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**AUDIT OF
PL 480 TITLE II, "FOOD FOR PEACE"
PROGRAM ADMINISTERED BY
CATHOLIC RELIEF SERVICES**

**Audit Report No. 6-263-90-01-N
31 December 1989**

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

31 December 1989

MEMORANDUM FOR D/USAID/Egypt, Marshall D. Brown

FROM : RIG/A/Cairo, F. A. Kalhammer *F. A. Kalhammer*

SUBJECT: Audit of PL 480 Title II, "Food for
Peace" Program Administered by
Catholic Relief Services
Audit Report No. 6-263-90-01-N

The enclosed non-federal audit report, dated November 9, 1989, by Hazem Hassan & Co., presents the results of a financial and compliance audit of the Public Law 480 Title II food program administered under a Program Agreement between USAID/Egypt and Catholic Relief Services (CRS). In enacting PL 480, Congress declared it to be the policy of the United States to use its agriculture productivity to combat hunger and malnutrition, encourage economic growth and development, and expand markets for U.S. agriculture commodities. Since 1975 CRS had distributed 408,000 metric tons of surplus food products, valued at \$179 million, to needy recipients in Egypt.

We initiated the audit at the Mission's request to assist in closing out the PL 480 Title II program. A previous audit was conducted by RIG/A/C in 1986. The 1986 audit disclosed that a) loss and claim reporting were not controlled, b) an evaluation had not been made to assess program impact and c) inadequate storage facilities were in use.

The attached financial and compliance audit identified several control issues and recommends resolution of certain minor amounts due CRS and USAID/Egypt. The issues identified included: inadequate accounting records, lack of internal control in distributing commodities, non-submission of required operating reports, and inadequate control over collection or follow-up on funds due CRS and USAID/Egypt.

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USAID/Egypt authorized CRS to sell 3,050 metric tons of surplus food commodities to public sector companies in 1987. The proceeds of these sales amounted to the local currency equivalent of about \$1.7 million which was deposited in an interest-bearing account and used to finance certain food self-sufficiency projects in Egypt, as agreed to between the Mission and CRS. The CPA firm made no review of the funds disbursed from this account, whose balance was nearly \$714,000 equivalent on July 31, 1989.

Because the program ended on September 30, 1989, recommendations related to deficiencies in internal control, financial records or lack of compliance with reporting regulations are not being made.

Recommendation No. 1

We recommend that USAID/Egypt review and settle the amounts owed to USAID/Egypt and Catholic Relief Services, as stated in the attached CPA report.

The foregoing recommendation is closed upon report issuance. USAID/Egypt and CRS officials reviewed each of the relatively minor monetary issues raised by the CPA firm. In its detailed response to the CPA's report the Mission has explained to RIG/A/C's satisfaction that the matters at issue either had already been resolved, had been pursued as far as could reasonably be expected, or that the time and effort necessary to pursue them further would not be cost-effectively spent considering the small amounts involved. The complete text of the Mission's response is included as Appendix 1 to this report.

I appreciate the courtesies and cooperation extended to Hazem Hassan & Co. and to our staff during the course of this audit.

FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II
"FOOD FOR PEACE" PROGRAM
ADMINISTERED BY
CATHOLIC RELIEF SERVICES (CRS)

Final Report

November 9, 1989

HAZEM HASSAN & Co.
CHARTERED PUBLIC ACCOUNTANTS

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FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

EXECUTIVE SUMMARY

A. GENERAL

The PL480 Title II "Food for Peace" program authorizes the distribution of surplus food commodities outside the United States. In Egypt, Title II commodities were distributed as a nutritional supplement to recipients in three basic programs, the Maternal and Child Health Program (MCH), the Other Child Feeding Program (OCF) and the School Lunch Program (SLP).

Catholic Relief Services (CRS) (a PVO) acting as the cooperating sponsor, entered into a basic agreement with the Agency for International Development (USAID/E) in order to implement the program in Egypt. Accordingly, CRS entered into a basic agreement with the Government of Egypt (GOE), represented by the Inter-Ministerial Committee for Foreign Voluntary Assistance (IMC), which is handling (on behalf of GOE) all the foreign food donation assistance programs.

During the period January 1986 to September 30, 1989 CRS imported 15,909 metric tons of Title II commodities valued at \$ 10.5 million. The program was scheduled to phase out by the end of fiscal year 1989. The regional office of the Inspector General for Audit asked Hazem Hassan & Co., a Public Accounting Firm, to conduct a close-out audit of the PL480 Title II program.

B. SUMMARY OF CONCLUSIONS

The financial transactions of the PL480 Title II program were properly accounted for and the resultant financial statements (the monetization account, statement of proceeds collected as a result of inland shortages and diversions, and the statement of the sale of empty containers) fairly reflect the results of the financial transactions. The most important observation is that CRS has not maintained separate accounting records to monitor and control the financial transactions resulting from the PL480 Title II operations. Therefore, money due to USAID/Egypt and CRS has not been collected.

The system of internal control implemented by CRS is reasonably adequate to manage the PL480 Title II project. Some weaknesses were identified, however, corrective action was not recommended because the program ended September 30, 1989.

CRS handling of the PL480 Title II program is mostly in compliance with AID Handbook 9 and Regulation 11, Appendix C. However, in some instances CRS practices were not in conformity with AID requirements. The items which were examined and found in non-compliance and in need of corrective action are:

- CRS did not submit to USAID/E required reports on the results of CRS internal reviews, as per Chapter (14.E.1) of Handbook 9 and Section (211.5.C) of Regulation 11.
- In two instances CRS did not comply with AID regulations in disposing of commodities not fit for human consumption.

FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

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FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

PART I - INTRODUCTION

A. BACKGROUND

1. GENERAL

Title II food donations from USAID are distributed in Egypt by Catholic Relief Services (CRS), a private voluntary organization. Child feeding programs include:

- MCH program, which distributes baby foods, vegetable oil and milk to mothers and infants through MCH Centers operated by the Ministry of Health,
- OCF program, which provides, through CRS, nutritious foods to children through day care centers and orphanages; and
- SLP program, which provided school children in grades 1-6 a nutritious snack to improve their health status and reduce school absenteeism. This program was phased out in 1985.

Since the inception of the PL480 Title II Program in fiscal year 1975, a total of 407,687 metric tons (MT) of oil, instant corn-soy-milk powder, bulgur, flour, rice, wheat and non-fat dried milk, valued at \$ 178.8 million, have been delivered to: mothers and infants to help them survive the critical weaning period, and to severely disabled and neglected children, as well as primary school children (Grades 1-6).

A summary of Title II food commodity movements during the period January 1986 to June 30, 1989, is presented in Appendix 1.

In 1987, USAID/E established procedures for financing PVO activities to promote Egypt's food self-sufficiency and selected child survival activities. Accordingly, an agreement between GOE, CRS and USAID/E was signed to monetize 1050 MT of raisins and 2000 MT of non-fat-dried milk (NFDM) provided under the Title II program. The monetization process in Egypt was approved under legislation which permits partial monetization programs and substantially expands the purposes for which monetization proceeds may be used. USAID/E and CRS established the procedures required to administer the monetization bank account, maintained especially for the purposes of the food self-reliance projects.

2. FINANCIAL STATEMENTS

CRS prepares three financial statements related to operations of the PL480 Food for Peace Program.

The Statement of Monetized Commodities exhibits the total proceeds resulting from the sale of 1050 MT of raisins and 2000 MT of non-fat dried milk during the period December 1986 to July 1989. The funds generated therefrom, totalling L.E. 4,273,000 (\$ 1,709,200), were deposited in a special account jointly administered by USAID/E and CRS for financing PVO activities to promote food self-sufficiency projects in Egypt. The interest earned on this account amounted to L.E. 631,560 (\$ 252,624) during the period January 27, 1987 to July 10, 1989. The amount disbursed during the period for food self-sufficiency projects totalled L.E. 3,037,820 (\$ 1,215,128). CRS administration fees totalled L.E. 82,384 (\$ 32,954). The balance of the bank monetization account was L.E. 1,784,313 equivalent to \$ 713,725 on July 31, 1989 (Appendix 2). This balance will finance projects approved by USAID/E.

The Statement of Shortages Collected reflects the amount of shortages collected during the period January 1986 to June 1989 totalling L.E. 19,389 (\$ 7,756). This amount was distributed in accordance with AID Handbook 9, Regulation 11, Appendix (C), between USAID/E L.E. 16,264 (\$ 6,506) and CRS L.E. 3,125 (\$ 1,250) (see Appendix 3). CRS, by regulation, is allowed to retain from collections the value of claims involving loss or damage less than \$ 100 and/or the first \$ 100 plus 10% on claims having a value in excess of \$ 100, to a maximum of \$ 350. The balance remaining therefrom is to be used by CRS for administrative expenditures. USAID/E share was refunded to the U.S. Treasury.

