVES ADMINISTRATION	271	ANALYSIS		271			
COOPERATIVE STRATEGY	3,055	ANALYSIS		3,055			
DIAGRAMING AND MATERIALS PREPARATION GUATEMALA	21,421	ANALYSIS		21,421			
INSTRUCTOR TRAINING I HONDURAS	23,511	ANALYSIS		23,511			
INSTRUCTOR TRAINING II HONDURAS	18,135	ANALYSIS		18,135			
INSTRUCTOR TRAINING III HONDURAS	17,215	ANALYSIS		17,215			
FUDECAP SEMINAR	29	ANALYSIS		29			
FINANCE AND BANKING	54,761	ANALYSIS		54,761			

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DEVELOPED ACTIVITIES	MODIFIED TOTAL DIRECT COSTS	ALLOCATION BASIS	MAJOR FUNCTIONS				
			SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED ACTIVITIES	OTHER INSTITUTIONAL ACTIVITIES
MICROCOMPUTERS ON BANKING	\$ 15,645	ANALYSIS		\$ 15,645			
PROJECT EVALUATION	1	ANALYSIS		1			
PROJECT EVALUATION GUATEMALA	7,023	ANALYSIS		7,023			
FONDEI SEMINAR	7,985	ANALYSIS		7,985			
PROJECT EVALUATION	27,345	ANALYSIS		27,345			
BANCO AGROPECUARIO DE EL SALVADOR	(5,120)	ANALYSIS		(5,120)			
STRATEGIC PLAN IN BANKING	3,859	ANALYSIS		3,859			
INFORMATION SYSTEMS CENTRAL SITE	96,992	ANALYSIS		96,992			
MICROCOMPUTERS AND INVESTMENT BUDGET	22,668	ANALYSIS		22,668			
MICROCOMPUTERS AND COST MANAGEMENT	15,668	ANALYSIS		15,668			
MICROCOMPUTERS AND COST MANAGEMENT	16,745	ANALYSIS		16,745			
MICROCOMPUTERS AND COST MANAGEMENT	13,782	ANALYSIS		13,782			
FINANCIAL MODELS WITH MICROCOMPUTERS	6,822	ANALYSIS		6,822			
MICROCOMPUTERS AND COST MANAGEMENT	8,452	ANALYSIS		8,452			
IBM ENTRY LEVEL TRAINING	11,255	ANALYSIS		11,255			
IBM ENTRY LEVEL TRAINING	10,255	ANALYSIS		10,255			
PUBLIC ADMINISTRATION CENTRAL SITE	45	ANALYSIS		45			
LATIN AMERICAN TEACHERS PROGRAM CENTRAL SITE	49,457	ANALYSIS		49,457			
SOUTHERN CALIFORNIA UNIVERSITY'S SEMINAR	8,920	ANALYSIS		8,920			
CHAMBER OF COMMERCE	(1,920)	ANALYSIS		(1,920)			
PRIVATE SECTOR QUALITY TRAINING	462	ANALYSIS		462			
LOCAL SEMINAR ON ECONOMIC POLICIES	13	ANALYSIS		13			
LOCAL SEMINAR ON ECONOMIC POLICIES	165	ANALYSIS		165			
NON PROFIT ORGANIZATIONS CENTRAL SITE	21,471	ANALYSIS		21,471			
DIAGNOSIS COSTA RICA	4,347	ANALYSIS		4,347			
DIAGNOSIS PANAMA	1,261	ANALYSIS		1,261			
ROCAP PROJECT	781	ANALYSIS		781			
MANAGEMENT FOR DEVELOPMENT CENTRAL SITE	7,656	ANALYSIS		7,656			
COMPANIES SUPERINTENDENT	18,334	ANALYSIS		18,334			
PREMI WORKSHOP	11,214	ANALYSIS		11,214			
ORGANIZED DEVELOPMENT EQUATORIAN BANK	1,563	ANALYSIS		1,563			
RNGE SEMINAR	1,609	ANALYSIS		1,609			
ARECAFE ORGANIZATIONAL SEMINAR	(5,483)	ANALYSIS		(5,483)			
ENTREPRENEURS SECTOR DIALOGUE	3,894	ANALYSIS		3,894			
ECONOMIC AND POLITICAL ANALYSIS	(3,716)	ANALYSIS		(3,716)			
LABOR SECTOR DIALOGUE	3,563	ANALYSIS		3,563			
ECONOMIC AND POLITICAL ANALYSIS	4,072	ANALYSIS		4,072			
INTERSECTORIAL DIALOGUE	6,399	ANALYSIS		6,399			
DIALOGUE I	9,991	ANALYSIS		9,991			
CUSTOMS ANALYSIS	344	ANALYSIS		344			
INTERSECTORIAL DIALOGUE	2,513	ANALYSIS		2,513			
FUSADES SEMINAR EL SALVADOR	1,668	ANALYSIS		1,668			

