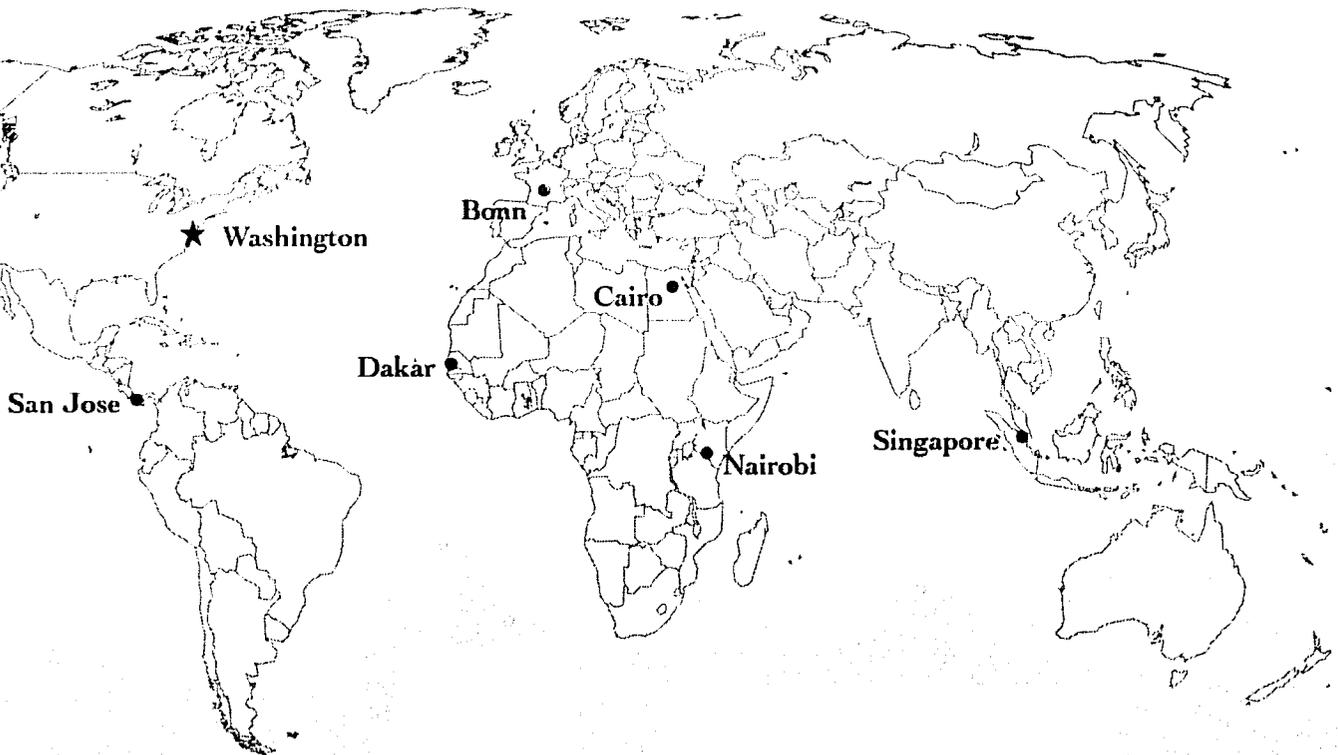


Regional Inspector General for Audit
Cairo, Egypt

**Audit of the Coptic Evangelical Organization
for Social Services (CEOSS) under
Cooperative Agreement
No. 263-0144-A-00-2044-00**

**Report No. 6-263-95-023-N
June 28, 1995**



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





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

June 28, 1995

MEMORANDUM FOR D/USAID/Egypt, John R. Westley
FROM : A/RIG/A/Cairo, John J. Ottke *John J. Ottke*
SUBJECT : Audit of the Coptic Evangelical Organization for
Social Services (CEOSS) under Cooperative Agreement
No. 263-0144-A-00-2044-00.

The attached report, transmitted March 30, 1995, by Coopers & Lybrand presents the results of a financial audit of the Coptic Evangelical Organization for Social Services (CEOSS) under Cooperative Agreement No.263-0144-A-00-2044-00. The project's main goal is to effect a reduction in the Egyptian birth-rate through community and individual education on the benefits of family planning, establish and maintain clinical and community based contraceptive distribution services, train and develop people at the local community level to take responsibility for family planning services in their own areas, and to develop community self sufficiency.