CRS, by regulation, may dispose of empty product containers (in which commodities are received) by sale, exchange or distribution free of charge to eligible recipients for their personal use. The disposal of containers is made according to rules of the basic agreement between CRS and IMC, where recipients are encouraged to pay for empty containers received on the basis of ability to pay. Funds received from this type of sale are used to cover part of the program costs (e.g. transportation, improving storage facilities, ... etc.). The Statement of Empty Container Fund exhibits the thirty percent of the proceeds from the sale of empty containers which goes into the CRS operating account (Appendix 4). The balance of the proceeds (seventy percent) is used by public health zones (PHZ's) to finance program related activities. Quarterly reports on the status of the empty container funds are prepared by CRS and a copy is submitted to USAID. This fund is used by CRS for the program related expenses of the MCH program.

B. AUDIT OBJECTIVES AND SCOPE

In July 1989, Hazem Hassan & Co. was asked by the Regional Inspector General's Office in Cairo to conduct a financial and compliance close out audit of the PL480 Title II "Food for Peace" program which has been administered by Catholic Relief Services (CRS).

The objectives of the audit were to ascertain and determine whether:

- a. The financial transactions have been properly accounted for and resultant financial statements reflect the results of operations.
- b. The system of internal control is adequate and to determine its effectiveness in providing financial and operational controls necessary for an efficient program operation.
- c. CRS has complied with the provisions of the basic agreement, as well as AID Handbook 9 including Regulation 11.

To accomplish these objectives, we reviewed the financial transactions and operating procedures of CRS and the IMC. In order to cover the scope of the required audit, the field work was conducted in Cairo, Alexandria and other governorates, where we visited selected regional warehouses and public health storage areas, as well as selected distribution centers (see Appendix 5).

Our audit was conducted during the period July 24 to October 5, 1989 and was made in accordance with generally accepted government auditing standards. Accordingly, our field work included all tests and audit procedures which were deemed necessary at the time of the audit to accomplish the final objectives.

HAZEM HASSAN & CO.

FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

PART II - RESULTS OF AUDIT

- Report on Financial Statements
- Report on the System of Internal Controls
- Report on Compliance

HAZEM HASSAN & CO.

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FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)
REPORT ON THE FINANCIAL STATEMENTS

Auditors' Opinion

We have examined CRS/Egypt's financial statements which result from the financial transactions of the PL480 Title II program operations for the period January 1986 to June 1989. These financial statements were as follows:

- The Statement of Monetized Commodities (September 87 - July 89) Appendix 2.
- The Statement of Shortages Collected (January 1986 - June 89) Appendix 3.
- The Statement of Empty Container Fund (July 86 - June 89) Appendix 4.

We conducted our audit in accordance with generally accepted auditing standards and the standards for Financial and Compliance audits contained in the U.S. Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions (1988 revision)". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, except for the findings attached which are deemed to have minor effect upon the results of operation, financial transactions have been properly accounted for and the resultant financial statements reflect fairly the results of the operation.

This report is intended solely for the use of the United States Agency for International Development.

M. H. Hassan

HAZEM HASSAN & CO.

November 9, 1989
Cairo, Egypt

FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

REPORT ON THE FINANCIAL STATEMENTS

FINDINGS AND RECOMMENDATIONS

THE ACCOUNTING SYSTEM

1. No separate accounting records were maintained for the Title II Program

CRS did not maintain a separate set of accounting records for the financial transactions related to the PL480 Title II programs. Also, IMC does not maintain an account in its books to monitor the financial transactions resulting from Title II program operations. Therefore, CRS did not account on an accrual basis for ocean carrier losses, unloading losses, inland losses and the proceeds of selling empty containers. The existence of such books and records would ensure proper controls over these transactions.

Recommendation

No recommendation is made, since the project is completed.

2. Collection procedures should be Strengthened

Four damaged/missing commodity reports (with a total value of \$ 6445) were issued by CRS during the period 1986 to 1989 and were still outstanding as of September 1989. This resulted from not making proper collection efforts with concerned public health zones and with the IMC.

On the other hand, damaged/missing commodity reports (valued at \$ 1,018) pertaining to claims initiated in 1985 were issued in January 1989.

Recommendation

CRS should follow up to assure that all claims are collected.

3. Controls over the proceeds of sale of empty containers needs to be improved

According to the basic agreement between CRS and IMC, empty containers (carton boxes, tins, and jute bags in which commodities are received from the U.S.) may be sold to eligible recipients at nominal charges. The distribution units at various governorates are to collect the proceeds and transfer them to an operating account in the name of the concerned health department who retains 70% for MCH program expenditures and forwards the remaining 30% to an IMC/CRS joint account. This account is used, with CRS approval, to finance the program related costs. However, our review indicated that proceeds from the sale of empty containers were not collected by the governorates on a timely basis which resulted in delays in receiving the portion pertaining to CRS (30%) by 5 to 6 months on average. On the other hand, it was found that some recipients were overcharged for the value of empty containers as 35% of the 110 recipients interviewed by us indicated that they were charged 2 to 5 times higher than the nominal charges predetermined by CRS/IMC. Amounts overcharged to recipients were retained by PHZ's and not forwarded to IMC and CRS. It was also found that the agreed selling prices of empty containers were not updated during the period 1986 to 1989.

Recommendation

USAID/E and CRS should determine what the overcharges are and collect them.

HAZEM HASSAN & CO.

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FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)
REPORT ON THE SYSTEM OF INTERNAL CONTROLS

Auditors' Opinion

We have examined the internal controls and the accounting system of CRS/Egypt over the operation of the PL480 Title II program. As part of our examination, we made a study and evaluation of CRS internal accounting system to the extent we deemed necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions (1988 revision)".

The management of Catholic Relief Services is responsible for establishing and maintaining a system of internal accounting control. 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 a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system 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.

B

In our opinion, the system of internal control of CRS/Egypt pertaining to the management of PL480 Title II program in effect for the period January 1986 to June 1989, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to program objectives.

This report is intended solely for the use of the United States Agency for International Development.

N. M. S.
HAZEM HASSAN & CO.

November 9, 1989
Cairo, Egypt

FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

REPORT ON THE SYSTEM OF INTERNAL CONTROLS

FINDINGS AND RECOMMENDATIONS

1. Governorates and Public Health Zones (PHZ'S) storage facilities are not in a good condition to store food commodities

Four of the governorates' and PHZ's warehouses which we visited (see Appendix 4) were not waterproofed, poorly constructed and inadequately ventilated. Commodities were stacked in a rather untidy manner, pallets are rarely used to stack commodities and insufficient space is left to allow access. In Assuit, for example, the rice bags were piled and could not be counted and oil cartons were stored among other materials and equipment belonging to the public health department. This situation is further affected by long storage periods in these warehouses (up to six months).

Recommendation

No recommendation is made, since the project is completed.

2. Controls over the distribution of the PL480 Title II commodities should be improved to ensure that these commodities are delivered to the eligible beneficiaries

We reviewed the basis of the eligibility criteria applied to the MCH program and the distribution procedures at nine distribution centers in five Governorates (see Appendix 5) and interviewed 110 recipients. The eligible recipients were selected from birth registries (children aged from 6 months to 36 months) and from medical check-up records. A recipient family is entitled to obtain certain rations of commodities on regular schedules up to 6 times during the period of entitlement for weaning infants or until the child reaches 3 years of age, whichever may come first. The list of the selected eligible recipients, as per regulation, is being

reviewed and updated on a timely basis. Due to the large population of needy people who are eligible and due to the absenteeism of some recipients, some distribution units are using the first-come first-served method in the distribution process. Nevertheless, this method is interrupting the regularity of allocating rations for which the recipients are entitled.

During our field visits to a selected sample of distribution centers, we found that:

- a. 22% of recipients interviewed complained that the quantities they received were below their approved rations of rice (2kg each).
- b. 5% of interviewed recipients did not receive their rations regularly as the concerned distribution centers sometimes followed the first-come, first-served method.

Recommendation

No recommendation is made, since the project is completed.

HAZEM HASSAN & Co.

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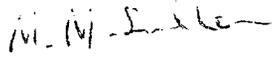
FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)
THE REPORT ON COMPLIANCE

Auditors' Opinion

We have examined CRS/Egypt's compliance with AID Handbook 9 including Regulation 11, applicable to the PL480 Title II "Food For Peace" Programs, for the period from January 1986 until June 30, 1989. Our examination was made in accordance with generally accepted auditing standards and the United States Comptroller General's "Standards for Audit for Governmental Organizations, Programs, Activities and Functions (1988 Revision)".