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REPORT ON OVERHEAD RATES

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(EXPRESSED IN U.S. DOLLARS)

*****MAJOR FUNCTIONS*****							
DEVELOPED ACTIVITIES	MODIFIED TOTAL DIRECT COSTS	ALLOCATION BASIS	SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED ACTIVITIES	OTHER INSTITUTIONAL ACTIVITIES
DOCUMENTS OF EXPORTS POLICIES	\$ 21,067	ANALYSIS		\$ 21,067			
PARAGUAY PROJECT	18,366	ANALYSIS		18,366			
UNIVERSITY TEACHER PROGRAM PARAGUAY	33,313	ANALYSIS		33,313			
MANAGEMENT STRATEGIES ON CRISIS TIMES	4,120	ANALYSIS		4,120			
STUDY FOR INDUSTRIAL SECTOR	4,580	ANALYSIS		4,580			
PROBLEMATIC AND FUTURE ACTION WORKSHOP, BANDESA	4,585	ANALYSIS		4,585			
BANKING MANAGERIAL PROGRAM	105,578	ANALYSIS			\$105,578		
TOP MANAGEMENT PROGRAM CENTRAL SITE	37,165	ANALYSIS			37,165		
TOP MANAGEMENT PROGRAM XXXIV	196,386	ANALYSIS			196,386		
MASTER BUSINESS ADMINISTRATION PROGRAM CENTRAL SITE	341,376	ANALYSIS			341,376		
STUDENTS SERVICES	26,837	ANALYSIS			26,837		
BANKING PROGRAM CENTRAL SITE	192,583	ANALYSIS			192,583		
LOS ALAMOS CONSULTANCY	17,084	ANALYSIS					\$17,084
U.S.A. CHAMBER	775	ANALYSIS					775
DIDACTIC MATERIAL DEVELOPMENT	5,635	ANALYSIS					5,635
SUGAR STUDY CONSULTANCY AID/COSTA RICA	31,526	ANALYSIS				\$31,526	
MEET STUDY CONSULTANCY AID/COSTA RICA	33,020	ANALYSIS				33,020	
PORTS STUDY CONSULTANCY AID/COSTA RICA	46,858	ANALYSIS				46,858	
PRICES STUDY CONSULTANCY AID/COSTA RICA	42,139	ANALYSIS				42,139	
ADMINISTRATION OF MOU 18 AID/CR	1,188	ANALYSIS				1,188	
ADMINISTRATION OF MOU 25 AID/CR	980	ANALYSIS				980	
BUN-AID PROGRAM	12,322	ANALYSIS				12,322	
POLICIES CENTER CENTRAL SITE	7,860	ANALYSIS				7,860	
LETTERS AND MAGAZINES, POLICIES CENTER	3,785	ANALYSIS				3,785	
EXTERNAL SUPPORT POLICIES CENTER	2,862	ANALYSIS				2,862	
HOUSING FINANCING	7,382	ANALYSIS				7,382	
MASTER IN ECONOMICS	131,253	ANALYSIS				131,253	
LATIN AMERICAN TEACHERS PROGRAM	106,154	ANALYSIS				106,154	
AID-ROCAP LIBRARY	21,017	ANALYSIS				21,017	
PHD SCHOLARSHIPS AID	20,692	ANALYSIS				20,692	
SUPPORT TO UNIVERSITIES CENTRAL SITE	2,096	ANALYSIS				2,096	
SUPPORT TO UNIVERSITIES PANAMA	77	ANALYSIS				77	
SUPPORT TO UNIVERSITIES GUATEMALA	552	ANALYSIS				552	
SUPPORT TO UNIVERSITIES EL SALVADOR	138	ANALYSIS				138	
SUPPORT TO UNIVERSITIES COSTA RICA	0	ANALYSIS				0	
SUPPORT TO UNIVERSITIES HONDURAS	194	ANALYSIS				194	
AID-ROCAP CONSTRUCTION	54,254	ANALYSIS				54,254	
AID-ROCAP PROGRAM ADMINISTRATION CONSTRUCTION	3,959	ANALYSIS				3,959	
PATH FINDER PROGRAM	35,907	ANALYSIS					35,907
SEMINAR IN PROGRESS	206,727	ANALYSIS					206,727
CENTRAL AMERICAN PEACE SCHOLARSHIPS	22,845	ANALYSIS					22,845