We engaged Coopers & Lybrand to perform a financial audit of CEOSS incurred expenditures of LE711,407 (equivalent to \$213,636) for the period from October 1, 1991 through May 31, 1993. The purpose of the audit was to evaluate the propriety of costs incurred during that period. Coopers & Lybrand also evaluated CEOSS's internal controls and compliance with applicable laws, regulations, and agreement terms as necessary in forming an opinion regarding the Fund Accountability Statement.

Coopers & Lybrand found no questionable costs billed to USAID by CEOSS under the Cooperative Agreement. The auditors noted two reportable conditions in CEOSS's internal controls that are not considered to be material weaknesses and no items of material noncompliance with applicable laws and regulations. As a result, no recommendations are being included in the Office of the Inspector General's recommendation follow-up system.

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

Tel. Country Code (202)
357-3909
Fax # (202) 355-4318

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

With regard to the reportable conditions, they can be handled directly between the Mission and CEOS.

We appreciate the courtesies extended to the staff of Price Waterhouse and to our office.

**COPTIC EVANGELICAL ORGANIZATION FOR SOCIAL SERVICES
FUND ACCOUNTABILITY STATEMENT AND ADDITIONAL INFORMATION
RELATED TO COOPERATIVE AGREEMENT
NUMBER 263-0144-A-00-2044-00
FOR THE PERIOD FROM OCTOBER 1, 1991 THROUGH MAY 31, 1993**

COPTIC EVANGELICAL ORGANIZATION FOR SOCIAL SERVICES

**FUND ACCOUNTABILITY STATEMENT
AND ADDITIONAL INFORMATION**

**RELATED TO COOPERATIVE AGREEMENT
NUMBER 263-0144-A-00-2044-00**

**FOR THE PERIOD FROM OCTOBER 1, 1991
THROUGH MAY 31, 1993**

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March 30, 1995

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development
Cairo Center Building
1J6, Kasr El Aini Street
Cairo, Egypt

Dear Mr. Darcy:

This report presents the results of our financial cost-incurred audit of resources managed by the Coptic Evangelical Organization for Social Services ("CEOSS") under Cooperative Agreement No. 263-0144-A-00-2044-00 for the period from October 1, 1991 through May 31, 1993.

Background

The Coptic Evangelical Organization for Social Services ("CEOSS") has been involved in comprehensive community development work for over four decades in a wide range of fields. One of the major fields in which CEOSS has worked in its history is the provision of family planning services.

CEOSS involvement in this area began in 1975 with a project to introduce family planning services to two villages in Upper Egypt. Now, CEOSS is involved in the provision of family planning services in seventy five villages, the majority being in Upper Egypt.

In order to strengthen the service they offer in this field, CEOSS entered into Cooperative Agreement No. 263-0144-A-00-2044-00 with the United States Agency for International Development Mission to Egypt ("USAID/Egypt") starting in October 1, 1991 and ending May 31, 1993. This Cooperative Agreement involved a USAID/Egypt contribution of LE 711,407 and a cash and in-kind contribution by CEOSS of LE 144,760.

The primary objective of the nationwide USAID/Egypt funded family planning services program, of which the Cooperative Agreement with CEOSS is a part, is to effect a reduction in the Egyptian birth-rate through community and individual education on the benefits of family planning, establish and maintain clinical and community based contraceptive distribution services, train and develop people at

the local community level to take responsibility for family planning services in their own areas, and to develop community self sufficiency.

Audit Objectives and Scope

The objective of this assignment was to perform a financial audit of USAID/Egypt resources managed by CEOSS under Cooperative Agreement No. 263-0144-A-00-2044-00 for the period from October 1, 1991 through May 31, 1993. Specific objectives were to:

1. express an opinion on whether the fund accountability statement for the USAID/Egypt funded project of CEOSS presents fairly, in all material respects, revenues and costs incurred and reimbursed for the project in conformity with generally accepted accounting principles or other comprehensive basis of accounting, including the cash receipts and disbursements basis and modifications of the cash basis;
2. determine whether the project costs reported as incurred under the Cooperative Agreement are in fact allowable, allocable, and reasonable in accordance with the terms of the Cooperative Agreement;
3. evaluate and obtain a sufficient understanding of the internal control structure of CEOSS, assess control risk, and identify reportable conditions, including material internal control weaknesses; and
4. perform tests to ensure that CEOSS complied, in all material respects, with Cooperative Agreement terms and applicable laws and regulations.

