

Regional Inspector General for Audit  
Cairo, Egypt

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**Financial Audit of the Coptic Association for Social Care  
Project Implementation Letter No. 32 and the Related  
Revenue Account Under the Comprehensive Family Planning Care  
Sub-Project of the Population/Family Planning II Project No. 263-0144  
for the Period November 1, 1990 through September 30, 1993**

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**Report No. 6-263-96-002-N  
October 3, 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**

CAIRO, EGYPT

October 3, 1995

**MEMORANDUM**

TO : DIRECTOR USAID/EGYPT, John R. Westley

FROM : RIG/A/C, Lou Mundy *Lou Mundy*

SUBJECT: Audit of the Coptic Association for Social Care, Project Implementation Letter No. 32 and the Related Revenue Account Under the Population/Family Planning II Project No. 263-0144

The attached report transmitted on August 25, 1995 by Hazem Hassan & Co. presents the results of a financial audit of the Coptic Association for Social Care, Project Implementation Letter (PIL) No. 32 and the Related Revenue Account under the Population/Family Planning II Project No. 263-0144. The purpose of the project is to increase contraceptive use by serving approximately 20,000 new and 38,000 continuing acceptors by the end of the project through static clinics, mobile teams and community-based field workers.

We engaged Hazem Hassan & Co. to perform a financial audit of the Association's incurred expenditures of \$447,494 (equivalent to LE1,426,163) as of September 30, 1993. The purpose of the audit was to evaluate the propriety of costs incurred during this period. Hazem Hassan & Co. also evaluated the Association's internal controls and compliance with applicable laws, regulations and grant terms as necessary in forming an opinion regarding the Fund Accountability Statement.

Hazem Hassan & Co. questioned \$15,097 in costs (\$14,991 funded by PIL No. 32 and \$106 funded by the related revenue account) billed to USAID by the Association. The questioned costs related primarily to personnel, supervision and monitoring, and equipment. Additionally, the auditors noted three reportable conditions in the Association's internal controls and one instance of material noncompliance.

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*Q*

In response to the draft report, responsible Association officials provided comments to the draft report. Hazem Hassan & Co. reviewed the Association's comments to the findings, and where applicable made adjustments to the report or provided further clarification of their position.

The following recommendations are included in the Office of the Inspector General's recommendation follow-up system.

**Recommendation No. 1: We recommend that USAID/Egypt resolve the questioned costs of \$15,097 (ineligible costs of \$14,991 and unsupported costs of \$106) detailed on pages 12 to 16 of Hazem Hassan & Co. audit report, and recover from the Coptic Association for Social Care the amount determined to be unallowable.**

**Recommendation No. 2: We recommend that USAID/Egypt obtain evidence that the Coptic Association for Social Care has addressed the material noncompliance issue (the allowability, allocability and reasonableness of costs) detailed on page 22 of the audit report.**

Recommendation No.1 is unresolved and will be considered resolved upon the Mission's determination of the amount of recovery; it will be considered closed upon the recovery of funds, offset of funds, or issuance of a bill for collection. Recommendation No. 2 is resolved based on the Mission's request that the Association address the noncompliance issue identified in the report, and can be considered closed when the Mission presents acceptable evidence that the required action has been taken.

With regard to the non-material internal control weaknesses, they should be handled directly between the Mission and the grantee.

Please advise this office within 30 days of any action planned or taken to close the recommendations. We appreciate the courtesies extended to the staff of Hazem Hassan & Co. and to our office.

Financial Audit of the  
Coptic Association for Social Care (CASC)  
Project Implementation Letter (PIL) No.32  
and the Related Revenue Account  
Under the  
Comprehensive Family Planning Care Sub-Project  
of the Population/Family Planning II Project  
No.263-0144  
for the Period from November 1, 1990  
through September 30, 1993

Financial Audit of the  
Coptic Association for Social Care (CASC)  
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Under the Comprehensive Family Planning Care  
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for  
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Mr. Philippe Darcy  
Regional Inspector General for Audit-Cairo  
United States Agency for International Development  
Cairo, Egypt.

August 25, 1995

Dear Mr. Darcy,

This report represents the results of our financial audit of the Coptic Association for Social Care (CASC) pursuant to Project Implementation Letter (PIL) No.32 and the related revenue account under the Comprehensive Family Planning Care sub-project of the Population/Family Planning II Project No.263-0144 for the period from November 1, 1990 through September 30, 1993.

## Background

The Comprehensive Family Planning Care Sub-Project (CFPC) was proposed by the Bishopric of Public, Economical and Social Services (BPSS) of the Coptic Orthodox Church. CFPC was designed to extend services to eleven governorates in Egypt through a consolidated network of 25 family care clinics, three mobile teams, and 130 field workers. CFPC was originally designed to cover the period from November 1, 1990 through October, 1992. Subsequently, it was extended through May 31, 1993.

The Coptic Association for Social Care (CASC), a non-profit organization, registered under the Ministry of Social Affairs (MOSA), was established to implement the project. CASC has a close relationship with BPSS which enables CASC to use BPSS facilities and staff to implement the project.



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The purpose of the project is to increase contraceptive use by serving approximately 20,000 new and 38,000 continuing acceptors by the end of the project through static clinics, mobile teams and community based field workers.

USAID/Egypt initiated PIL No.32 to finance the project. The PIL approved a budget of \$595,776. During the audited period, the PIL was amended five times decreasing the total budget to \$570,407.

The effective date of PIL No.32 was August 21, 1991. According to the PIL, costs incurred from November 1, 1990 through the effective date are allowable to the extent that they would have been allowable if incurred after the effective date of the PIL.

Additionally, CASC has a self-generating income activity. The revenue of this activity is deposited in a revenue account. A revenue agreement between CASC and USAID/Egypt was signed in December 1990 to govern the use of the revenue account.

#### Audit Objectives and Scope

The objective of this engagement was to conduct a financial audit of USAID/Egypt's resources, provided pursuant to PIL No.32, and the related revenue account. These resources and the related account were managed by CASC under the Comprehensive Family Planning Care sub-project of the Population/Family II Project No.263-0144. The audit covered the period from November 1, 1990 through September 30, 1993. Accordingly, the audit encompassed an examination of CASC expenses and whether they were in compliance with the PIL terms and a review of internal controls.