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT No. 596-0124

REPORT ON OVERHEAD RATES

ALLOCATION OF INDIRECT COSTS FOR THE YEAR ENDED AUGUST 31, 1986 INTO MAJOR FUNCTIONS UNDER THE MODIFIED TOTAL DIRECT COSTS METHOD  
(EXPRESSED IN U.S. DOLLARS)

*****MAJOR FUNCTIONS*****							
DEVELOPED ACTIVITIES	MODIFIED TOTAL DIRECT COSTS	ALLOCATION BASIS	SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED ACTIVITIES	OTHER INSTITUTIONAL ACTIVITIES
BOOK TRANSLATION FOR CABEI	\$ 3,846	ANALYSIS					\$ 3,846
STORE	53,491	ANALYSIS					53,491
LOADING	194,713	ANALYSIS					194,713
COFFE SHOP	211,010	ANALYSIS					211,010
INTERPRETATION AND TRANSLATION	47,921	ANALYSIS					47,921
REPRODUCTION	40,221	ANALYSIS					40,221
MECANOGRAPHY	42,822	ANALYSIS					42,822
COPY CENTER	32,756	ANALYSIS					32,756
INCAE MAGAZINE	4	ANALYSIS					4
INCAITO KINDER	7,788	ANALYSIS					7,788
RENTALS	2	ANALYSIS					2
COMMISSIONS COSTA RICA	(1,262)	ANALYSIS					(1,262)
LOAN FUND	55,048	ANALYSIS					55,048
EXCHANGE DIFFERENCES	78,699	ANALYSIS					78,699
MISCELLANEOUS	(54)	ANALYSIS					(54)
HANS SIEDEL DONATION	18,706	ANALYSIS					18,706
INTEREST AND PRINCIPAL	30	ANALYSIS					30
DONATION LIBRARY	(1,000)	ANALYSIS					(1,000)
EXTERNAL RELATIONS CENTRAL SITE	81,810	ANALYSIS					81,810
MISCELLANEOUS	33	ANALYSIS					33
EXECUTIVE PROGRAMS	285,117	ANALYSIS					285,117
EXECUTIVE PROGRAMS	838	ANALYSIS					838
OTHER PROGRAMS	92,888	ANALYSIS					92,888

A- MODIFIED TOTAL DIRECT COSTS PER MAJOR FUNCTION	\$5,982,323	\$1,147,198	\$1,869,034	\$899,846	\$532,308	\$1,534,937
B- TOTAL INDIRECT COSTS PER MAJOR FUNCTION (FROM EXHIBIT IX)	\$1,473,194	\$229,774	\$344,024	\$334,828	\$189,237	\$375,331
C- OVERHEAD RATE PER MAJOR FUNCTION:	24.63%	20.03%	18.42%	37.21%	35.55%	24.45%

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT No. 596-0124

REPORT ON OVERHEAD RATES

ALLOCATION OF INDIRECT COSTS FOR THE YEAR ENDED AUGUST 31, 1986 INTO MAJOR FUNCTIONS UNDER DIRECT LABOR METHOD  
(EXPRESSED IN U.S. DOLLARS)