Preliminary planning and review procedures began in December 1994 and consisted of discussions with RIG/A/C personnel, CEOSS officials and review of the Cooperative Agreement terms. Fieldwork began in February 1995 and was completed in March 1995.

The scope of our work was all project costs incurred by CEOSS in Egypt under Cooperative Agreement No. 263-0144-A-00-2044-00 for the period from October 1, 1991 through May 31, 1993. We selected incurred costs for testing on a judgmental basis to test a substantial percentage of such costs. We tested locally incurred project costs of LE 430,198 out of total project costs incurred of LE 711,407 (equivalent to \$ 129,188 out of \$ 213,636 at the exchange rate for the period). This represents 60% of total project costs incurred.

Our tests of project revenues and costs included, but were not limited to, the following:

1. reviewing project costs billed to and reimbursed by USAID/Egypt, ensuring that they were allowable, allocable, reasonable, and properly supported,
2. reviewing CEOSS's accounting records to determine whether project income and reimbursements and incurred costs were properly recorded,
3. reconciling CEOSS's project accounting records to invoices issued to USAID/Egypt,
4. reviewing procedures used to control funds, and
5. determining that sound commercial practices were used, reasonable prices were obtained, and adequate controls on quality and quantity received for the procurement of goods and services were in place.

As part of our examination we made a study and evaluation of relevant internal controls and reviewed CEOSS's compliance with applicable agreements, laws and regulations.

Results of Audit

Fund accountability statement

We found no questionable costs billed to USAID/Egypt under the Cooperative Agreement.

Internal control structure

We found two reportable conditions related to CEOSS's failure to: 1) use a method to bill USAID/Egypt on a systematic basis; and 2) use prenumbered payment vouchers. Neither reportable condition is considered to be a material weakness.

Compliance with agreement terms and applicable laws and regulations

Our audit revealed no items of material noncompliance with applicable laws and regulations.

Management comments

Management comments have been obtained and are included in Appendix B of this report. Our response is included in Appendix C of this report.

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

Coopers & Lybrand

March 27, 1995

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development
Cairo Center Building
106, Qasr El Aini Street
Cairo, Egypt

REPORT OF INDEPENDENT ACCOUNTANTS

We have audited the accompanying fund accountability statement of the Coptic Evangelical Organization for Social Services ("CEOSS") relating to project costs incurred under Cooperative Agreement No. 263-0144-A-00-2044-00 and funded by the United States Agency for International Development Mission to Egypt ("USAID/Egypt") for the period from October 1, 1991 through May 31, 1993. The fund accountability statement is the responsibility of CEOSS's management. Our responsibility is to express an opinion on this fund accountability statement.

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

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 of Chapter 3 of Government Auditing Standards since no such quality control review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the Coopers and Lybrand worldwide internal quality control program which requires the Coopers and Lybrand Cairo office to be subjected, every two years, to an extensive quality control review by partners and managers from other Coopers and Lybrand offices.

As described in Note 4, the accompanying fund accountability statement has been prepared on the basis of cash receipts and disbursements. Consequently, revenues and expenditures are recognized when received or paid rather than when earned or incurred. Accordingly, the accompanying fund accountability statement is not intended to present results in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the fund accountability statement referred to above presents fairly, in all material respects, project costs incurred by CEOSS under Cooperative Agreement No. 263-0144-A-00-2044-00 and funded by USAID/Egypt for the period from October 1, 1991 through May 1, 1993 in conformity with the basis of accounting described in Note 4.

Our audit was conducted for the purpose of forming an opinion on the fund accountability statement described in the first paragraph. The supplemental information included in Appendix A is presented for the purpose of additional analysis and is not required as part of the basic fund accountability statement. Such information has been subjected to the auditing procedures applied in the audit of the basic fund accountability statement and, in our opinion, is fairly stated in all material respects in relation to the basic fund accountability statement taken as a whole.