The specific objectives were to:

1. express an opinion on whether the fund accountability statements for the USAID financed project of CASC present fairly, in all material respects, project revenues received and costs incurred for the period under audit, in conformity with generally accepted accounting principles or other comprehensive bases of accounting, including the cash receipts and disbursements basis and modifications of the cash basis;
2. determine whether the costs reported as incurred under the PIL are, in fact, allowable, allocable, and reasonable in accordance with the terms of the PIL;

3. evaluate and obtain an understanding of the internal control structure of CASC, assess control risk, and identify reportable conditions, including material internal control weaknesses; and
4. perform tests to determine whether CASC complied, in all material respects, with PIL terms and applicable laws and regulations;
5. ensure that expenditures from the revenue account were used to further eligible CASC activities.

Preliminary planning and review procedures started on November 1994 and consisted of:

- discussions with RIG/A/C;
- a review of the PIL and the Revenue Agreement;
- interviews and discussions with the CASC key personnel concerning the status of the PIL and of the Revenue Agreement, accomplishments during the period, the statutory reporting requirements, the PIL budget, and procedures governing actual expenditures by CASC and reimbursement by USAID;
- reviews of the CASC organizational structure, procurement and personnel manuals, financial and accounting policies, and procedures manual.

The field work was completed on February 2, 1995. The scope of our work was to audit costs incurred by CASC and reimbursed by USAID/Egypt under PIL No.32. Within each budget line item, we selected amounts for testing on a judgmental basis to test the majority of the related amounts. We tested expenditures of \$135,606 from total expenditures of \$419,877 (32%).

Our tests of expenditures included, but were not limited to, the following:

1. Reconciling CASC's accounting records to invoices issued to USAID/Egypt and testing costs for allowability, allocability, reasonableness, and appropriate support;
2. Determining that payroll costs were appropriate and conformed with the terms of the PIL and the relevant regulations;
3. Determining that per diem and transportation charges were adequately supported and approved;

4. Establishing the adequacy of CASC's control over USAID/Egypt funded project equipment;
5. Placing emphasis on testing material transactions with related parties.

Additionally, from the revenue account, we audited \$11,030 out of total of \$31,319 (35%) of revenue received, and \$7,938 out of total of \$27,617 (29%) of costs incurred. Our audit tests were designed to determine whether expenditures from the revenue account were in furtherance of eligible CASC activities.

Except as discussed in the following 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statements are 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, because 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 have participated in the KPMG worldwide internal quality control program. This program requires our office to be subjected, every two years, to an extensive quality control review by partners and managers from other KPMG offices.

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

#### Results of Audit

##### PIL No.32 Fund Accountability Statement

Our audit identified a total of questioned costs of \$14,991 (equivalent to LE47,776) which is represented in ineligible costs.

##### Revenue Account Fund Accountability Statement

Our audit identified unsupported costs of \$106 (equivalent to LE338).

### Internal Control

Our audit identified the following reportable conditions:

- Controls over fixed assets are not adequate.
- Controls over procurement are not adequate.
- Bank reconciliations are not prepared.

### Compliance with Laws and Regulations

Our tests of compliance disclosed one instance of material noncompliance with the terms of PIL No.32 regarding the allowability, allocability and reasonableness of costs charged to USAID/Egypt.

### Supplementary Information

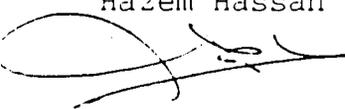
The supplementary fund accountability statements, presented in the functional currency, and schedules of questioned costs including dates, number of vouchers and amounts were communicated to CASC's management and are available upon request.

### Management Comment

We have reviewed CASC's response to the Questioned Costs Incurred, which is included as Appendix I. Where applicable, we have made adjustments in our report or provided further clarification of our position in Appendix II. For those items not adjusted in the final report, the responses provided by CASC's management have not changed our understanding of the fund accountability statement, reportable conditions and material weaknesses in the Report on Internal Control Structure or our findings in the Report on Compliance with Laws and Regulations.

This report is solely intended for the use of the United States Agency for International Development and may not be suitable for any other purpose.

Hazem Hassan & Co.

  
Cairo, Egypt

FUND ACCOUNTABILITY STATEMENTS



# Hazem Hassan

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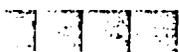
## Report on Fund Accountability Statements Independent Auditor's Report

Mr. Philippe Darcy  
Regional Inspector General for Audit-Cairo  
United States Agency for International Development  
Cairo, Egypt.

We have audited the accompanying fund accountability statements of the Coptic Association for Social Care (CASC) pursuant to the Project Implementation Letter (PIL) No.32 and the related revenue account under the Comprehensive Family Planning Care Sub-Project of the Population/Family Planning II Project No.263-0144 for the period from November 1, 1990 through September 30, 1993. These statements are the responsibility of CASC's management. Our responsibility is to express an opinion on these statements based upon our audit.

Except as discussed in the following 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 statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the presentation of the overall fund accountability statements. 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



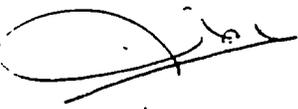
Government Auditing Standards because no such quality control review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the KPMG worldwide internal quality control program. This program requires our office to be subjected, every two years, to an extensive quality control review by partners and managers from other KPMG offices.

The aforementioned fund accountability statements do not include the cost of USAID/Egypt's direct procurement of vehicles, equipment, and technical assistance provided by USAID/Egypt directly to CASC or the total revenues and costs incurred by CASC on an organization-wide basis.

As described in Note 1, the accompanying fund accountability statements have been prepared on the cash basis, which is a comprehensive basis of accounting other than the generally accepted accounting principles. Included in the fund accountability statements are questioned costs of \$14,991 and \$106 relating to the Project Implementation Letter (PIL) No.32 and the revenue account, respectively. The basis for questioning these costs is more fully described in the "Details of Questioned Costs" section of this report.