*****MAJOR FUNCTIONS*****						
DEVELOPED ACTIVITIES	DIRECT LABOR	ALLOCATION BASIS	SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED OTHER INSTITUTIONAL ACTIVITIES ACTIVITIES
IMPROVEMENT SEMINAR CENTRAL SITE	\$17,193	ANALISIS	\$17,193			
SUMMER PROGRAM ON BUSINESS ADMINISTRATION	310	ANALISIS	310			
HOUSING CENTRAL SITE	15,625	ANALISIS	15,625			
EXPOAGRO CENTRAL SITE	93,962	ANALISIS	93,962			
BANKING AND FINANCING	44,824	ANALISIS		\$44,824		
NON PROFIT ORGANIZATIONS CENTRAL SITE	5,508	ANALISIS		5,508		
LATIN AMERICAN TEACHERS PROGRAM CENTRAL SITE	26,749	ANALISIS		26,749		
INFORMATION SYSTEMS CENTRAL SITE	75,422	ANALISIS		75,422		
EXECUTIVE PROGRAMS CENTRAL SITE	25,607	ANALISIS		25,607		
O.S.F.L AND COOPERATIVES	159,400	ANALISIS		159,400		
EXPORTS POLICIES	5,749	ANALISIS		5,749		
ENERGY BID CENTRAL SITE	71,612	ANALISIS		71,612		
SOUTH AMERICA EXPANSION CENTRAL SITE	35,271	ANALISIS		35,271		
ROCAB PROJECT	605	ANALISIS		605		
FUDECAP SEMINAR	162	ANALISIS		162		
MASTER IN BUSINESS ADMINISTRATION PROGRAM CENTRAL SITE	198,799	ANALISIS			\$198,799	
STUDENT SERVICES	10,057	ANALISIS			10,057	
TOP MANAGEMENT PROGRAM CENTRAL SITE	7,410	ANALISIS			7,410	
BANKING PROGRAM CENTRAL SITE	54,432	ANALISIS			54,432	
MASTER IN ECONOMICS	5,195	ANALISIS				\$5,195
POLICIES CENTER AID CENTRAL SITE	17,557	ANALISIS				17,557
LETTERS AND MAGAZINES POLICIES CENTER	12,682	ANALISIS				12,682
NON AID PROGRAM	1,626	ANALISIS				1,626
MEGANOGRAPHY	32,516	ANALISIS				\$32,516
STORE	6,510	ANALISIS				6,510
INCRITO KINER	5,695	ANALISIS				5,695
EXECUTIVE PROGRAM	1,000	ANALISIS				1,000
INTERPRETATION AND TRANSLATION	25,101	ANALISIS				25,101
REPRODUCTION	19,245	ANALISIS				19,245
COPY CENTER	2,918	ANALISIS				2,918
SEMINAR IN PROCESS	4,048	ANALISIS				4,048
EXTERNAL RELATIONS CENTRAL SITE	17,222	ANALISIS				17,222
LOADING	68,205	ANALISIS				68,205
COFFE SHOP	103,983	ANALISIS				103,983
-----						
A- TOTAL DIRECT SALARIES PER MAJOR FUNCTION:	\$1,172,642		\$127,090	\$450,909	\$270,698	\$37,040
B- TOTAL INDIRECT COSTS PER MAJOR FUNCTION (FROM EXHIBIT IX)	\$1,473,195		\$229,774	\$344,024	\$334,028	\$189,237
C- OVERHEAD RATE PER MAJOR FUNCTION:	125.63%		180.80%	76.30%	123.69%	510.92%

EXHIBIT XIII

## CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT No. 596-0124

REPORT ON OVERHEAD RATESCOMPARISON OF CONTRACTUAL AND CALCULATED OVERHEAD RATES FOR A.I.D. SPONSORED CONTRACTS  
FOR THE YEAR ENDED AUGUST 31, 1986

