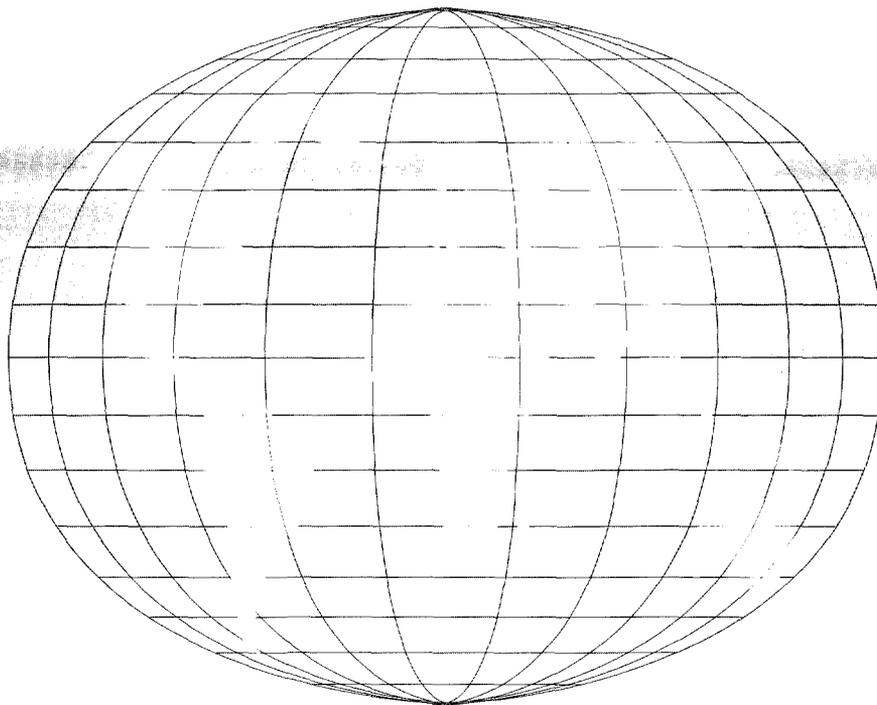


Report of Audit

Financial Audit of the Tabbin Institute for Metallurgical Studies, Expenditures Incurred Under the USAID/Egypt Energy Conservation and Environment Project No. 263-0140

Report No. 6-263-97-028-N
July 21, 1997



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

Regional Inspector General for Audit
Cairo, Egypt

OFFICE OF INSPECTOR GENERAL
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



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

CAIRO, EGYPT

July 21, 1997

MEMORANDUM

TO : DIRECTOR USAID/Egypt, John R. Westley

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

SUBJECT: Financial Audit of the Tabbin Institute for Metallurgical Studies, Expenditures Incurred Under the USAID/Egypt Energy Conservation and Environment Project No. 263-0140

The attached report, transmitted on July 8, 1997 by Coopers & Lybrand, presents the results of a financial audit of the Tabbin Institute for Metallurgical Studies (Institute), USAID/Egypt Energy Conservation and Environment Project No. 263-0140,¹ Project Implementation Letters (PILs) Nos. 3, 12 and 16. The purpose of the Project is to improve the energy efficiency of Egyptian firms by identifying energy-conserving technologies not currently being used in Egypt, and by financing and promoting the use of such technologies.

We engaged Coopers & Lybrand to perform a financial audit of the Institutes's incurred expenditures of \$918,012 (equivalent to LE 3,102,882) for the periods February 1, 1995 through June 30, 1996, June 1, 1992 through June 30, 1996 and December 1, 1994 through June 30, 1995 respectively for PIL Nos 3, 12 and 16. The purpose of the audit was to evaluate the propriety of costs incurred during this period. Coopers & Lybrand also evaluated the Institute's internal controls and compliance with applicable laws, regulations and agreement terms as necessary in forming an opinion regarding the Fund Accountability Statement.

¹ Note: the Project was originally called the "Energy Conservation and Efficiency Project" and is referred to as such in the attached report.

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A

The audit did not identify any questioned costs billed to USAID/Egypt by the Institute. Also, the audit did not note any material weaknesses in the Institute's internal controls nor material instances of noncompliance with applicable laws, regulations and agreement terms. As a result, this report does not contain any recommendations to be included in the Office of the Inspector General's recommendation follow-up system.

Thank you for the cooperation and assistance extended to the audit staff on this engagement and your continued support of the financial audit program in Egypt.