Except for some minor findings, which are included in this report, CRS/Egypt's operating practices were in compliance with the provisions of the basic agreement and AID Handbook 9, including Regulation 11.

This report is intended solely for the use of the United States Agency for International Development upon issue - public record.


HAZEM HASSAN & CO.

November 9, 1989
Cairo, Egypt

FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

REPORT ON COMPLIANCE

FINDINGS AND RECOMMENDATIONS

1. CRS did not submit to USAID/E the required reports on the results of its internal reviews and examinations

According to Handbook 9 (Chapter 14-E-1) and Regulation 11 (211-5-C), CRS is required to prepare a report on the results of its internal reviews and examinations for submission to USAID/E. These reviews and examinations are required to be conducted at intervals agreed upon in advance by both USAID/E and CRS.

Our review indicated that:

- a. USAID/E did not participate in setting up a plan of internal reviews and inspections to be carried out by CRS.
- b. CRS did not submit to USAID/E the reports on the results of its internal reviews and examinations.

CRS headquarters in New York performed an internal audit in 1988 and a copy of that audit was sent to USAID/E. No OMB circular A-110 audit reports were submitted to USAID/E.

Recommendation

No recommendation is made, since the project is completed.

2. Disposal of commodities which are unfit for human consumption was not made, in two cases, in accordance with USAID regulations
According to AID Handbook 9 (Regulation 11, Appendix C, 211.8) USAID/E should authorize the disposal of commodities which are unfit for human consumption.

Our review indicated that in one case commodities unfit for human consumption were disposed of by IMC directly without notifying CRS and without obtaining USAID approval. In this case, IMC retained the proceeds of the sale. In another case, the USAID project officer authorized the disposition of an unfit commodity by donating that commodity to a charitable organization. However, our review indicated that IMC sold this commodity and also retained the proceeds.

Recommendation

The proceeds of L.E. 1,348 (\$ 539) for sales in these two cases should be refunded by IMC to CRS and USAID/E.

FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

Summary of Title II Food Commodity Movement
January 1986 - June 30, 1989
(in Metric Tons)

<u>Commodity</u>	<u>Beginning</u> <u>Balance</u> <u>Jan. 1986</u>	<u>Movements</u>		<u>Ending</u> <u>Balance</u> <u>June 89</u>
		<u>Receipts</u>	<u>Issuance,</u> <u>Sales and</u> <u>Damages *</u>	
Oil	1,719	6,549	(8,031)	237
Instant Corn Soy Milk (ICSM)	947	2,763	(3,710)	-
Non-Fat-Dried Milk (NFDM)	13,499	5,836	(18,849)	486
Bulgur	-	61	(61)	-
Rice	-	700	(200)	500
Raisins	1,516	-	(1,516)	-
Total	<u>17,681</u>	<u>15,909</u>	<u>(32,367)</u>	<u>1,223**</u>
	=====	=====	=====	=====

* Damaged commodities equaled 251 MT (0.8%).

** 1223 MT were to cover the remaining allocation requirements for the period June 30, 1989 to September 30, 1989.

FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

Statement of Monetized Commodities
September 1987 - July 1989

	L.E.	\$
A. Amount earned during the period:		
1. Commodities sold:	4,273,000	1,709,200
2. Amounts received from time deposits	631,560	252,624
Total receipts as of July 31, 1989	4,904,560	1,961,824
B. Amounts disbursed during the period:		
- PVO Projects	5,037,820	1,215,128
- CRS Fees	82,384	32,954
- Bank Charges	43	17
Total amounts disbursed	3,120,247	1,240,099
Balance at July 31, 1989*	1,784,313	713,725

Rate of exchange US\$ 1 = L.E. 2.50

Source: CRS, The Monetization Financial Statement

* Balance is to cover the remaining activities of planned food self-sufficiency projects to be approved by USAID/E.

FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

Statement of Shortages Collected
January 1986 - June 30, 1989

Period	Total Amount		CRS Share		USAID Share *	
	L.E.	\$	L.E.	\$	L.E.	\$
1986	1,700	680	-	-	1,700	680
1987	8,485	3,394	-	-	8,485	3,394
1988	2,039	816	1,307	523	732	293
To June 30, 1989	7,165	2,866	1,818	727	5,347	2,139
Total	19,389	7,756	3,125	1,250	16,264	6,506

* USAID/E share was refunded to the US disbursing officer by cheques payable to the Treasury of the United States of America.

Rate of exchange used US\$ 1 = L.E. 2.50

FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

The Statement of Empty Container Fund
July 1, 1986 - June 30, 1989

	L.E.	L.E.
Balance at July 1, 1986	18,659	
<u>Amounts received during the period</u>		
July 1986 to June 1989	74,045	

Total receipts through July 31, 1989		92,704
<u>Expenditures during the period</u>		
IMC staff incentives	35,987	
CARITAS wooden pallets	1,000	
Purchase of jerrycans	30,700	
Alexandria Survey Bureau fees for reconditioning	1,950	
Purchase of testing kit	550	

		70,187

Balance at June 30, 1989*		22,517
		=====
Balance of L.E. 22,517 equivalent to \$ 9,007		

Source: CRS Semi-annual Reports to the Mission

* The balance is to be used to cover the costs of remaining activities through end of fiscal year 1989. The disposition of the outstanding balance at September 30, 1989 should be determined by CRS with USAID/E approval.

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FINANCIAL & COMPLIANCE AUDIT
OF THE PL480 TITLE II "FOOD FOR PEACE" PROGRAM
ADMINISTERED BY CATHOLIC RELIEF SERVICES (CRS)

Table of the Visited MCH Program Warehouses

Regional Warehouses	Governorates	
	Storage Areas	Distribution Centers
1. Elobour - Alex.	1. Elguiza	1. Guiza Maternal & Child Health Care
2. Bastouress - Alex.		2. Kerdassa Health Group
3. Abassia - Cairo	2. DAKAHLIA (Elmansoura)	3. Elshwamy Health Group
4. Banha		4. Elsmahia (the great) Health Group
5. Tanta	3. Elbehira	5. Nedeba Health Group
6. Elmenia	4. Assuit	6. Elhamra Maternal & Child Health Group
		7. Kedwani Maternal & Child Health Group
	5. Sohag	8. Tahta Maternal & Child Group
		9. Elswamieh (West) Health Group



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

27 DEC 1989

DEC 26 1989

CAIRO, EGYPT

M E M O R A N D U M

TO: Frederick Kalhammer, RIG/A/C

FROM: Marshall D. Brown, Director

SUBJECT: Audit of PL 480 Title II, "Food for Peace" Program
Administered by Catholic Relief Services

We have reviewed the findings contained in the subject non-Federal audit report to verify the accuracy and completeness of audit results. We are pleased to see that the non-Federal auditors came to the conclusion that the financial transactions of the PL 480 Title II program were properly accounted for and that CRS's system of internal control was adequate to manage the program.

We believe that many of the preliminary monetary findings are based on inadequate data and are furnishing written comments and supplemental information so that our position can be taken into consideration prior to preparation of the final report. The delay in responding sooner to the draft report was caused in part by our researching our records to trace those monetary amounts questioned during the audit. We believe that the information being furnished in the attachment is sufficient to have the findings reconsidered and the recommendations withdrawn and/or closed.

The recommendation on the alleged overcharges from the sale of empty containers is not practical. There have been some 4000 centers which have participated in the food distribution program and the cost of determining and collecting alleged overcharges would be prohibitive. We request that the recommendation be closed since the program has terminated and the cost to implement far exceeds the probable returns.

Your assistance in seeing that the close out audit of our Title II program was completed in a timely manner is appreciated.

Attachment: a/s

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COMMENTS ON DRAFT REPORT COVERING
USAID/CAIRO'S PL 480 TITLE II PROGRAM

Audit Recommendation No. 1:

"We recommend that USAID/Egypt review and confirm the amounts owed to USAID/Egypt and Catholic Relief Services, as stated in the attached CPA report, and obtain their timely payment."

Action Taken:

USAID reviewed and investigated the amounts which the CPA report claims are owed to USAID/E and Catholic Relief Services (CRS). Before discussing the status of the Damaged/Missing Commodity Reports (DMCRs) and claims referred to in the report, it is worthwhile to clarify the distinction between "DMCRs" and "claims". DMCRs are not necessarily reports on claims. A PL-480 Title II cooperating sponsor (CRS in this case) is required to file a DMCR with USAID every time a quantity of commodities are found lost or damaged, whatever the cause. However, submitting a DMCR to USAID does not necessarily entail filing a claim against some party. Depending on the cause of damage or loss, a claim may or may not be filed by CRS or IMC (Inter-Ministerial Committee for Foreign Voluntary Aid).