A. I. D. CONTRACT	A C T I V I T Y	CONTRACTUAL OVERHEAD RATE	OVERHEAD RATE CALCULATED (1)
596-0124	REGIONAL IMPROVEMENT SEMINAR	34%	19%
596-0124	AID-ROCAB ADMINISTRATION	34%	18%
596-0124	AGROINDUSTRIAL STRATEGY PROGRAM	34%	19%
596-0124	AID-ROCAB CONSTRUCTION	34%	18%
596-0124	INTERNATIONAL COMPETITIVE STRATEGY	34%	19%
596-0124	SUPPORT TO UNIVERSITIES HONDURAS	34%	18%
596-0124	TOP MANAGEMENT PROGRAM HONDURAS	34%	19%
596-0124	SUPPORT TO UNIVERSITIES COSTA RICA	34%	18%
596-0124	INTERNATIONAL COMPETITIVE STRATEGY	34%	19%
596-0124	INTERNATIONAL COMPETITIVE STRATEGY	34%	19%
596-0124	LETTERS AND MAGAZINES POLICIES CENTER	34%	18%
596-0124	INTERNATIONAL COMPETITIVE STRATEGY	34%	19%
596-0124	MASTER IN ECONOMICS	34%	18%
596-0124	AID-ROCAB LIBRARY	34%	18%
596-0124	IMPROVEMENT SEMINAR CENTRAL SITE	34%	19%
596-0124	SUPPORT TO UNIVERSITIES EL SALVADOR	34%	18%
596-0124	REGIONAL IMPROVEMENT SEMINAR	34%	19%
596-0124	SUPPORT TO UNIVERSITIES GUATEMALA	34%	18%
596-0124	SUPPORT TO UNIVERSITIES CENTRAL SITE	34%	18%
596-0124	SUPPORT TO UNIVERSITIES PANAMA	34%	18%
596-0124	LATIN AM TEACHERS PROGRAM	34%	18%
596-0124	EXPOAGRO CENTRAL SITE	34%	19%
596-0124	POLICIES CENTER CENTRAL SITE	34%	18%
596-0124	MARKETING EN CHANGING TIMES COSTA RICA	34%	19%
596-0124	EXTERNAL SUPPORT POLICIES CENTER	34%	18%
596-0124	SUMMER PROGRAM IN BUSINESS ADMINISTRATIO	34%	19%
596-0000.6	ROCAB REGIONAL SEMINAR	34%	19%
519-0260	FINANCE, OPERATION AND COOPERATIVE STRAT	0%	0%
519-0260	FINANCE, OPERATION AND COOPERATIVE STRAT	0%	0%
519-0260	MANAGERIAL CONTROL	0%	0%
537-001-04	PEACE SCHOLARSHIPS COOPERATIVES	0%	0%
PA-522-86	TOP MANAGEMENT PROGRAM MIAMI	29%	19%
522-0596	PRONAVIPO TRAINING PROGRAM	35%	19%
522-0596	DIAGNOSIS	35%	19%
522-0596	REGIONAL SEMINAR ON FINANCING	35%	19%
522-0596	HOUSING CENTRAL SITE	35%	19%
522-0596	LOCAL SEMINAR ON FINANCING	35%	19%
522-0596	HOUSING FINANCING	35%	18%
522-0596	STRATEGY SEMINAR	35%	19%
522-0596	RESEARCH	35%	19%
522-0596	REGIONAL POLICIES SEMINAR	35%	19%
# 25	SUGAR STUDY CONSULTANCY AID/COSTA RICA	8%	18%

## CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT No. 596-0124

REPORT ON OVERHEAD RATES

COMPARISON OF CONTRACTUAL AND CALCULATED OVERHEAD RATES FOR A.I.D. SPONSORED CONTRACTS

FOR THE YEAR ENDED AUGUST 31, 1986

A. I. D. CONTRACT	A C T I V I T Y	CONTRACTUAL OVERHEAD RATE	OVERHEAD RATE CALCULATED (1)
# 25	MEET STUDY CONSULTANCY AID/COSTA RICA	8%	18%
# 25	ADMINISTRATION OF MOU 25 AID/COSTA RICA	8%	18%
# 18	PORTS STUDY CONSULTANCY AID/COSTA RICA	8%	18%
# 18	ADMINISTRATION OF MOU 18 AID/COSTA RICA	8%	18%
# 18	PRICES STUDY CONSULTANCY AID/COSTA RICA	8%	18%
936-5709	BUN-AID PROGRAM	0%	18%
598-0622	PHD SCHOLARSHIPS A. I. D.	0%	0%

(1) CALCULATED BY DIRECT COST METHOD (SEE EXHIBIT XI) AND ROUNDED TO NEAREST UNIT.