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

Coopers & Lybrand

COPTIC EVANGELICAL ORGANIZATION FOR SOCIAL SERVICES

FUND ACCOUNTABILITY STATEMENT

RELATED TO COOPERATIVE AGREEMENT

NUMBER 263-0144-A-00-2044-00

FOR THE PERIOD FROM OCTOBER 1, 1991

THROUGH MAY 31, 1993

	BUDGET (NOTE 3)	ACTUAL (NOTE 2)	QUESTIONED COSTS INELIGIBLE	UNSUPPORTED
REVENUES	\$ 213,636	\$ 213,636	-	-
EXPENDITURES:				
Project Salaries/ Incentives	\$ 79,133	\$ 102,666	-	-
Technical Assistance	12,723	82	-	-
Training	24,686	24,480	-	-
IEC Meetings	35,661	16,059	-	-
General Administrative	5,928	7,797	-	-
Commodities & Minor Renovations	42,592	41,978	-	-
Other Direct Costs	<u>12,913</u>	<u>20,574</u>	-	-
	<u>213,636</u>	<u>213,636</u>	-	-

The accompanying notes are an integral part of this fund accountability statement

COPTIC EVANGELICAL ORGANIZATION FOR SOCIAL SERVICES

NOTES TO THE FUND ACCOUNTABILITY STATEMENT

NOTE 1 - SCOPE OF AUDIT

The fund accountability statement of CEOSS includes all costs incurred under Cooperative Agreement No. 263-0144-A-00-2044-00 and funded by the United States Agency for International Development Mission to Egypt ("USAID/Egypt") for the period from October 1, 1991 through May 31, 1993.

NOTE 2 - ACTUAL

The column labeled "Actual" is the responsibility of CEOSS's management and represents cumulative project costs incurred by CEOSS and billed to and reimbursed from USAID/Egypt under Cooperative Agreement No. 263-0144-A-00-2044-00, for the period from October 1, 1991 through May 31, 1994. Actual levels of expenditure exceed budget in some line items, but this was authorized by USAID/Egypt in a letter dated May 28, 1993.

NOTE 3 - BUDGET

The budget includes all USAID/Egypt approved costs for Cooperative Agreement No. 263-0144-A-00-2044-00. The amounts are based on the Cooperative Agreement dated April 16, 1992.

NOTE 4 - BASIS OF PRESENTATION

The fund accountability statement has been prepared on the basis of cash receipts and disbursements. Consequently, revenues and expenditures are recognized when received or paid rather than when earned or incurred.

NOTE 5 - EXCHANGE RATE

Costs incurred in Egyptian Pounds have been converted to US Dollars at the average monthly exchange rate during the period of 3.33 Egyptian Pounds to 1 US Dollar.

March 27, 1995

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development
Cairo Center Building
106, Qasr El Aini Street
Cairo, Egypt

REPORT OF INDEPENDENT ACCOUNTANTS ON THE INTERNAL CONTROL STRUCTURE

We have audited the fund accountability statement of the Coptic Evangelical Organization for Social Services ("CEOSS") relating to project costs incurred under Cooperative Agreement No. 263-0144-A-00-2044-00 and funded by the United States Agency for International Development Mission to Egypt ("USAID/Egypt") for the period from October 1, 1991 through May 31, 1993, and have issued our report thereon dated March 27, 1995.

Except as discussed in the next paragraph we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 of chapter 3 of Government Auditing Standards since no such quality review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the Coopers & Lybrand worldwide internal quality control program which requires the Coopers & Lybrand Cairo office to be subjected, every two years, to an extensive quality control review by partners and managers from other Coopers & Lybrand offices.

In planning and performing our audit of the fund accountability statement of CEOSS for the period from October 1, 1991 through May 31, 1993, we considered its internal control structure related to Cooperative Agreement No. 263-0144-A-00-2044-00 in order to determine our auditing procedures for the purpose of expressing an opinion on the fund accountability statement and not to provide assurance on the internal control structure.

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

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: disbursements, receipts, safeguarding of assets, and procurement of goods and services.

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

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, or summarize, and report financial data consistent with the assertions of management in the fund accountability statement. Our audit disclosed the following reportable conditions:

1. We found that CEOSS did not bill USAID/Egypt on a systematic basis.

We found that project costs were not systematically allocated between CEOSS and USAID/Egypt. Although records were kept of expenses on the project as a whole, this lack of a systematic, documented allocation process made it difficult to identify exactly which expenses had been billed to USAID/Egypt in which period.