Beside appraisal and approval of the status of claims (if any were made in the first place), DMCRs are submitted to USAID for notation and approval of disposal action proposed by the cooperating sponsor. It is therefore not at all unusual for DMCRs to report the loss or damage of commodities and state that no claim has been filed. It is then up to USAID to concur or object to the cooperating sponsor, depending on the circumstances of each case.

The following is the actual disposition of the amounts brought into question by the CPA report:

I. DMCRs # 42/86, # 20/87, # 21/87, and # 03/89 valued at \$6,445:

"Four damaged/missing commodity reports (with a total value of \$6,445) were issued by CRS during the period 1986 to 1989 and were still outstanding as of September 1989." (CPA Report p. 11)

A. DMCR # 42/86 valued at \$3,213:

Actual Disposition:

This DMCR was not outstanding as of September 1989 as claimed in the CPA report. Instead, in December 1987, USAID concurred in CRS's proposal to forego the claim for the value of the damaged commodities.

Discussion:

An "In-Field" DMCR (# 42/86) was submitted to USAID in December 1986 reporting the discovery on November 12, 1986 of the loss of 306 bags of ICSM (instant corn soya milk). CRS reported that damage of the commodities resulted from "the collapse of the warehouse roof under heavy rains." CRS proceeded, and eventually failed, in its attempts to collect the value of the damaged ICSM from the Ministry of Health. By March 1987, in response to USAID's query as to the disposition of the loss reported in December 1987, CRS stated that "the cause of this loss was the collapse of the warehouse's ceiling ... due to the bad weather ... and no one is responsible for this loss." The Public Health zone officials refused to pay on the grounds that the loss was caused by "natural disaster".

As it happens, this may be the only incident of lost or damaged commodities in three years where USAID went back to AID/W for concurrence in its decision on the disposition of a DMCR. Lacking knowledge of either a precedent or a clear policy on whether collapse of storage facilities is a fault justly ascribed to the Public Health zone authorities or to "natural disaster", the PVO Officer decided it was advisable to have, and did obtain, AID/W's concurrence in his decision to forego claiming the value of the loss. Thereafter, the PVO Officer approved DMCR # 42/86 dated October 18, 1987, noting the above mentioned disposition. (See copies of DMCRs, correspondence, and Cairo and State cables in Attachment I.A.).

- B. DMCRS # 20/87 and # 21/87 valued at \$639.36 and \$358, respectively:

Actual Disposition:

CRS is continuing its efforts to settle these two DMCRs, which are the only outstanding DMCRs with CRS today.

Two letters dated December 10, 1987 and March 22, 1988 were sent to the Director General of the Maternal/Child Health Dept., MOH, requesting an investigation by the South Cairo Public Health Zone of the two incidents responsible for the loss of NFDM and soy bean oil. CRS has now written to MOH again requesting information on the status of the investigation of the two incidents.

Discussion:

"In-field" DMCRs # 20/87 and # 21/87 for these two incidents were submitted to USAID in October 1987, shortly after discovery in August of the "theft" of a quantity of NFDM (non-fat dry milk) and the "diversion" of another quantity of soy bean oil in the South Cairo zone. The PVO Officer signed the two "in-field" DMCRs noting the incidents. The attached report by CRS dated August 23, 1987 indicates the degree to which CRS followed up on the theft incidents. One reason CRS has given for not following up more rigorously after 1987 is that South Cairo Zone, where the two losses occurred, was dropped from the feeding program in 1987 in accordance with the Title II phase-out plan. (See copies of DMCRs in Attachment I.B.)

USAID Recommendation:

The amounts involved are too small to warrant further action, particularly since the program is no longer operational.

C. DMCR # 3/89 valued at \$2,235:

Actual Disposition:

This DMCR is no longer outstanding. It was settled in September 7, 1989, when USAID noted that IMC "expedited selling this quantity ... for manufacturing purposes in the amount of LE 1,347.75 as a precaution against fungus infection among the remaining [oil] barrels." LE 1,347.5 was then paid by CRS to the U.S. Treasurer (CCC Account # 20-FT-401) by cheques # c 081988 dated 9/17/89 and # c 081998 dated 10/3/89.

Discussion:

This DMCR was first submitted by CRS in May 1989. The PVO Officer shortly thereafter alerted RIG/A to questions associated with three DMCRs including this one. The problem with these DMCRs, which reported spoilage of a quantity of soybean oil, was that (a) they reported losses which supposedly occurred sometime between February 1987 and December 1988, and (b) there was a question as to where and when the damage had actually occurred, prior to or after arrival in country. Subsequent to discussing with RIG/A the ramifications of approving this and the two other DMCRs (# 89/2 & # 89/4), the PVO Officer was advised by RIG/A that until the CPA firm had a chance to review the case, there was no point in withholding USAID's approval of the three DMCRs including DMCR # 3/89 (See copies of DMCR and cheques in Attachment I. C.).

II. DMCRs # 38/86, # 39/86, and 40A/86 valued at \$1,018:

"[DMCRs] (valued at \$1,018) pertaining to claims initiated in 1985 were issued in January 1989." (CPA Report p. 11)

Actual Disposition:

The three DMCRs # 38/86, # 39/86 and # 40A/86 (copies attached) were settled in January 1989. Claims for the missing quantities were filed against the trucking company and the above amount was collected in full and transferred to U.S.G. CCC Account # 20-FT-401.

Discussion:

Having failed to find records of the DMCRs # 38/86 and # 39/86 in its files, USAID's letter of March 4, 1987 asked CRS whether or not these DMCRs were ever issued. CRS's response of April 14, 1987 stated that they "have not been collected yet by IMC" and that they "are still pending in our files." In January 1989 the claims against the trucking company were finally collected and final DMCRs issued for these two claims plus an additional claim, DMCR # 40A. (See copies of correspondence and DMCRs in Attachment II.)

III. DMCR # 3/89 valued at LE 1,347.75:

"IMC retained the proceeds of the sale [in one case of commodities unfit for human consumption, and in another of commodities which should have been donated to a charitable organization]...The proceeds of LE 1,348 (\$ 539) for sales in these two cases should be refunded by IMC to CRS and USAID/E." (CPA Report p. 19).

Actual Disposition:

This DMCR is actually the same as the DMCR 3/89 discussed in I.C. The original value of the contaminated oil was the \$2,235 indicated in I.C. The proceeds generated from the sale for industrial purposes of 17 barrels of contaminated oil in the amount of LE 1,347.75 has in fact been deposited in CCC Account # 20-FT-401) by cheques # c 081988 and # c 081998 dated 9/17/89 and 10/3/89, respectively. The 17 barrels of oil and the value of their sale in the amount of LE 1,347.75 includes the 4 barrels authorized for donation to a charitable organization. IMC, therefore, has not retained any proceeds from the above mentioned sale.

Discussion:

See section I.C. and Actual Disposition section above.

IV. Overcharges from the sale of empty containers:

"[It] was found out that some recipients were overcharged for the value of empty containers...Amounts overcharged to recipients were retained by PHZ's and not forwarded to IMC and CRS...USAID/E and CRS should determine what the overcharges are and collect them." (CPA Report p. 12)

Actual Disposition:

This recommendation is not practical. It does not specify the locations or time frames where overcharging allegedly took place. It would therefore be almost impossible for USAID and/or CRS to attempt to "audit", in their turn, the records of some 4000 centers which participated in the food distribution program over a period of approximately 29 years to determine the exact value of overcharges. The cost of conducting such an audit would far exceed its estimated benefit.

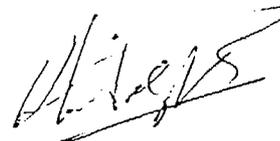
USAID Recommendation:

USAID recommends that this recommendation be closed upon issuance of the Audit Report based on the reasons cited above.

Damage/Missing Commodity Report No 42 / 1986

TO : Karim Gohar
FVO Program specialist
USAID
Cairo, Egypt
I- Type of loss: Inland

From : Alexander G. Rondos
Program Director
CRS / Egypt
Date : October 18, 1987



I- Commodity	Quantity In Units	CCC No	Weight In LBS	CCC \$ Value	US \$ Ocean Freight	Total CIF
ICSM	306 Bags	1986	15300	2448.00	765.00 ⁴⁷	3213.00

2 . Time and place of loss : Dameitta PH. Zone - October 1986

3. Current Disposition of Commodities : NA.

4. Agency Having Possession of Commodities at time of loss : Ministry of Health

5. Nature of loss loss: The collapse of warehouse's ceiling of the public health zone due to heavy rains led to the destruction of ICSM bags which were stored inside the store-room.