82

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

POCAP/GUATEMALA PROJECT No. 596-0124

REPORT ON OVERHEAD RATES

OVERHEAD RATES CALCULATED FOR THREE ALLOCATION METHODS FOR THE YEARS ENDED AUGUST 31, 1984, 1985 AND 1986

ALLOCATION METHOD	PERIODS	TOTAL	SPONSORED INSTRUCTION	NON SPONSORED INSTRUCTION	RESIDENTIAL INSTRUCTION	OTHER SPONSORED ACTIVITIES	OTHER INSTIT. ACTIVITIES	AVERAGE	VARIANCE	STANDARD DEVIATION	
DIRECT COSTS METHOD	PERIOD 83/84	INDIRECT COSTS OVERHEAD RATE	25.23%	21.06%	20.57%	31.53%	21.28%	30.73%	25.03%	0.25%	4.99%
	PERIOD 84/85	INDIRECT COSTS OVERHEAD RATE	33.33%	29.18%	27.67%	40.26%	33.89%	32.98%	32.80%	0.19%	4.39%
	PERIOD 85/86	INDIRECT COSTS OVERHEAD RATE	22.47%	18.80%	18.42%	37.21%	18.35%	24.45%	23.45%	0.53%	7.26%
	TOTAL 83/86	RATE	* AVERAGE ** STANDARD DEVIATION	27.01% 4.61%	23.01% 4.46%	22.22% 3.95%	36.33% 3.62%	24.51% 6.74%	29.39% 3.61%	27.09% 4.48%	0.28% 0.28%
MODIFIED TOTAL DIRECT COSTS METHOD	PERIOD 83/84	MODIFIED TOTAL DIRECT COSTS OVERHEAD RATE	25.23%	21.06%	20.57%	31.53%	21.28%	30.73%	25.03%	0.25%	4.99%
	PERIOD 84/85	MODIFIED TOTAL DIRECT COSTS OVERHEAD RATE	33.33%	29.18%	27.67%	40.26%	33.89%	32.98%	32.80%	0.19%	4.39%
	PERIOD 85/86	MODIFIED TOTAL DIRECT COSTS OVERHEAD RATE	24.63%	20.03%	19.42%	37.21%	25.55%	24.45%	27.13%	0.61%	7.82%
	TOTAL 83/86	RATE	* AVERAGE ** STANDARD DEVIATION	27.73% 3.97%	23.42% 4.09%	22.22% 3.95%	36.33% 3.62%	30.24% 6.37%	29.39% 3.61%	28.32% 4.33%	0.26% 0.26%
DIRECT LABOR METHOD	PERIOD 83/84	DIRECT LABOR OVERHEAD RATE	92.47%	45.38%	73.31%	102.74%	0.00%	138.54%	71.99%	22.53%	47.47%
	PERIOD 84/85	DIRECT LABOR OVERHEAD RATE	113.57%	45.33%	78.20%	101.83%	221003.68%	203.75%	44286.56%	78072381.06%	88358.58%
	PERIOD 85/86	DIRECT LABOR OVERHEAD RATE	125.63%	100.80%	76.30%	123.69%	510.90%	130.82%	204.50%	245.67%	156.74%
	TOTAL 83/86	RATE	* AVERAGE ** STANDARD DEVIATION	118.56% 13.70%	90.50% 63.85%	75.94% 2.01%	103.42% 10.10%	73838.19% 104061.92%	157.70% 32.71%	14854.35% 20834.12%	8697741.65% 8697741.65%

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF AGREEMENTS SIGNED WITH THE AGENCY FOR  
INTERNATIONAL DEVELOPMENT (AID) DURING THE YEARS  
ENDED ON AUGUST 31, 1986, 1985 AND 1984

I. Agreements subscribed with the Regional Office for Central American Programs (ROCAP)

Name: Expansion Project

Identification Number: 596-0113

Starting Date: August, 1982

Expiration Date: August, 1985

Currency: U.S. Dollars

Budget: \$4,000,000

Description of Objectives: I. Provide INCAE with the ampliation of the physical installations necessary to maintain the regional character of the Institution and to give more services to the Central American region.

II. Provide training and organization techniques to help improve the analytical abilities and organization capacities of private sector organizations in the region.

III. Seminars and courses related to the exportation of non-traditional goods and the administration of exports, for entrepreneurs, bankers and public employees of the region.

Name: LAC Training initiatives

Identification Number: 598-0622

Starting Date: April, 1984

Expiration Date: July, 1987

Currency: U.S. dollars

Budget: \$50,000

01

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATIONROCAP/GUATEMALA PROJECT NO. 596-0124REPORT ON OVERHEAD RATES

DETAIL OF AGREEMENTS SIGNED WITH THE AGENCY FOR  
INTERNATIONAL DEVELOPMENT (AID) DURING THE YEARS  
ENDED ON AUGUST 31, 1986, 1985 AND 1984

Description of objectives: Assist INCAE in increasing the technical capacity of its staff, by providing training to its Chief of Executive Programs on a doctorate level in a North American university. This training will allow the participant to contribute to the modernization of the Central American private sector.