In our opinion, except for the effects of the questioned costs as discussed in the preceding paragraph, the fund accountability statements, referred to above, present fairly, in all material respects, the amount received and the costs incurred pursuant to the Project Implementation Letter (PIL) No.32 and the related revenue account under the Comprehensive Family Planning Care Sub-Project of the Population/Family Planning II Project No.263-0144 for the period from November 1, 1990 through September 30, 1993 in conformity with the basis of accounting described in Note 1.

Hazem Hassan & Co.

  
Cairo, Egypt  
February 2, 1995

Coptic Association for Social Care  
Fund Accountability Statement  
Project Implementation Letter (PIL) No.32  
Under the Comprehensive Family Planning Care Sub-project  
For the period from November 1, 1990 through September 30, 1993

USAID/Egypt fund received \$  
\$380,070

<u>Expenditures</u>	<u>Questioned Costs</u>				<u>Finding No. &amp; pg.</u>
	<u>Budget</u> \$	<u>Actual</u> \$	<u>Ineligible</u> \$	<u>Unsupported</u> \$	
Personnel	288,514	259,279	12,826		1. a) & b) pg.12
Supervision & Monitoring	19,092	14,517	1,663		2. a) through c) pg.13
Training	109,115	44,094			
Technical Assistance	3,341	361			
Equipment	92,273	62,838	502		5. b) pg.14
Other Direct Costs	58,072	38,788			
<b>Total Expenditures</b>	<u>570,407</u>	<u>419,877</u>	<u>14,991</u>	<u>---</u>	
<b>USAID/Egypt Fund as of September 30, 1993</b>		<u>(39,807)</u>			

\* The accompanying notes are an integral part of the fund accountability statement.

Coptic Association for Social Care  
Fund Accountability Statement  
The Revenue Account

Related to Project Implementation Letter (PIL) No.32  
Under the Comprehensive Family Planning Care Sub-project  
For the period from November 1, 1990 through September 30, 1993

Questioned Costs

	<u>Actual</u>	<u>Ineligible</u>	<u>Unsupported</u>	<u>Finding No. &amp; pg.</u>
	\$	\$	\$	
<b><u>Revenues</u></b>				
Contraceptives Sales Proceeds	9,174			
Medical Services Fees	18,715			
Interest Income	106			
Miscellaneous	<u>3,324</u>			
<b>Total Revenues</b>	<b><u>31,319</u></b>			
 <b><u>Expenditures</u></b>				
Procurement of Contraceptives	7,938			
Others	<u>19,679</u>			
<b>Total Expenditures</b>	<b><u>27,617</u></b>			
Interest Income Withdrawn from the Revenue Account	(106)		106	1) pg. 16
 <b>USAID/Egypt Fund</b>				
<b>as of September 30, 1993</b>	 <u><u>3,596</u></u>			

\* The accompanying notes are an integral part of the fund accountability statement.

COPTIC ASSOCIATION FOR SOCIAL CARE  
(CASC)  
Fund Accountability Statements  
Project Implementation Letter (PIL) No.32 and  
Related Revenue Account

Notes to the Fund Accountability Statements

**Note 1: Accounting Basis**

The fund accountability statements have been prepared on the basis of cash receipts and disbursements. Consequently, revenues are recognized when they are actually received and expenditures are recognized when they are actually paid.

**Note 2: Basis of Presentation**

The fund accountability statements are the representation of CASC's management and are the responsibility of the said management. The "Questioned Costs" columns represent the audit results and are included in the fund accountability statements for presentation purposes only.

**Note 3: Translation Rate**

Expenditures paid in Egyptian Pounds (LE) have been translated into US Dollars (\$). The period average exchange rate method was used. This rate is \$1 = LE3.187.

**Note 4: Questioned Costs**

Questioned Costs are presented in two separate categories - ineligible or unsupported - and consist of audit findings made on the basis of the terms of the PIL and related regulations, which prescribe the nature and treatment of reimbursable costs. Costs in the column labeled "Ineligible" are supported by vouchers or other documentation but are ineligible for reimbursement because they are either unreasonable, not program related, or are prohibited by the PIL or applicable laws and regulations.

Costs in the column labeled "Unsupported" are also included in the classification of "Questioned Costs" and are related to costs that are not supported by adequate documentation or did not have the required prior approvals or authorizations. All questioned costs are detailed in the "Details of Questioned Costs" section of this report.

**Note 5: Related Parties**

CASC has a close relationship with the Bishopric of Public, Economical and Social Services (BPSS) of the Coptic Orthodox Church. This relationship is represented in the use of BPSS facilities such as premises, telephones and training centers. BPSS charged CASC for these services. Also the CASC Planning, Financial and Administrative Director is the Financial Consultant of BPSS.

Details of Questioned Costs

Project Implementation Letter No.32  
Fund Accountability Statement

Our audit identified the following items related to the Project Implementation Letter (PIL) No.32 that are ineligible or unsupported.

<u>Item Description</u>	<u>Questioned Costs</u>	
	<u>Ineligible</u>	<u>Unsupported</u>
	\$	\$
<b>1. <u>Personnel</u></b>		
a) Annual incentives were charged to USAID/Egypt. The sub-project cost proposal and the PIL No.32, as amended, listed the exact type and amount of remuneration which should have been charged to USAID/Egypt. This item represents either amounts paid in excess of the approved budget or amounts not included in the budget. CASC management asserted that this amount represents a part of the employees' salaries and not incentives. Because there are no documents stating that CASC employees are eligible for this amount as salaries, we considered it to have been paid as incentives. Therefore, this amount is considered to be unallowable.	8,057	
b) This amount represents salaries paid to CASC employees in excess of the approved budget. The sub-project proposal and the PIL No.32 stated the exact salary and benefit for each position. The excessive salaries paid to CASC employees and charged to USAID/Egypt are considered to be unallowable.	4,769	
<b>Total line item</b>	<b><u>12,826</u></b>	<b><u>- - -</u></b>