6. Action taken to effect disposal : NA

7. Details of any Claims established: In field DMCR was filled, CRS tried to collect the cif value of this loss but the responsible persons at Dameitta PH. zone refused to pay as this loss was due to natural disaster (heavy rains).

A) We have filed a claim ---NO--- B) We have not filed a claim ---X---

II. USAID Notation : USAID Notes the Disposition and claims status of the commodities described above.

SIGNATURE

TITLE : FFPO

Date

Karim G. Gohar
per cable state 384 597

12/17/87

ATTACHMENT I.A.

JL

UNCLAS (C) ED

REF 384597

ACTION AID 3 IN O DCM ECON EAS EAC 77

VFCZCRO218
FM RUEHC
FM RUEHC #4597 3450657
ZNR UUUUU ZP
R 110654Z DEC 8
FM SECSTATE WASHDC
TO AMEMBASSY CAIRO 7371
BT
UNCLAS STATE 384597

IOC: 47
11 DEC 87
CN: 09400
CHRG: AID
LIST: PL48

KG 1

DATE DEC 15 1987

ACTION TO	PPP
ACTION TAKEN	DUR DATE 12/17
MAN	INITIALS

AIDAC

F.O. 12356: N/A
TAGS: N/A

SUBJECT: F.L. 480 TITLE II - CRS DAMAGE ICSM

REF: CAIRO 27654

PER REF REQUEST, AID/W GRANTS PERMISSION TO WAIVE PAYMENT OF VALUE OF 3% PAGE OF ICSM LCST DUE TO HEAVY PAINT/CAVED IN ARCHOUSE ROOF. LOSS REPORT SHOULD BE REFIAPL AND INCLUDED IN COMMODITY STATUS RECEIPT REPORT.

WHITEHEAD
BT
#4597

NNNN

JL

UNCLASSIFIED

STATE 384597

ZCCRI *
RUEHC
RUEHEG #7654 334 **
UUUUU ZZH
301217Z NOV 87
AMEMBASSY CAIRO
SECSTATE WASHDC 6242

LAS CAIRO 27 54

AC

CLASS: UNCLASSIFIED
CHRG: AID 11/29/87
APPPV: PPP/P:VMCLLREM
DRFTD: PPP/P/PVO:LBOUTROS/
A
CLEAR: 1. PPP/P/PVO:KGOHAA
2. PPP/P:SANDERSON
DISTR: AID-6 DCM SCI
USIS ECON

FVA/FFF/PCD:JEANNE MARKUNAS

. 12356: N/A

JECT: CRS/PL-480 TITLE II ICSM - DMCR NO. 42/86

CRS HAS SUBMITTED SUBJECT DMCR REPORTING THE DAMAGE OF BAGS OF ICSM IN DAMIETTA WAREHOUSE. THE DAMAGE OCCURRED AS A RESULT OF HEAVY RAIN IN DECEMBER 1986 WHICH CAUSED THE ROOF OF THE WAREHOUSE TO CAVE IN, THUS CAUSING ICSM TO SOAK IN WATER. CRS HAS MADE SEVERAL ATTEMPTS TO COLLECT THE CIF VALUE OF ICSM (APPROXIMATELY \$3,213.00). HOWEVER, THE PUBLIC HEALTH ZONE OFFICIALS IN DAMIETTA REFUSED TO PAY SINCE THE DAMAGE DID NOT RESULT FROM NEGLIGENCE ON THEIR PART BUT, INSTEAD, FROM NATURAL CAUSTER.

REQUEST AUTHORIZATION TO WAIVE PAYMENT OF VALUE OF ICSM. AN EARLY RESPONSE WOULD BE GREATLY APPRECIATED TO SETTLE THIS MATTER.

EY

654

N

251



Ca' 'ic Relief Services FY 86
 Eg. Program
 13 Ibrahim Naguib St., Garden City
 P.O.Box: 2410
 Cairo - Egypt
 Telephone : 3541360, 3542404, 3549833, 3558034
 Telex : 20444 KAMAL UN; 93730 CRSEG UN

Ref No.87/249

Rec'd 4/22

Layla, pls discuss

April 14, 1987

Mrs Laila Boutros
 Program Assistant
 Office of Human Resources
 and Development Cooperation
 USAID
 Cairo

Subject : Fy 86 DMCR's
=====

Dear Mrs Boutros,

*has not answered
our quest. re. 38 & 39
they were never sub-
mitted.*

Reference to your letter dated March 4, 1987 and your request for clarifications on DMCRs 86/38 and 39 in addition to the DMCR's numbers 40 and 41/86

We would like to inform you that the payments of these four claims have not been collected yet by IMC, these are still pending in our files.

But concerning the status of Infield DMCR 42/86 for ICSM, loss at Dameitta, amounting to \$ 3,213 the cause of this loss was the collapse of warehouse's ceiling of the Public health Zone due to the bad weather over there. CRS representative has annihilated the damaged ICSM ((30 bags)) and No one is responsible for this loss.

?

*306
bags*

Eventually, As soon as we issue the check of DMCR's 86/43 - 59, we will provide you with a copy of the receipt.

Andrew J. Koval
(For) Andrew J. Koval

Program Director



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

March 4, 1987.

Mr. Joseph Warren
Material Resources Coordinator
Catholic Relief Services
Cairo, Egypt.

Subject: FY 86 DMCR's.

Dear Mr. Warren:

Enclosed are the signed originals of DMCR's 86/43 - 59.
We have retained the copies for our files. Please submit
your check to the Disbursing Officer, and provide us with
a copy of the receipt.

We need clarifications on the following:

- (a) DMCR's 86/38 and 39 have not been submitted.
Were they ever issued, or was there a numbering error?
- (b) Advise when payment for In-Field DMCR's numbers 40 & 41
will be made.
- (c) Advise status of In-Field DMCR #42 for ICSM loss at
Damietta amounting to \$3,213.

Thank you for your cooperation.

Sincerely,

Laila Boutros

Laila M. Boutros
Program Assistant
Food For Peace Office
Division of Human Resources and
Development Cooperation.



Catholic Relief Services
 Egypt Program
 13 Ibrahim Naguib St., Garden City
 P.O.Box: 2410
 Cairo - Egypt
 Telephone: 3541360, 3542404, 3549833, 3558034
 Telex: 20444 KAMAL UN, 93730 CRSEG UN

CRS DMCR

Rec'd 12/21/86

Mr. Paul Rusby
 FFPO
 HRDC
 AID/Cairo

December 14, 1986

Dear Mr. Rusby:

Re: In-Field DMCR, No. 42/86

Please find enclosed In-field DMCR, No. 42/86, for 307 bags of ICSM which were destroyed in Damietta due to the collapse of the warehouse roof under heavy rains.

I was on the the field trip when the discovery was made. The ICSM could be viewed only through a back window due to the storekeeper having blockaded the door to the storeroom with a stack of soya oil cartons -- consequently, I can't report the CCC number or the exact extent of the damage. We estimated from the storekeepers records that the destroyed amount was the whole fourth allocation.

The General Director of the zone was informed of the situation, and for the time being, all shipments of commodities to Damietta have been cancelled until repairs to the warehouse have been made. We are currently communicating with Damietta regarding the disposal of the remaining amount.

Sincerely yours,

Joseph W.C. Warren
 Material Resources Coordinator

- Noted 1/4/87
 - Await CRS disposal action proposal
 - Noted CRS re #2 above today, OK
- [Signature]*
 1/4/87

- No distribution will be made to Damietta regarding repair of the warehouse - (see CRSR #41/87)

1

30

IN-FIELD DAMAGE/MISSING COMMODITY REPORT No. 4.2 /86

DATE SENT:

TO: Paul Rusby
FFPO
USAID

PH ZONE:
Dameitta

EVALUATOR:
Mr Mohamed Ali

DATE OF TRIP:
Nov.12,1986

FROM: Ann Fitzcharles
by Senior Program Advisor
CRS/Egypt

A. DISCOVERED LOST OR DAMAGED GOODS AT IMC WAREHOUSE

NAME:

COMMODITY	PACKAGING TYPE	QUANTITY BY WEIGHT	NO. OF UNITS	CCC. CONTRACT NUMBER	CIF VALUE \$ 0.21/LB	TIME OF LOSS
ICSM	Bags	15,300 LBS	306	Unavailable	\$ 3213	October 1986
CIRCUMSTANCES OF LOSS			CONDITION OF COMMODITY		DISPOSAL ACTION	
The collapse of warehouse's ceiling of the Public Health Zone.			ICSM became unfit for human consumption		Not Currently communicating with Dameitta as to means of disposal.	