Name: Central American Program of Scholarship

Identification Number: 597-0001-04

Starting Date: August, 1985

Expiration Date: December, 1987

Currency: US Dollars

Budget: \$1,155,000

Description of objectives: I. Short term training to administrative and teaching personnel of business administration schools and for employees of cooperative institutions and small businesses.

II. Long term training in the United States of America for INCAE's key personnel.

Name: Exports Management Training

Identification Number: 596-0124

Starting Date: December, 1985

Expiration Date: December, 1990

Currency: US Dollars

Budget: \$6,590,000

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF AGREEMENTS SIGNED WITH THE AGENCY FOR  
INTERNATIONAL DEVELOPMENT (AID) DURING THE YEARS  
ENDED ON AUGUST 31, 1986, 1985 AND 1984

Description of objectives: Stimulate the growth of exports in the Central American region and Panama through the improvement in the training of export handling and stimulating changes in the appropriate policies with special emphasis on non-traditional exports.

Name: Conference of Central American Economic Policy

Identification Number: 596-000

Starting Date: January, 1986

Expiration Date: June, 1986

Currency: US Dollars

Budget: \$160,578

Description of objectives: Realization of a conference on Central American economic policies.

II. Agreements subscribed with the AID mission in Honduras

Name: Training Initiatives in Central American Housing.

Identificacion Number: 522-0596

Starting Date: April, 1985

Expiration Date: March, 1985

Currency: US Dollars

Budget: \$380,000

Description of objectives: Provide INCAE with support to provide training and technical assistance to officials in charge of housing and urban development in Central America.

256

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF AGREEMENTS SIGNED WITH THE AGENCY FOR  
INTERNATIONAL DEVELOPMENT (AID) DURING THE YEARS  
ENDED ON AUGUST 31, 1986, 1985 AND 1984

Name: Central American Program of Scholarships for peace.  
Identification Number: 522-86-004  
Starting Date: December, 1985  
Expiration Date: June, 1986  
Currency: US Dollars  
Budget: \$153,600  
Description of objectives: Provide training to 40 entrepreneurs and managers of Honduran small enterprises focused on export activities.

III. Agreements subscribed with the AID mission in El Salvador

Name: Training for Cooperatives in El Salvador  
Identification Number: 519-0260 (fixed price contract)  
Starting Date: February, 1986  
Expiration Date: December, 1986  
Currency: US Dollars  
Budget: \$257,750  
Description of objectives: Assist the AID mission in El Salvador and the Ministry of Agriculture of the Government of El Salvador in the improvement of the managerial abilities of the agricultural cooperatives.

IV. Agreements subscribed with the AID mission in Costa Rica

Name: Memorandum of Understanding  
Identification Number: MOU 17-A

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF AGREEMENTS SIGNED WITH THE AGENCY FOR  
INTERNATIONAL DEVELOPMENT (AID) DURING THE YEARS  
ENDED ON AUGUST 31, 1986, 1985 AND 1984

Starting Date: July, 1984

Expiration Date: July, 2003

Currency: Costa Rican colones

Budget: C86,300,000

Description of objectives: Establishment of trust fund with Banco Interfin, S.A. that will serve as support to the financing of INCAE's activities through the interests earned on these funds. Additionally, the principal payments that would be received must be used in such a manner as to maintain this fund perpetually.

Name: Memorandum of Understanding

Identification Number: MOU 6

Starting Date: January, 1984

Expiration Date: January, 1987

Currency: Costa Rican colones

Budget: C64,725,000

Description of objectives: I. Donation of C34,520,000 for expansion of housing facilities of INCAE's Campus in Alajuela.

II. Donation of C30,205,000 as a contribution to the endowment fund of INCAE, subject to the obtention by INCAE of \$1,000,000 as contributions to these fund.