<u>Item Description</u>	<u>Questioned Costs</u>	
	<u>Ineligible</u>	<u>Unsupported</u>
	\$	\$
<b>2. <u>Supervision &amp; Monitoring</u></b>		
a) This amount represents travel and per diem expenses charged to USAID/Egypt in excess of the approved rates. The sub-project cost proposal and PIL No.32 stipulate per diem and transportation rates for each type of trip (i.e. over night, day trip, etc...) The excessive travel and per diem expenses charged to USAID/Egypt are considered to be unallowable.	238	
b) This amount is represented in 1) \$609 as transportation for field workers, 2) \$278 as fuel expenses and 3) \$17 as accommodation expenses. Such items are not included in the sub-project cost proposal nor in the PIL No.32. Therefore, this amount is considered to be unallowable.	904	
c) This amount represents the cost of the Executive Director's trip to England. Such a trip is not included in the USAID/Egypt approved budget and the amount is not supported by adequate documents. Therefore, this amount is considered to be unallowable.	521	
Total line item	<u>1,663</u>	<u>---</u>
<b>3. <u>Training</u></b>		
a) Based on documents and clarification provided to us subsequent to the issuance of the draft report, this finding has been removed.	---	
Total line item	<u>---</u>	<u>---</u>

<u>Item Description</u>	<u>Questioned Costs</u>	
	<u>Ineligible</u> \$	<u>Unsupported</u> \$
<b>4. <u>Technical Assistance</u></b>		
a) Based on documents and clarification provided to us subsequent to the issuance of the draft report, this finding has been removed.		---
Total line item	---	---
<b>5. <u>Equipment</u></b>		
a) Based on documents and clarification provided to us subsequent to the issuance of the draft report, this finding has been removed.		---
b) This amount represents subscription expenses for a magazine issued by the National Population Council (NPC). Subscription expenses are not included in the USAID/Egypt approved budget. Also, no formal cash receipt from NPC is available. Therefore, this amount is considered to be unallowable and unsupported. However, we reported this amount in the ineligible column to avoid duplication.	502	
Total line item	502	---
<b>6. <u>Other Direct Costs</u></b>		
a) Based on documents and clarification provided to us subsequent to the issuance of the draft report, this finding has been removed.		---

<u>Item Description</u>	<u>Questioned Costs</u>	
	<u>Ineligible</u>	<u>Unsupported</u>
	<u>\$</u>	<u>\$</u>
b) Based on documents and clarification provided to us subsequent to the issuance of the draft report, this finding has been removed.		---
c) Based on documents and clarification provided to us subsequent to the issuance of the draft report, this finding has been removed.		---
d) Based on documents and clarification provided to us subsequent to the issuance of the draft report, this finding has been removed.		---
<b>Total line item</b>	<u>---</u>	<u>---</u>
<b>Total Questioned Costs</b>	<u>14,991</u>	<u>---</u>
		<u>14,991</u>

The Revenue Account Fund Accountability Statement

From the revenue account, our audit procedures identified the following amount that is unsupported.

<u>Item Description</u>	<u>Questioned Costs</u>	
	<u>Ineligible</u>	<u>Unsupported</u>
	\$	\$
1) This amount represents the interest income. This interest was withdrawn from the account and there were no documents to support the withdrawal. Therefore, the amount is considered to be unsupported.		106
<b>Total Revenue Account</b>	<u>---</u>	<u>106</u>

INTERNAL CONTROL STRUCTURE



# Hazem Hassan

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### Report on the Internal Control Structure Independent Auditor's Report

Mr. Philippe L. Darcy  
Regional Inspector General for Audit-Cairo  
United States Agency for International Development  
Cairo, Egypt.

We have audited the accompanying fund accountability statement of the Coptic Association for Social Care (CASC) pursuant to the Project Implementation Letter (PIL) No.32 and related revenue account under the Comprehensive Family Planning Care Sub-Project of the Population/Family Planning II Project No.263-0144 for the period from November 1, 1990 through September 30, 1993, and have issued our report thereon on February 2, 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 statements are 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, because 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 KPMG worldwide internal quality control program. This program requires our office to be subjected, every two years, to an extensive quality control review by partners and managers from other KPMG offices.



In planning and performing our audit of CASC, we considered its internal control structure related to PIL No.32, funded by USAID/Egypt, and the related revenue account, in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statements and not to provide assurance on the internal control structure.

The management of CASC 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 transactions are executed in accordance with the terms of the PIL, and are recorded properly to permit the preparation of reliable fund accountability statements in accordance with the cash basis of accounting.

Because of the 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 into the following categories:

- Cash receipts and banks
- Equipment
- Payroll
- Expenditures

For all of the control categories listed above, we obtained an understanding of the design of the relevant policies and procedures, and whether they have been implemented, and assessed the 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 that have come to our attention and are related to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the fund accountability statements. Our audit disclosed the following reportable conditions:

Finding No.1

Internal control over equipment is inadequate. CASC does not maintain a detailed fixed assets record; warehouse receiving reports are not maintained; no physical counts are made regularly and no USAID tags were noted.

A sound internal control system requires the management to safeguard assets against loss and unauthorized use.

However, CASC's management believes that the existing system of internal control is adequate.

As a result, USAID/Egypt's equipment may be subjected to waste, loss or unauthorized use.

We recommend that, if CASC were to receive further USAID funds, CASC should improve the control over equipment.

Finding No.2

CASC has not prepared any bank reconciliations.

A good internal control system requires that bank reconciliations be prepared, on a monthly basis, to explain the difference between the cash balance per bank statement and per cash book.

The lack of bank reconciliations may lead to a discrepancy between the cash book and the bank statement which could affect the fair representation of the fund accountability statement.

We recommend that, if CASC were to receive further USAID funds, CASC should prepare monthly bank reconciliations.

Finding No.3

CASC does not issue purchase orders for procured goods and commodities and no defined specifications are documented. Therefore, the selection process has no basis to ensure that the selected offers are at the most advantageous terms and prices. A sound internal control system requires a purchase order to be issued for each procurement transaction.