B. DISCOVERED LOST OR DAMAGED GOODS AT MCH WAREHOUSE

COMMODITY	PACKAGING TYPE	QUANTITY BY WEIGHT	NO. OF UNITS	CCC. CONTRACT NUMBER	CIF VALUE	TIME OF LOSS
CIRCUMSTANCES OF LOSS			CONDITION OF COMMODITY		DISPOSAL ACTION	

USAID Notation:

signature:

title:

date:

Follow up on the theft of aid commodities
in South Cairo Zone

According to the instructions of Mr. Mohamed Abdel Azeem, and the articles published in Al Ahram And Al-Wafd newspapers dated Aug.8,1987; regarding the theft of aid commodities from the warehouses of South Cairo Zone, I paid a follow up visit in this concern.

1st: I already made an inventory of the warehouse of South Cairo Zone upon stock taking on June 30,1987 in preparation for the commodities Status Report. I found a shortage in the commodities and I was informed by the storekeeper that the warehouse was stolen and that he will inform the Zone and the police ; and I prepared a physical inventory report on July 22,1987. A copy of this report is attached.

2nd: On Aug.8,1987, an article about another theft in the same Zone was published in Al Ahram and Al Wafd newspapers, accordingly; I paid a visit on Aug.11,87 to South Cairo Zone, and I knew that the investigation committee is in the warehouse. I went to the warehouse and I met the Medical Supply Director Mr. Abdel Rahman Ameen who informed me of the following:

The Director General of the Zone issued the decree No.598/87, dated Aug.8,1987 forming a committee to make inventory of the warehouse, comprising:

- | | |
|--------------------------|-------------------------------|
| - Mr. Saad Ahmed Saad | Financial & Admini. Inspector |
| - Mr. Abdel Rahman Ameen | Medical Supply Director |
| - Mr. Adel SAad Bebawi | Warehouses Inspector |
| - Mr. Hamdy Riyad Hafez | Storekeeper |

The result of the warehouse inventory made on Aug.10,1987 was as follows:

11 3/6 Oil cartons with a shortage of 25 cartons because the original quantity is 36 3/6 cartons.
28 ICSM bags without shortage
No milk cartons; as the whole quantity of 37 cartons was stolen . The theft was committed by the ex-worker Abdel Moneim Abu Al Magd.

Afterwards, I headed to Misr Al Kadima Investigation Dept to know the details of this incident, and I waited for the Chief of Investigation Dept. Mr. Saiyed Maher but he did not show. On the next day Aug.12,1987, I headed to the warehouse and I accompanied the storekeeper to meet the Chief of Investigation dept. but again he did not show, then we went to Misr Al Kadima Prosecution Dept. and I waited for the Prosecution Attorney Mr. Mohamed Mamoun, till 1:30 PM but he did come either.

On Aug.13,87, I met Mr. Salyed Maher, the Chief of Investigation Dept. who informed me of the following:
On Friday July 31,87 , upon a report from one of the workers; they caught the above mentioned worker stealing the following quantities of aid commodities:

10 cartons of dry milk, each contains 12 boxes
6 Cartons of oil, each contains 6 tins

Misr Al Kadima police issued the report No.4077, and the stolen commodities were delivered to Misr Al Kadima Prosecution to take action regarding this quantity.

I headed Misr Al Kadima Prosecution to know what wa done regarding this quantity, the Attorney did not show , and I knew that this quantity will be delivered to South Cairo Z|one again, and the investigation is still going on with the warehouse employees.

Recommendation:

I recommend to prepare a DMCR to claim the Zone of the value of the shortage till the investigation is over to know who is responsible for this theft.

Milk ccc No. KCDF 25814
27351
Oil ccc No. 20251

Nabaweya Badawi

Trans. / MEG
Aug. 23, 87

IN-FIELD DAMAGE/MISSING COMMODITY REPORT No. 20/87

PH ZONE:
South/Cairo

EVALUATOR:
Nabaweya Badawey

DATE OF TRIP:
AUG. 1987

A. DISCOVERED LOST OR DAMAGED GOODS AT IMC WAREHOUSE

NAME:

COMMODITY	PACKAGING TYPE	QUANTITY BY WEIGHT	NO. OF UNITS	CCC. CONTRACT NUMBER	CIF VALUE	TIME OF LO
CIRCUMSTANCES OF LOSS			CONDITION OF COMMODITY		DISPOSAL ACTION	

B. DISCOVERED LOST OR DAMAGED GOODS AT MCH WAREHOUSE

COMMODITY	PACKAGING TYPE	QUANTITY BY WEIGHT	NO. OF UNITS	CCC. CONTRACT NUMBER	CIF VALUE	TIME OF LO
NFDM	24.5 Kgs/ctn	1998 LBS	37 CTNS	KCDP 25814 27351	\$ 639.36	July 87
CIRCUMSTANCES OF LOSS			CONDITION OF COMMODITY		DISPOSAL ACTION	
This is a theft case and the topic is under investigation at the prosecution.						

USAID Notation:

signature:

K.

title:

PVA

date:

11/20/87

IN-FIELD DAMAGE/MISSING COMMODITY REPORT No. 21/87

FH ZONE:
South/Cairo

EVALUATOR:
Nabaweya Badawey

DATE OF TRIP:
AUG. 1987

A. DISCOVERED LOST OR DAMAGED GOODS AT IMC WAREHOUSE

NAME:

COMMODITY	PACKAGING TYPE	QUANTITY BY WEIGHT	NO. OF UNITS	CCC. CONTRACT NUMBER	CIF VALUE	TIME OF LOSS
CIRCUMSTANCES OF LOSS			CONDITION OF COMMODITY		DISPOSAL ACTION	

B. DISCOVERED LOST OR DAMAGED GOODS AT MCH WAREHOUSE

COMMODITY	PACKAGING TYPE	QUANTITY BY WEIGHT	NO. OF UNITS	CCC. CONTRACT NUMBER	CIF VALUE	TIME OF LOSS
S.Oil	20.9 Kgs/ctn	1155 LBS	25 CTNS	20251	\$ 358.00	July 87
CIRCUMSTANCES OF LOSS			CONDITION OF COMMODITY		DISPOSAL ACTION	
diversion in South Cairo Zone's warehouse.						

SAID Notation:

SB

signature:

11 ... 11 0 1

title:

PVO Officer
.. 1 20 / 87

date:

.. 1 20 / 87



CAIRO BARCLAYS

C081988

التاريخ 17/9/1989

DATE

بنك القاهرة باركلز الدولي ش.م.م.
BANQUE DU CAIRE BARCLAYS INTERNATIONAL S.A.E.
القاهرة CAIRO

ادفعوا
PAY Treasurer of United States Of America OR ORDER

One Thousand One Pound +25/100

LE.1001.25

CATHOLIC RELIEF SERVICES
C/A 5030 106274 004 001
CAIRO BRANCH

البنك المصرى - مارطيا متناجد



CAIRO BARCLAYS

C081998

التاريخ 3/10/89

DATE

بنك القاهرة باركلز الدولي ش.م.م.
BANQUE DU CAIRE BARCLAYS INTERNATIONAL S.A.E.
القاهرة CAIRO

ادفعوا
PAY Treasurer of United States of America OR ORDER

Three Hundred Forty Six

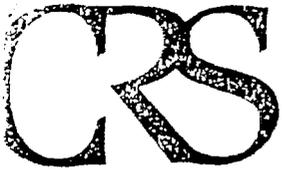
LE 346.50

Pounds + 50/100

CATHOLIC RELIEF SERVICES
C/A 5030 106274 004 001
CAIRO BRANCH

البنك المصرى - مارطيا متناجد

BEST AVAILABLE COPY



Egypt Program
 13, Ibrahim Naguib St., Garden City,
 P.O.Box: 2410
 Cairo - Egypt
 Tel: 3541360, 3542404, 3549833, 3558034
 Telex: 20444 KAMAL UN, 93730 CRSEG UN

00618

Ref.No. 487/89 - 150 - 607

26 June 1989

Watt

SEARCHED *PDS*

INDEXED *8/9/89*

DATE *7/11*

INITIALS *[Signature]*

Mr. Karim Y. Gohar
 Private Voluntary Agency Officer
 Program, Policy and Planning Directorate
 USAID/Cairo

Dear Mr. Gohar;

(with Abdul-Aziz F.G.)
 As agreed in our meeting on 25 June 1989, Please disregard our previous letter No. 384/89 with attached DMCR,s.

Enclosed you will find DMCR's No. 2,3,& 4/89, the three of them add to the total number of the loss indicated in Alexandria Survey Bureau Report as follow:

DMCR No. 2/89	Kgs	24,017.350	Completely damaged.
DMCR No. 3/89	Kgs	3,250.000	Already sold.
DMCR No. 4/89	Kgs	11,970.000	To be sell.
Grand Total		39,257.350	
		=====	

Your prompt action is highly appreciated.