Name: Memorandum of Understanding

Identification number: MOU 25

Starting Date: June, 1985

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EXPORGO CENTRAL SITE  
AGROINDUSTRIAL STRATEGY I  
INTERNATIONAL COMPETITIV  
INTERNATIONAL COMPETITIV  
INTERNATIONAL COMPETITIV  
ADVANCED MANAGERIAL PROG  
INTERNATIONAL COMPETITIV  
ROCAP REGIONAL SEMINAR  
FINANCE, OPERATION AND CI  
MANAGERIAL CONTROL  
FINANCE, OPERATION AND CI  
PEACE SCHOLARSHIPS (COOP)  
TOP MANAGEMENT PROGRAM M  
IMPROVEMENT SEMINAR CENT  
MARKETING IN CHANGING TI  
REGIONAL IMPROVEMENT SEMI  
REGIONAL IMPROVEMENT SEMI  
HOUSING CENTRAL SITE  
STRATEGY SEMINAR  
DIAGNOSIS  
REGIONAL SEMINAR ON FINAN  
LOCAL SEMINAR ON FINANCI  
REGIONAL POLICIES SEMINAR  
RESEARCH  
PROGRAMAS TRAINING PROGRA  
SUMMER PROGRAM MASTER BUS  
SOUTH AMERICA EXPANSION C  
MARKETING AND FINANCE  
ENTERPRISE STRATEGY  
AGRIINDUSTRY  
PERSONNEL  
SALES MANAGERIAL  
CREDIT ON INFLATION TIMES  
PRODUCTIVITY  
INVESTMENT STRATEGY WITH  
EXPORTS  
PRODUCTION MANAGERIAL  
PUBLIC ADMINISTRATION  
ORGANIZATION  
ORGANIZATION PREMI-INFA  
ENERGY  
SPECIAL EXECUTIVES PROGRA

EXHIBIT XVI  
Page 6

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF AGREEMENTS SIGNED WITH THE AGENCY FOR  
INTERNATIONAL DEVELOPMENT (AID) DURING THE YEARS  
ENDED ON AUGUST 31, 1986, 1985 AND 1984

Expiration Date:	December, 1985
Currency:	Costa Rican colones
Budget:	Q13,000,000
Description of objectives:	Elaboration of technical studies to design action plans for the improvement of the functioning of meat and sugar exports of Costa Rica.
Name:	Memorandum of Understanding
Identification Number:	MOU 18
Starting Date:	May, 1985
Expiration Date:	September, 1987
Currency:	Costa Rican colones
Budget:	Q30,000,000
Description of objectives:	Elaboration of technical studies to design the necessary action plans to improve the functioning of maritime ports in Costa Rica and to reduce distortions in the prices system.
Name:	Memorandum of Understanding
Identification Number:	MOU 31
Starting Date:	November, 1984
Expiration Date:	February, 1985
Currency:	Costa Rican colones
Budget:	C3,000,000
Description of objectives:	Support for the realization of a seminar for the Costa Rican private sector on export administration.

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF AGREEMENTS SIGNED WITH THE AGENCY FOR  
INTERNATIONAL DEVELOPMENT (AID) DURING THE YEARS  
ENDED ON AUGUST 31, 1986, 1985 AND 1984

Name: Bioenergy Systems and Technology

Identification Number: 936-5709

Starting Date: June, 1985

Expiration Date: June, 1986

Currency: US Dollars

Budget: \$40,000

Description of objectives: I. Helping the bioenergy programs in Costa Rica to participate in a worldwide network of bioenergy.

II. Integrate Costa Rica in a global computing network.

III. Provide office space and additional support to the network's coordinator during the initial phase of the network's development.

Name: Memorandum of understanding.

Identification Number: MOU 3-A

Starting Date: November, 1983

Expiration Date: May, 1985

Currency: Costa Rican colones

Budget: C25,260,000

Description of objectives: I. Donation of C21,050,000 for library materials, books, periodicals, case studies, bookshelves, projectors, linguistic laboratory installations, printing equipment and supplies, and audiovisual equipment and supplies.

90

CENTRAL AMERICAN INSTITUTE FOR BUSINESS ADMINISTRATION

ROCAP/GUATEMALA PROJECT NO. 596-0124

REPORT ON OVERHEAD RATES

DETAIL OF AGREEMENTS SIGNED WITH THE AGENCY FOR  
INTERNATIONAL DEVELOPMENT (AID) DURING THE YEARS  
ENDED ON AUGUST 31, 1986, 1985 AND 1984

II. Donation of ¢4,210,000 for betterment of student residences, including water, sewage and other improvements.

Name: Memorandum of Understanding

Identification Number: MOU 33

Starting Date: April, 1986

Expiration Date: June, 1986

Currency: Costa Rican colones

Budget: ¢2,974,225

Description of objectives: Support for the realization of the Central America economic policy conference

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