For the period of the Cooperative Agreement, CEOSS really just billed the total budget, and kept records insufficient to show exactly what expenses these billings to USAID/Egypt related to.

Statement of Auditing Standards No.55, Consideration of the Internal Control Structure in a Financial Statement Audit, identifies the accounting system as an important element of an entity's internal control structure, and states that "...an effective accounting system gives appropriate consideration to establishing records and methods that will ... describe on a timely basis the transactions in sufficient detail to permit proper classification of transactions for financial reporting, and ... present properly the transactions and related disclosures in the financial statements."

In the absence of any proper system to allocate expenses to the donor agencies, CEOSS can bill expenses to USAID/Egypt inconsistently from period to period, and if at some future time CEOSS undertakes a project with more than one donor agency, there is a danger that expenses could be charged more than once among the various agencies.

Recommendation 1

We recommend firstly that CEOSS introduce a proper system to allocate expenses to donor agencies on a basis that is consistent with the terms of the agreements. Secondly, we recommend that allocation of expenses to donor agencies be recorded properly. One way of doing this would be to split the expense between the appropriate agencies on the face of the original voucher. In this way, billings to agencies could easily be traced back to their supporting documents, and there would be no danger of expenses being billed to more than one agency.

* * * * *

2.CEOSS did not use prenumbered payment vouchers.

Statement of Auditing Standards No.55, Consideration of the Internal Control Structure in a Financial Statement Audit, identifies the accounting system and control environment as important elements of an entity's internal control structure, and states that "...an effective accounting system gives appropriate consideration to establishing methods and records that will...identify and record all valid transactions", and that "...control procedures are procedures that pertain to...design and use of adequate documents and records to help ensure the proper recording of transactions and events, such as monitoring the use of prenumbered shipping documents."

In the absence of prenumbered payment vouchers it is difficult for CEOSS to ensure that all payments are posted to the accounting records.

Recommendation 2

We recommend that CEOSS use prenumbered payment vouchers and carry out regular sequence checks of entries to the accounting records to ensure that all payments have been posted.

* * * * *

A material weakness a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the fund accountability statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as described above. However, we believe none of the reportable conditions described above is a material weakness.

We also noted other immaterial matters involving the internal control structure and its operation that we have reported to the management of CEOSS in a separate letter dated March 27, 1995.

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

Coopers & Lybrand

March 27, 1995

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development
Cairo Center Building
106 Qasr El Aini Street
Cairo, Egypt

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH LAWS AND REGULATIONS

We have audited the fund accountability statement of the Coptic Evangelical Organization for Social Services ("CEOSS") relating to project costs incurred under Cooperative Agreement No. 263-0144-A-00-2044-00 and funded by the United States Agency for International Development Mission to Egypt ("USAID/Egypt") for the period from October 1, 1991 through May 31, 1993, and have issued our report thereon dated March 27, 1995.

Except as discussed in the next paragraph we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 of chapter 3 of Government Auditing Standards since no such quality review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the Coopers & Lybrand worldwide internal quality control program which requires the Coopers & Lybrand Cairo office to be subjected, every two years, to an extensive quality control review by partners and managers from other Coopers & Lybrand offices.

Compliance with applicable laws, regulations, contracts, grants and binding policies and procedures applicable to CEOSS is the responsibility of CEOSS's management. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of

CEOSS's compliance with certain provisions of laws, regulations, contracts, grants and binding policies and procedures. However, the objective of our audit of the fund accountability statement was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

We noted certain immaterial instances of noncompliance that we have reported to the management of CEOSS in a separate letter dated March 27, 1995.