We recommend that, if CASC were to receive further USAID funds, a purchase order be issued for each procurement transaction. Such an order should include detailed specifications for the required goods.

\*\*\*\*\*

A material weakness is a condition in which the design or operation of the specific elements of the internal control structure 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 defined above. However, we believe that the reportable conditions described above are not material weaknesses.

This report is intended for the information of CASC'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.

Hazem Hassan & Co.



Cairo, Egypt  
February 2, 1995

COMPLIANCE WITH LAWS AND REGULATIONS



# Hazem Hassan

Public Accountants & Consultants

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Egypt

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## Report on Compliance with Laws and Regulations Independent Auditor's Report

Mr. Philippe L. Darcy  
Regional Inspector General for Audit-Cairo  
United States Agency for International Development  
Cairo, Egypt.

We have audited the accompanying fund accountability statements of the Coptic Association for Social Care (CASC) pursuant to the Project Implementation Letter (PIL) No.32 and the related revenue account under the Comprehensive Family Planning Care Sub-Project of the Population/Family Planning II Project No.263-0144 for the period from November 1, 1990 through September 30, 1993, and have issued our report thereon on February 2, 1995.

Except as discussed in the following 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. These standards require that we perform the audit to obtain reasonable assurance about whether the fund accountability statements of CASC are 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, because 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 KPMG worldwide internal quality control program. This program requires our office to be subjected, every two years, to an extensive



quality control review by partners and managers from other KPMG offices.

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

Material instances of noncompliance are violations of laws, regulations, contracts, grants or binding policies and procedures that cause us to conclude that the aggregation of misstatements, resulting from those violations, is material to the fund accountability statements. The results of our tests of compliance disclosed the following material instances of noncompliance, the effect of which has been reflected in the CASC's fund accountability statements.

1. Instances of noncompliance with the Project Implementation Letter (PIL) No.32.

During our audit, we noted that CASC did not comply with certain provisions of the PIL regarding the allowability, allocability and reasonableness of costs charged to USAID/Egypt. Also, certain costs were charged to USAID/Egypt that were neither approved by USAID/Egypt nor supported by adequate documents. The financial effect of those instances of noncompliance is reflected in the "Details of Questioned Costs" section of this report.

We recommend that CASC's management take the necessary corrective actions to comply with the PIL regarding the allowability, allocability and reasonableness of costs charged to USAID/Egypt. Also, CASC should ensure that all costs billed to USAID/Egypt are within the USAID/Egypt approved budget or have prior approval from USAID/Egypt.

\*\*\*\*\*

We considered these material instances of noncompliance in forming our opinion on whether CASC's fund accountability statements are

presented fairly, in all material respects, in conformity with the cash basis of accounting. This report does not affect our report, dated February 2, 1995, on the fund accountability statements.

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

This report is intended for the information of CASC'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.

Hazem Hassan & Co.



Cairo, Egypt  
February 2, 1995

APPENDIX I  
CASC'S MANAGEMENT'S RESPONSE

CAIRO, AUGUST 6, 1995

MESSERS/ HAZEM HASSAN & CO.

REFERENCE IS MADE TO YOUR AUDIT COMMENTS REGARDING UPPER EGYPT PLANNING AND COMMUNITY DEVELOPMENT PROJECT AND WHICH WERE SUMMARIZED INTO TWO MAIN CATEGORIES

1. INELIGIBLE ITEMS
2. UNSUPPORTED ITEMS

WE ARE PLEASED TO DETAIL THEREUNDER REPLY TO THESE COMMENTS AND CONCERNS.

### INELIGIBLE ITEMS

#### A. PERSONNEL

1. AMOUNT OF LE. 25678.- REGARDING YOUR CONCERN THAT AMOUNTS HAVE BEEN PAID IN EXCESS OVER THE APPROVED BUDGET AND THAT YOU HAVE CONSIDERED IT TO BE INCENTIVES WHICH "CASC" EMPLOYEES ARE ELIGIBLE FOR, WE WOULD LIKE TO CLARIFY THAT THE AMOUNT IN DISPUTE ARE SALARY DIFFERENCES WHICH CAN'T BE CONSIDERED AS INCENTIVES AS THE BISHOPRIC HAS APPROVED EXPENSING THESE AMOUNTS OVER THIRTEEN OR FOURTEEN MONTHS AS FOLLOWED WITH AID.

ALSO, WE WOULD LIKE TO MENTION THAT WE DIDN'T AT ANY POINT EXCEED THE APPROVED BUDGET RELATED TO THIS ITEM AND THERE ARE CONTRACTS SIGNED BY EMPLOYEES AND MENTIONED IN IT EMPLOYEE SALARY AT THE PROJECT BEGINNING AND THAT THE PROJECT ADMINISTRATION HAS THE FULL POWER AND AUTHORITY TO DECIDE THE EMPLOYEE SALARY IN THE LIGHT OF SOME CONSIDERATIONS SUCH AS JOB DUTIES AND RESPONSIBILITIES, PROJECT PLACE ETC...

2. THE AMOUNT OF LE. 15199.- REGARDING SALARIES PAID TO 'CASC' EMPLOYEES IN EXCESS OF THE APPROVED BUDGET AND THAT THIS IS UNALLOWABLE.

WE WOULD LIKE TO INFORM YOU THAT THERE IS NO EXCESS OVER THE APPROVED BUDGET AS THE BUDGETED AMOUNT FOR TWO YEARS FOR THIS ITEM WAS LE. 948,820,- WHILE THE ACTUAL AMOUNT EXPENSED FOR THESE TWO YEARS WAS LE. 643,281.40 ; THUS REALIZING A SURPLUS OF 32.2% LE. 305,538.60 IN THE OVERALL ITEM ALSO, IF YOU COMPARE THE AMOUNT EXPENSED FOR TWO YEARS AND SEVEN MONTHS ( UNTIL MAY END 1993 ) TO THE SAME TWO YEARS BUDGET , YOU WILL FIND THAT WE HAVE SURPLUS OF 12.9% LE. 122,496.78

IT SHOULD BE ALSO CLEAR THAT WE MIGHT HAVE EXCESS FOR SOME ITEMS FALLING WITHIN THIS MAIN GLOBAL ITEM BUT ON THE OVERALL WE HAVE EXCESS AS MENTIONED ABOVE .