Yours sincerely,

for *Andrew J. Collins*
 Alexander G. Bondos
 Country Representative

BEST AVAILABLE COPY

AGR/MAA/nh

Encl.

9/7/89
 Per Conversation with
 Gene Smyth, Rig/A, we
 agreed 9 should ~~be~~ to sign the
 DMCRs to avoid spoilage of
 commodities and since the issue on cause
 of damage of commodities has been brought to the R/C *[Signature]* H.A.

*Relation b/w this DMCR & the
 3/10/87 survey of Export
 Freedom is being examined.*

*Rec'd exR
 6/27/89*

45

Damage/Missing Commodity Report No. 3/89

o : Mr. Karim Y. Gohar
Private Voluntary Agency Officer
Program, Policy and Planning directorate
USAID/EGYPT

From : Alex Rondos *AR for*
Country Representative
CRS/Egypt

- Type of loss:

Date : June 26, 1989

Commodity	Quantity In Units	CCC.No.	Weight In kgs	CCC. \$ Value	US \$ Ocean Freight	Total CIF
S.Oil	156 3/6 Catrons	7094.00 KCMF 20314	3,270	\$ 1874.00	\$ 361.00	\$ 00 2235.00

Time and place of loss : Between the arrival date Feb.1987 till the end of the reconditioning in Dec.1988 -
EL Ebour IMC warehouse / Alexandria

Current Disposition of Commodities : N.A.

Agency Having Possession of Commodities at time of loss: IMC

Nature of Loss: The quantities arrived at Alexandria harbour in a very bad condition as the cartons were wet, stained bad and tins were rusty . The Oil was stored for nearly a year owing to the problem of T.B.H.Q. and the circ explained in the attached IMC letter. Oil was scattered everywhere on the ground and this collected amount became contaminated.

Action taken to effect disposal: IMC expedited selling this quantity which collected into 17 barrels for manufacturing purposes in the amount of LE 1,347.75 as a precaution against fungus infection among the remaining barrels .

Details of any claims established :

A) We have filed a claim ----- B) We have not filed a claim --- X ---

ails : Concerning the CIF value of this contaminated Oil, No claim has been submitted against any one AID is requested to accept the collected amount resulting from selling the Oil (LE 1,347.75).

USAID Notation : USAID notes the disposition and claims status of the commodities described above.

SIGNATURE

TITLE : FFPO

Date

Karim Y. Gohar

9/17/89

Damage/Missing Commodity Report No. 38/1986

TO : Mr Karim Y. Gohar
Private Voluntary Agency Officer
Program, Policy and Planning directorate
USAID/EGYPT

From: Alex Rondos *GR for*
Country Representative
CRS/Egypt

Date : January 19, 1989

I- Type of loss: Inland

1- Commodity	Quantity In Units	CCC. No.	Weight In LBS	CCC. \$ Value	US \$ Ocean Freight	Total CIF
ICSM	40 bags	1263	2000	300.00	81.00	381.00

2. Time and place of loss : September 1985 - Cairo

3. Current Disposition of Commodities : N.A.

4. Agency Having Possession of Commodities at time of loss : Truck Company

5. Nature of loss: When shipment arrived at destination, the receiver noted upon physical count the above shortage on truck way bill and acknowledged by his signature the actual quantity received.

6. Action taken to effect disposal : NA

7. Details of any Claims established :

A) We have filed a claim Yes B) We have not filed a claim -----

Details : A claim against truck company has been submitted and the amount of the loss was collected for transfer to US Disbursement Officer.

II. USAID Notation : USAID notes the disposition and claims status of the commodities described above.

SIGNATURE

TITLE : FFPO

Date

Karim Y. Gohar

January 29, 1989

Damage/Missing Commodity Report No. 39/1986

TO : Mr Karim Y. Gohar
 Private Voluntary Agency Officer
 Program, Policy and Planning directorate
 USAID/EGYPT

From : Alex Rondos *AR*
 Country Representative
 CRS/Egypt

Date : January 19, 1989

I- Type of loss: Inland

1- Commodity	Quantity In Units	CCC. No.	Weight In LBS	CCC. \$ Value	US \$ Ocean Freight	Total CIF
ICSM	41 bags	1263	2050	287.00	104.00	391.00

2. Time and place of loss : September 1985 - Banha

3. Current Disposition of Commodities : N.A.

4. Agency Having Possession of Commodities at time of loss : Truck Company

5. Nature of loss: When shipment arrived at destination, the receiver noted upon physical count the above shortage on truck way bill and acknowledged by his signature the actual quantity received.

6. Action taken to effect disposal : NA

7. Details of any Claims established :

A) We have filed a claim Yes B) We have not filed a claim -----

Details : A claim against truck company has been submitted and the amount of the loss was collected for transfer to US Disbursement Officer.

II. USAID Notation : USAID notes the disposition and claims status of the commodities described above.

SIGNATURE

TITLE : FFPO

Date

Karim Y. Gohar

January 29, 1989

Damage/Missing Commodity Report No. 40-A/1986

TO : Mr Karim Y. Gohar
Private Voluntary Agency Officer
Program, Policy and Planning Directorate
USAID/EGYPT

From : Alex Rondos *GR*
Country Representative
CRS/Egypt

Date : January 19, 1989

I- Type of loss: Inland

1- Commodity	Quantity In Units	CCC. No.	Weight In LBS	CCC. \$ Value	US \$ Ocean Freight	Total CIF
NFDM	15 2/12	1087	819	205.00	42.00	247.00

2. Time and place of loss : February 1985 - Tanta

3. Current Disposition of Commodities : N.A.

4. Agency Having Possession of Commodities at time of loss : Truck Company

5. Nature of loss: When shipment arrived at destination, the receiver noted upon physical count the above shortage on truck way bill and acknowledged by his signature the actual quantity received.

6. Action taken to effect disposal : NA

7. Details of any Claims established :

A) We have filed a claim Yes B) We have not filed a claim -----

Details : A claim against truck company has been submitted and the amount of the loss was collected for transfer to US Disbursement Officer.

II. USAID Notation : USAID notes the disposition and claims status of the commodities described above.

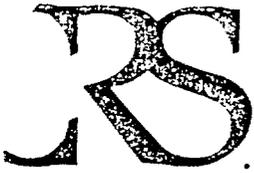
SIGNATURE

TITLE : FFPO

Date

Karim Y. Gohar

January 29, 1989



Catholic Relief Services
 Egypt Program *FY 86*
 13 Ibrahim Naguib St., Garden-City
 P.O.Box: 2410
 Cairo - Egypt
 Telephone : 3541360, 3542404, 3549833, 3558034
 Telex : 20444 KAMAL UN, 93730 CRSEG UN

Ref No.87/249

Rec'd 4/22

Layla, pls discuss

April 14, 1987

Mrs Laila Boutros
 Program Assistant
 Office of Human Resources
 and Development Cooperation
 USAID
 Cairo

Subject : Fy 86 DMCR's

Dear Mrs Boutros,

*has not answered
 our quest. re 38 & 39
 they were never sub-
 mitted.*

Reference to your letter dated March 4, 1987 and your request for clarifications on DMCRs 86/38 and 39 in addition to the DMCR's numbers 40 and 41/86

We would like to inform you that the payments of these four claims have not been collected yet by IMC, these are still pending in our files.

But concerning the status of Infield DMCR 42/86 for ICSM loss at Dameitta, amounting to \$ 3,213 the cause of this loss was the collapse of warehouse's ceiling of the Public health Zone due to the bad weather over there. CRS representative has annihilated the damaged ICSM ((30 bags), and No one is responsible for this loss.

?

*306
bags*

Eventually, As soon as we issue the check of DMCR's 86/43 - 59, we will provide you with a copy of the receipt.

Andrew J. Koval

(For) Andrew J. Koval

Program Director

Mr. Mohamed Abdel A...

A copy of my letter
of 3/4/87 as requested.

Please respond.
Thanks
Laila



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

March 4, 1987

Mr. Joseph Warren
Material Resources Coordinator
Catholic Relief Services
Cairo, Egypt.

Subject: FY 86 DMCR's.

Dear Mr. Warren:

Enclosed are the signed originals of DMCR's 86/43 - 59.
We have retained the copies for our files. Please submit
your check to the Disbursing Officer, and provide us with
a copy of the receipt.

We need clarifications on the following:

- (a) DMCR's 86/38 and 39 have not been submitted.
Were they ever issued, or was there a numbering error?
- (b) Advise when payment for In-Field DMCR's numbers 40 & 41
will be made.
- (c) Advise status of In-Field DMCR #42 for ICSM loss at
Damietta amounting to \$3,213.