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

Coopers & Lybrand

COPTIC EVANGELICAL ORGANIZATION FOR SOCIAL SERVICES

DETAIL OF AMOUNTS AS INCURRED IN EGYPTIAN POUNDS

RELATED TO COOPERATIVE AGREEMENT
NUMBER 263-0144-A-00-2044-00

FOR THE PERIOD FROM OCTOBER 1, 1991
THROUGH MAY 31, 1993

	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES	LE 711,407	LE 711,407
EXPENDITURES:		
Project Salaries/ Incentives	LE 263,510	LE 341,877
Technical Assistance	42,370	274
Training	82,205	81,517
IEC Meetings	118,750	53,477
General Administrative	19,740	25,964
Commodities & Minor Renovations	141,832	139,787
Other Direct Costs	<u>43,000</u>	<u>68,511</u>
	LE <u>711,407</u>	LE <u>711,407</u>

5

COPTIC EVANGELICAL ORGANIZATION FOR SOCIAL SERVICES
COOPERATIVE AGREEMENT NO. 263-0144-A-00-2044-00
FOR THE PERIOD FROM OCTOBER 1, 1991 THROUGH MAY 31, 1993

MANAGEMENT COMMENTS ON THE FINANCIAL RELATED AUDIT

Mr. Jeff Hentges
Director
Coopers & Lybrand
Tiba 2000 Center
Rabaa El-Adaweya
Nasr City
Cairo

May 12, 1995

Dear Mr. Hentges,

With reference to your letter dated March 27, 1995 regarding the audit of the project costs incurred under Cooperative Agreement No. 263-0144-A-00-2044-00 and funded by the United States Agency for International Development Mission to Egypt for the period from October 1, 1991 through May 31, 1993.

Regarding your remarks in the Internal Control Structure, kindly be advised of the following:

1. We found that CEOSS did not bill USAID/Egypt on a systematic basis:

There is a General Ledger for each project which shows the total expenditure and income for the whole project at the same time we have a Sub-Ledger which shows grants, expenditures and income.

The General Ledger is computerized in the network system for CEOSS and represents its Accounting System, which is difficult to amend in short periods
As for the Sub-Ledger is implemented manually as it is changeable in short periods according to the donors' regulations and budget line items.

According to that we submitted the General Ledger and the Sub-Ledger during the audit period--which you have audited.
When you audited the sub-ledger you found that for each line item--there is a difference between the budget line item, Total project expenditure for each line item and the expenditure billed to USAID for each line item.
Since there are differences in expenditures between the three (i.e., Budget line item; Total project expenditure; Expenditure billed to USAID for each item) it means that the expenditures allocated according to the regulations and we have separate account for the grants (manually)

COPTIC EVANGELICAL ORGANIZATION FOR SOCIAL SERVICES
COOPERATIVE AGREEMENT NO. 263-0144-A-00-2044-00
FOR THE PERIOD FROM OCTOBER 1, 1991 THROUGH MAY 31, 1993

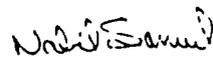
MANAGEMENT COMMENTS ON THE FINANCIAL RELATED AUDIT

2. CEOSS did not use prenumbered payment vouchers

We do not apply it as it is a bit costly due to the printing of vouchers for all sectors and projects of CEOSS in addition to that, that most of our expenditures are executed in different areas (i.e., not in CEOSS Office). But we will study the issue.

Please contact me for any queries.

Yours sincerely,



Nabil Samuel
Deputy to the General Director

**COPTIC EVANGELICAL ORGANIZATION FOR SOCIAL SERVICES
COOPERATIVE AGREEMENT NO. 263-0144-A-00-2044-00
FOR THE PERIOD FROM OCTOBER 1, 1991 THROUGH MAY 31, 1993**

INDEPENDENT ACCOUNTANTS RESPONSE

Recommendation 1

Management's response is noted but it does not affect the validity of our recommendation.

Recommendation 2

Management's response is noted but it does not affect the validity of our recommendation.

COPTIC EVANGELICAL ORGANIZATION FOR SOCIAL SERVICES
COOPERATIVE AGREEMENT NO. 263-0144-A-00-2044-00
FOR THE PERIOD FROM OCTOBER 1, 1991 THROUGH MAY 31, 1993

MISSION RESPONSE



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

June 25, 1995

CAIRO, EGYPT

MEMORANDUM

TO : Philippe Darcy, RIG/A/C

FROM : James Redder, OD/FM/FA *J Redder*

SUBJECT : Audit of the Coptic Evangelical Organization for Social Services (CEOSS) under Cooperative Agreement No. 263-0144-A-00-2044-00.

Mission is working with the implementing agency to close the reportable conditions of Internal Control weaknesses, and has no comments to offer at this time. Please issue the final report.