( SEE ATTACHMENTS No. 1, 2, 3 )

B. SUPERVISION AND MONITORING

1. AMOUNT OF LE. 758,- REGARDING TRAVEL AND PER DIEM EXPENSES IN EXCESS OF THE APPROVED RATES.

WE WOULD LIKE TO MENTION THAT THE COST IN THE BUDGET IS PER DAY AND NOT PER VISIT AND THUS THERE SHOULDN'T BE ANY EXCESS OVER THE APPROVED BUDGET.

IT IS NOT TRUE THAT WE EXCEEDED THE APPROVED RATES OF PER DIEM::

- \* THE APPROVED BUDGET RATE FOR PER DIEM IS LE. 45,-
- \* THE ACTUAL EXPENSES RATE IS LE. 20,-

THERE IS NO PLACE FOR THIS ARGUMENT

THE AVERAGE TRAVEL RATE IS LE. 45, MOST OF THE TRIPS DO LIE WITHIN THIS AVERAGE. SOME TRIPS DID COST A LITTLE BIT MORE BUT STILL THE TOTAL LINE ITEM IS RESPECTED AND NOT EXCEEDED.

2. THE AMOUNT OF LE. 2881 EQUIVALENT TO \$ 904,- AMOUNTS WHICH YOU CLAIM ARE NOT INCLUDED IN SUB PROJECT COST PROPOSAL NOR THE PIL 32 AND IS UNALLOWABLE.

WE WOULD LIKE TO CLARIFY THAT THESE AMOUNTS ARE TRANSPORTATION EXPENSES NECESSARY AND ESSENTIAL FOR STAFF ACTIVITIES CONTRIBUTING FINALLY IN PROJECT SUCCESS AS THEY ARE FOR HOME VISITS AND IS CONSIDERED AS TRANSPORTATION ALLOWANCES FOR THE STAFF WHICH IS PART OF SALARIES FOR THEM.

3. THE AMOUNT OF LE. 1660 AMOUNT REPRESENTING COST OF EXECUTIVE DIRECTOR TRIP TO LONDON NOT INCLUDED IN THE USAID/ EGYPT APPROVED BUDGET

WE WOULD LIKE TO CLARIFY THE FOLLOWING POINTS :

A. THE EXECUTIVE DIRECTOR HAS RECEIVED A TRAINING COURSE IN THE UNITED STATES OF AMERICA NOT AT ENGLAND AS REPORTED UNDER THIS LINE ITEM. ATTACHMENT #1 WOULD REVEAL THAT THIS TRIP WAS PLANNED AND US-AID APPROVED SINCE FEBRUARY 7, 1990. THIS COULD BE READ IN II-I PAGE 14 AS IT SAYS THAT THE EXECUTIVE DIRECTOR IS PROGRAMMED TO RECEIVE OVERSEAS TRAINING PROBABLY IN THE US TO INCLINE HIS SKILLS IN MANAGING HEALTH PROJECTS . AS YOU OBVIOUSLY DISCRIMINATE THE ATTACHED DOCUMENT WAS APPROVED BY THE US-AID MISSION.

B. AGAIN ATTACHMENT #2 ( ONE PAGE DOCUMENT ) WILL GIVE A VERY RESOLUTE EVIDENCE THAT THE US-AID WAS SPONSORING THIS TRIP . AS YOU KNOW CEDPA WAS WORKING BY THE BUY-IN MECHANISM AMONG CASC, BPSS AND THE US-AID . THIS ATTACHMENT DEMONSTRATES THE COVENANT OD CEDPA TO SPONSOR THE TRAINING COURSE.

( SEE ATTACHMENTS No. 4, 5, 6, 7, 8 )

C. TRAINING

A. AMOUNT OF LE. 39,815,- AMOUNT REPRESENTING COST OF RESIDENTIAL COURSE HELD IN A HOTEL AND THAT THERE SHOULD BE SUPPORTIVE DOCUMENTS AND REGARDING ALSO YOUR CLAIM THAT SUCH COURSE IS NOT INCLUDED IN US/AID EGYPT APPROVED BUDGET.

- WE ARE PLEASED TO ATTACH HEREWITH COPIES OF SUPPORTING DOCUMENTS FOR THIS ITEM.

- THIS TRAINING COURSE WAS HELD TO UPGRADE THE PROJECT'S EDUCATORS SKILLS .

IN THE ORIGINAL PROJECT DOCUMENT ( APPROVED BY THE US-AID ) PLEASE REFER TO PAGE 37. IN THIS PAGE YOU WILL FIND THAT A REFRESHER TRAINING COURSE WAS SCHEDULED TO BE HELD DURING THE SEVENTH QUARTER OF THE PROJECT LIFE (ITEM#32). AS THE PROJECT SUFFERED FROM A WAVERING FUNDING AT THAT TIME , THIS COURSE WAS POSTPONED TO THE SECOND QUARTER OF 1993 . ATTACHMENT #3 ( ONE PAGE DOCUMENT) WOULD DISPLAY THE ORIGINALLY APPROVED TRAINING PLAN.

THE PROJECT'S TRAINING PLAN HAS UNDERGONE MANY REORGANIZATION DUE TO THE LACK OF FUNDS . EACH EXPECTED CHANGE WAS NOTIFIED TO THE US/AID MISSION . ATTACHMENT #4 ( THREE PAGE DOCUMENT) WOULD DEMONSTRATE THAT OUR AMENDED TRAINING PLAN HAD INVOLVED A REFRESHER COURSE FOR THE EDUCATORS . KINDLY TRACE THE ARROWS IN PAGES 2&3 OF THIS ATTACHMENT ;THEY WILL VERIFY THAT THIS PARTICULAR WORKSHOP WAS INCLUDED IN OUR AMENDED PLAN.  
( SEE ATTACHMENTS No. 9 TO 18 )

D. EQUIPMENT

THE AMOUNT OF LE. 1,600,- REPRESENTING SUBSCRIPTION EXPENSES FOR A MAGAZINE ISSUED BY NATIONAL POPULATION COUNCIL ( NPC ) AS YOU MENTIONED THAT EXPENSES ARE NOT INCLUDED IN US/AID APPROVED BUDGET. AND THAT THERE IS NO CASH RECEIPT FROM ( NPC ) AND THAT IS CONSIDERED UNALLOWABLE.