Thank you for your cooperation.

Sincerely,
Laila Boutros
Laila M. Boutros
Program Assistant
Food For Peace Office
Division of Human Resources and
Development Cooperation.

735

CATHOLIC RELIEF SERVICES			
CAIRO - EGYPT			
AR			
UAA		23 SEP 1987	
AB			
ST			AF S-
1. Action 2. Review 3. Comments			
4. Information 5. File 3.0a/3.28			

*Kamal please
answer the above
items and return
to me
AH*

51

IN-FIELD DAMAGE/MISSING COMMODITY REPORT

PH ZONE: CAIRO

EVALUATOR:

DATE OF TRIP:

Kamal
 - make new
 file "Pending
 Claim

A. DISCOVERED LOST OR DAMAGED GOODS AT IMC WAREHOUSE

NAME: ABBASIYYA

COMMODITY	PACKAGING TYPE	QUANTITY BY WEIGHT	NO. OF UNITS	CCC. CONTRACT NUMBER	CIF VALUE	TIME OF LOSS
ICSM	50 LB. BAG	908 KILO.	40	1263	\$381	SEPT. '85

CIRCUMSTANCES OF LOSS	CONDITION OF COMMODITY	DISPOSAL ACTION
Bags were missing upon arrival of truck at Abbasiyya IMC.		

E. DISCOVERED LOST OR DAMAGED GOODS AT MCH WAREHOUSE

COMMODITY	PACKAGING TYPE	QUANTITY BY WEIGHT	NO. OF UNITS	CCC. CONTRACT NUMBER	CIF VALUE	TIME OF LOSS

CIRCUMSTANCES OF LOSS	CONDITION OF COMMODITY	DISPOSAL ACTION

15

1 27/86

IN-FIELD DAMAGE/MISSING COMMODITY REPORT

PH ZONE: KALYOUUEYA

EVALUATOR:

DATE OF TRIP:

A. DISCOVERED LOST OR DAMAGED GOODS AT IMC WAREHOUSE

NAME: BENHA

COMMODITY	PACKAGING TYPE	QUANTITY BY WEIGHT	NO. OF UNITS	CCC. CONTRACT NUMBER	CIF VALUE	TIME OF LOSS
ICSM	50 LB. BAG	929 KILO.	41	1263	\$391	SEPT. '85
CIRCUMSTANCES OF LOSS			CONDITION OF COMMODITY		DISPOSAL ACTION	
Bags were missing upon arrival of truck at Benha IMC.						

B. DISCOVERED LOST OR DAMAGED GOODS AT MCH WAREHOUSE

COMMODITY	PACKAGING TYPE	QUANTITY BY WEIGHT	NO. OF UNITS	CCC. CONTRACT NUMBER	CIF VALUE	TIME OF LOSS
CIRCUMSTANCES OF LOSS			CONDITION OF COMMODITY		DISPOSAL ACTION	

43

11 99/86



CAIRO BARCLAYS

C081988

التاريخ 17/9/1989
DATE

بنك القاهرة باركلز الدولي ش.م.م
BANQUE DU CAIRE BARCLAYS INTERNATIONAL S.A.E.
القاهرة CAIRO

المرسل
PAY

Treasurer Of United States Of America ^{ادفعوا} ~~OR ORDER~~

One Thousand One Pound +25/100

LE.1001.25

CATHOLIC RELIEF SERVICES
C/A 5030 106274 004 001
CAIRO BRANCH

البنك المصري المصري - مارطيا متالند



CAIRO BARCLAYS

C081998

التاريخ 3/10/89
DATE

بنك القاهرة باركلز الدولي ش.م.م
BANQUE DU CAIRE BARCLAYS INTERNATIONAL S.A.E.
القاهرة CAIRO

المرسل
PAY

Treasurer of United States of America ^{ادفعوا} ~~OR ORDER~~

Three Hundred Forty Six

LE 346.50

Pounds + 50/100

CATHOLIC RELIEF SERVICES
C/A 5030 106274 004 001
CAIRO BRANCH

البنك المصري المصري - مارطيا متالند



CRS
 Cairo - Egypt
 Tel: 3541360, 3542404, 3549833, 3558034
 Telex: 20444 KAMAL UN, 93730 CRSEG UN

00911

Ref No. 703/89 - 150 - 607

4 October 1989

Mr. Karim Y. Gohar
 Private Voluntary Agency Officer
 Program, Policy and Planning Directorate
 USAID/Cairo

TO	PDS
DATE	10/31/89
BY	10/17
INITIALS	[Signature]

Dear Karim;

Reference to our letter dated 18/9/1989 and our telephone conversation on the same subject, enclosed please find Ch. No. 81998 in the amount of LE 346.50. This amount plus the previous amount sent to you by Ch. No. 81988 are to cover DMCR No. 3/89 (LE 1,347.75).

Please be aware that the mentioned amount is to cover also the DMCR No. 3/88 as the quantity of the reported Oil in this DMCR was a part of the Oil reported in DMCR No. 3/89.

Yours sincerely,

[Handwritten signature of Alexander G. Rondos]

Alexander G. Rondos
 Country Representative

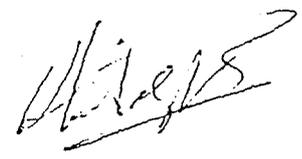
AGR/MAA/nh

Handwritten note:
 Please inform MAA
 about 11/31
 This is related to the issue
 looked at in document 22

Damage/Missing Commodity Report No 42 / 1986

TO : Karim Gohar
 FVO Program specialist
 USAID
 Cairo, Egypt
 I- Type of loss: Inland

From : Alexander G. Rondos
 Program Director
 CRS / Egypt
 Date : October 18, 1987



1- Commodity	Quantity In Units	CCC No	Weight In LBS	CCC \$ Value	US \$ Ocean Freight	Total CIF
ICSM	306 Bags	1986	15300	2448.00	765.00 ^{45/}	3213.00

2. Time and place of loss : Dameitta PH. Zone - October 1986

3. Current Disposition of Commodities : NA.

4. Agency Having Possession of Commodities at time of loss : Ministry of Health

5. Nature of loss loss: The collapse of warehouse's ceiling of the public health zone due to heavy rains led to the destruction of ICSM bags which were stored inside the store-room.

6. Action taken to effect disposal : NA

7. Details of any Claims established: In field DMCR was filled, CRS tried to collect the cif value of this loss but the responsible persons at Dameitta PH. zone refused to pay as this loss was due to natural disaster (heavy rains).

A) We have filed a claim ---NO--- B) We have not filed a claim ---X---

II. USAID Notation : USAID Notes the Disposition and claims status of the commodities described above.

SIGNATURE

TITLE : FFPO

Date

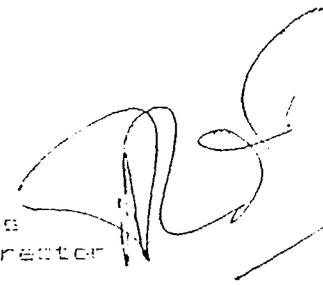


per cable State 384 597

12/13/87

56

Damage/Missing Commodity Report No 3/88



TO : Laila Boutros
Acting FVO Officer
Program Development and Support Directorate
USAID/EGYPT

From : Alex Fardos
Program Director
CRS/Egypt

Date : August 19, 1988

1- Type of loss: Inland

1- Commodity	Quantity In Units	CCC. No.	Weight In LBS	CCC. Value	US \$ Ocean Freight	Total CIF
Oil	Liquid Oil in 4 Barrels	7094	1678	436.00	84.00	520.00

2. Time and place of loss : June 1988 - EL Ebour IMC warehouse

3. Current Disposition of Commodities : NA.

4. Agency Having Possession of Commodities at time of loss : IMC

5. Nature of loss : The above quantity found unfit for human consumption as a result of reconditioning 621 cartons of oil received stained and leaking by El-Ebour IMC warehouse on 3/3/1987 from M/V Export Freedom P/L no. 727

6. Action taken to effect disposal: CRS propose to use this quantity in industrial use. Our representative in Alexandria suggest to donate this quantity to Charitable Offense

7. Details of any claims established: We have filed a claim _____ B) We have not filed a claim _____ Yes _____

8. USAID Notation : USAID Notes the Disposition and claims status of the commodities described above.

SIGNATURE

TITLE : FFPO

Date:

Kenneth J. Gohier

8/31/88

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APPENDIX 2

Report Distribution

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FVA/FFP/PCD	1
FVA/FFP/ANE	1
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Deputy Inspector General	1
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SB