THIS AMOUNT IS FOR SUBSCRIPTION IN MAGAZINE ISSUED BY NATIONAL POPULATION COUNCIL ( NPC ) AND WHICH IS VERY ESSENTIAL TO GIVE GUIDE FOR PROJECT STAFF AND FOR THOSE VISITING THE HEALTH CENTERS.

( SEE ATTACHMENTS No. 19 & 20 )

E. OTHER DIRECT COST

THE AMOUNT OF LE.3,804 VEHICLE MAINTENANCE EXPENSES NOT INCLUDED IN BUDGET FOR THE PERIOD FROM NOV 1, 92 TILL MAY 31, 93 AND THUS UNALLOWABLE.

WE WOULD LIKE TO CLARIFY THE POINT THAT VEHICLE MAINTENANCE WAS INCLUDED SINCE THE BEGINNING OF THE PROJECT AND HAS BEEN MISSED WHILE PREPARING THE BUDGET AS IT IS IMPOSSIBLE AND ILLOGICAL FOR THE PROJECT OR ANY PROJECT TO CONTINUE WITHOUT THIS ESSENTIAL ITEMS.

A REVISED BUDGET HAS BEEN ISSUED AND THIS ITEM HAS BEEN REPORTED IN IT.  
( SEE ATTACHMENT No. 21 )

## UNSUPPORTED ITEMS

### A. TECHNICAL ASSISTANCE

THE AMOUNT OF LE. 1150 REGARDING THE COST OF TECHNICAL ASSISTANCE AS NEITHER SUPPORTING DOCUMENTS NOR FULL DESCRIPTION OF THIS TECHNICAL ASSISTANCE GIVEN ARE AVAILABLE.

WE WOULD LIKE TO STATE THAT THIS AMOUNT REPRESENT TRANSPORTATION PAID FOR FOREIGN TECHNICAL ASSISTANCE DURING THEIR SUPERVISORY VISITS WITH "CEDPA ASSOCIATION" REPRESENTATIVES REGARDING TECH. ASSISTANCE FOR MEDICAL CENTERS. A CAR HAS BEEN RENTED FOR THESE VISITS ( WE ATTACH HEREWITH RECEIPT NO. 729 DATED 28/11/1990 )

( SEE ATTACHMENT No. 22 )

### B. EQUIPMENT ( OFFICE SUPPLIES )

THE AMOUNT OF LE. 5,000,- AMOUNT REPRESENTING COST OF OFFICE SUPPLIES WITH NO SUPPORTED DOCUMENTS.

THIS AMOUNT REPRESENT OFFICE SUPPLIES PURCHASED FOR HEAD QUARTER AND WE ATTACH HEREWITH COPY OF THE INVOICE SHOWING SETTLEMENT OF THIS AMOUNT.

( SEE ATTACHMENTS No. 23, 24, 25 )

### C. OTHER DIRECT COST ( VEHICLE RENTAL EXPENSES )

1. VEHICLE RENTAL EXPENSES UNSUPPORTED THIS AMOUNT REPRESENT THE PRICE OF RENTING THREE CARS FOR THE PERIOD FROM OCT.1, 1990 TO OCT31, 1991 TO COVER THE TERRITORIES OF BENISUEF / MAGHAGHA/ AND TAHTA AND ALSO A FOURTH CAR HAS BEEN ADDED TO THE PREVIOUSLY MENTIONED THREE CARS DURING THE PERIOD FROM NOV.1, 1991 TO OCT. 31, 1992 TO COVER URBAN POPULATION TERRITORIES.

(SEE ATTACHED PROJECT EXECUTIVE DIRECTOR LETTER TO ADMINISTRATION, DEPT. OF BPSS DATED SEPT. 24, 1990 AS WELL AS THEIR REPLY AGREEING THE CONTENTS OF THIS LETTER ) ( ATTACHMENTS No. 26, 27, 28, 29 & 30 AND SUPPORTIVE DOCUMENTS )

2. AMOUNT OF LE. 2,100,- REPRESENTING PAYMENT OF (NPC) IN SUPPORT OF TRAINING COURSE

THIS AMOUNT REPRESENTS THREE TRAINING COURSES AND WE ATTACH HEREWITH INVOICE SIGNED BY OFFICIALS OF MINISTRY OF INFORMATION AT NATIONAL POPULATION COUNCIL AND THE REQUEST OF THIS AMOUNT BY (NPC) AND APPRECIATION LETTER FROM THEM.

( SEE ATTACHMENTS No. 30, 32, 33 & 34 )

3. THE AMOUNT OF LE. 2842 TELEPHONE EXPENSES  
ATTACHED PLEASE FIND THE TELEPHONE BILL CHARGED TO THE BISHOPRIC ON  
TELEPHONE EXPENSES REPRESENTING 80% OF TOTAL BILL.

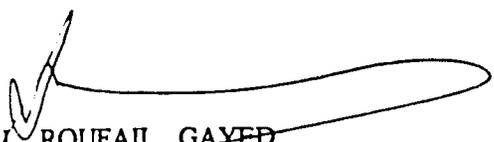
TELEPHONE BILL No. 301287 FOR	LE. 3536.20
TAXES AND STAMPS	LE. <u>16.00</u>
TOTAL	LE. <u>3552.20</u>
80 % OF THE AMOUNT	LE. <u>2841.67</u>

( SEE ATTACHMENT No. 38 )

THE REVENUE ACCOUNT FUND ACCOUNTABILITY STATEMENT

THE AMOUNT OF LE. 338,- AS INTEREST INCOME . INTEREST WITHDRAWN FROM  
THE ACCOUNT AND THERE WERE NO DOCUMENTS TO SUPPORT THIS WITHDRAWAL.

THIS ITEM IS NOT CLEAR TO US AND WE REQUEST YOU TO PROVIDE US WITH  
MORE CLARIFICATION FROM YOUR SIDE REGARDING THIS AMOUNT.

  
ADEL ROUFAIL GAYED  
FINANCIAL & ADMINISTRATIVE CONSULTANT

31 / 7 / 1995

APPENDIX II  
AUDITOR'S COMMENTS

~~KPMG~~ Hazem Hassan

Auditor's Comments  
General

Our comments below address the responses of CASC's management relating to those situations where we believe additional clarification is warranted.

Our comments follow the sequence of the findings and CASC's responses. Attachments to CASC's responses are not included in Appendix I, because some of them are in Arabic. These attachments are available upon request.

PIL No.32, Fund Accountability Statement

1. Personnel

- a) (Ineligible items, A. Personnel, No.1 as per the management's response).

CASC's management asserted that this amount represents salary differences. Because CASC's management did not provide us with documents supporting its assertion and because CASC's accounting records and vouchers state that this amount represents incentives, we still consider this amount as unallowable costs. Our position remains the same.

- b) (Ineligible items, A. Personnel, No.2 As per the management's response).

The sub-project proposal and the PIL No.32 stated the exact salary and benefit for each position. This amount represents salaries exceeding the approved budget for certain positions. Although CASC did not exceed the budget of the personnel main line item, CASC exceeded the budget of certain positions. Therefore, the excessive salaries paid to CASC employees are considered to be unallowable. Our position remains the same.

2. Supervision & Monitoring

- a) (Ineligible items, B. Supervision and Monitoring, No.1 As per the management's response).

This amount represents per diem charged to USAID/Egypt in excess of the approved rate. The

~~NAME~~ Hazem Hassan

excessive per diem expenses are considered to be unallowable. Our position remains the same.

- b) (Ineligible items, B. Supervision and Monitoring, No.2 As per the management response).

This amount represents transportation for field workers, fuel and accommodation expenses. Such items are not stated in the approved budget nor was USAID approval obtained. Therefore, this amount is considered to be unallowable. Our position remains the same.

- c) (Ineligible items, B. Supervision and Monitoring, No.3. As per the management response)

This amount represents the cost of the overseas trip for the executive director during our field work. The clarification provided to us asserted that this trip was to the UK. However, documents provided to us during or after the field work did not included USAID approval. Therefore, this amount is considered to be unallowable. Our position remains the same.

### 3. Training

- a) (Ineligible items, C. Training No.1. As per the management response).

Based on documents and clarification provided to us subsequent to the issuance of the draft report, this finding has been removed.

### 4. Technical Assistance

- a) (Unsupported items, B. Equipment. As per the management response).

Based on documents and clarification provided to us subsequent to the issuance of the draft report, this finding has been removed.

~~XXXX~~ Hazem Hassan

5. Equipment

- a) (Unsupported items, B. Equipment. As per the management response).

Based on documents and clarification provided to us subsequent to the issuance of the draft report, this finding has been removed.

- b) (Ineligible items, 1). Equipment. As per the management response).

This amount represents subscription expenses for a magazine issued by NPC. CASC's management asserted that this magazine is very essential for the project staff. Because subscription expenses are not included in the budget, nor was USAID/Egypt's approval provided to us, we considered such amount as unallowable. Our position remains the same.

6. Other Direct Costs

- a)through d) (Ineligible items, E. Other Direct Costs No.1 and unsupported items, C. Other Direct Costs Nos 1, 2 and 3).

Based on documents and clarification provided to us subsequent to the issuance of the draft report, this finding has been removed.

The Revenue Account Fund Accountability Statement

This item was discussed with the CASC's management during and after the field work and no clarification was provided to us. Therefore, our position remains the same.

Internal Control Structure

CASC's management's response did not address the reportable condition stated in the Report on the Internal Control Structure. Therefore, our position remains the same.

Compliance with Laws and Regulations

CASC's management's response did not address the instances of noncompliance stated in the Report on Compliance with Laws and Regulations. Therefore, our position remains the same.

APPENDIX III  
MISSION'S COMMENTS

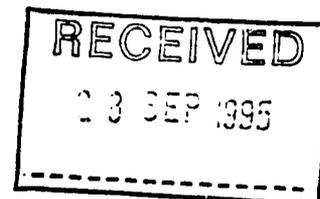


UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

September 27, 1995

MEMORANDUM



TO: Lou Mundy, RIG/A/C

FROM: Shirley Hunter, OD/FM/FA

SUBJECT: Audit of the Coptic Association for Social Care (CASC) Project Implementation Letter No. 32 and the Related Revenue Account under the Population/Family Planning II Project No. 263-0144 - Draft Report dated August 31, 1995

Mission is working with the implementing agency to resolve and close Recommendation Nos. 1 and 2.

Attached is a copy of a letter to CASC, dated September 27, 1995, requesting them to address the material non-compliance issues identified in the audit report. Based on this action, Mission requests resolution of Recommendation 2.

Please issue the final report.

Att: a/s



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

September 27, 1995

Bishop Serapion  
President  
Coptic Association for  
Social Care (CASC)  
Bishopric of Public Ecumenical &  
Social Services  
Anba Rueis Building  
Ramsis Street  
Cairo, Egypt

Subject: Audit of the Coptic Association for  
Social Care (CASC) Draft audit  
report Dated August 31, 1995

Dear Bishop Serapion:

Attached is a copy of the subject audit report, which contains  
two recommendations.

Recommendation No. 1 deals with ineligible and unsupported costs,  
and Recommendation No. 2 deals with material non-compliance  
issues identified in the audit report.

Please review the report, and acknowledge your agreement with the  
non-compliance recommendation. Please provide to me your  
response explaining the corrective actions planned or taken by  
CASC, to address Recommendation No. 2.

Thank you for your cooperation.

Sincerely,

Shirley Hunter  
Office Director  
Financial Analysis Division  
USAID/Cairo

Att: a/s