Attachment: a/s

B

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
FINANCIAL-RELATED AUDIT OF USAID/EGYPT RESOURCES PROVIDED
THROUGH PROJECT IMPLEMENTATION LETTERS NUMBER 3, 12, AND 16
UNDER THE
ENERGY CONSERVATION AND EFFICIENCY PROJECT NUMBER 263-0140.3

FOR THE PERIODS
FEBRUARY 1, 1995 THROUGH JUNE 30, 1996 (PIL NUMBER 3),
JUNE 1, 1992 THROUGH JUNE 30, 1996 (PIL NUMBER 12),
AND DECEMBER 1, 1994 THROUGH JUNE 30, 1995 (PIL NUMBER 16)

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

TABBIN INSTITUTE FOR METALLURGICAL STUDIES

**FINANCIAL-RELATED AUDIT OF USAID/EGYPT RESOURCES PROVIDED THROUGH
PROJECT IMPLEMENTATION LETTERS NUMBER 3, 12, AND 16
UNDER THE ENERGY CONSERVATION AND EFFICIENCY PROJECT NUMBER 263-0140.3**

**FOR THE PERIODS
FEBRUARY 1, 1995 THROUGH JUNE 30, 1996 (PIL NUMBER 3),
JUNE 1, 1992 THROUGH JUNE 30, 1996 (PIL NUMBER 12),
AND DECEMBER 1, 1994 THROUGH JUNE 30, 1995 (PIL NUMBER 16)**

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APPENDICES

- Appendix A: Management comments
- Appendix B: Independent accountants response
- Appendix C: Mission response

July 8, 1997

Mr. Lou Mundy
Regional Inspector General
for Audit/Cairo
United States Agency for
International Development

Dear Mr. Mundy:

This report presents the results of our financial-related audit of the United States Agency for International Development Mission to Egypt (USAID/Egypt) resources managed by the Tabbin Institute for Metallurgical Studies (TIMS) under Project Implementation Letters (PILs) Number 3, 12, and 16, (collectively, the "commitments") related to the Energy Conservation and Efficiency Project (ECEP) Number 263-0140.3, the third component of the broader Science and Technology for Development Project (STDP) Number 263-0140. The commitments were audited for the periods from February 1, 1995 through June 30, 1996 (PIL Number 3), from June 1, 1992 through June 30, 1996 (PIL Number 12), and from December 1, 1994 through June 30, 1995 (PIL Number 16), (collectively, the "audit periods").

Background

TIMS was established in 1975 as a scientific firm under Law 69 of 1973 in the Tabbin Industrial Zone to develop energy-efficient technology applications that are directed at selecting, designing, installing, operating, and monitoring energy-efficient technologies in public sector companies. In addition, TIMS initiates promotions that support the proliferation of the developed technologies. TIMS gears its activities toward public sector firms and is managed by a board of directors under the oversight of the Ministry of Industry.

The third component of the STDP Number 263-0140 was designed to promote and accelerate the adoption of improved commercial technologies and practices to save energy and increase energy efficiency, and to improve the capabilities of Egyptian institutions to promote and implement energy saving technology that enhance productivity. To assist in achieving the goals of the STDP, TIMS participated in two general activities under the ECEP: (1) developing energy technology applications that would be directed at selecting, designing, installing, operating and monitoring energy efficient technologies in public sector companies; and (2) promoting investments which would support proliferation of the technologies developed.

PIL Number 3 provided funds to provide services, recommend new technologies, and provide training to public sector firms. PIL Number 3, Amendment 11, dated June 20, 1996, approved funding to TIMS of LE 8,055,168 (not to exceed 2,427,260 U.S. dollars) through February 28, 1997.

PIL Number 12 provided funds from the FT-800 account to sponsor international travel. PIL Number 12, Amendment 3, dated October 18, 1994, approved funding to TIMS of LE 630,000 through June 30, 1996. Two additional amendments have been approved to date for PIL Number 12. The funding remains at LE 630,000, but TIMS was granted an unfunded time extension to June 30, 1997.

PIL Number 16 provided funds to establish an automobile tune-up program in Egypt. Amendment 1, dated March 22, 1995, approved funding of LE 449,000 (not to exceed 132,462 U.S. dollars) through June 30, 1995.

Audit objectives and scope

The objective of this engagement was to perform a financial-related audit of project costs incurred by TIMS related to PILs Number 3, 12, and 16 under the ECEP Project Number 263-0140.3. Projects costs incurred under PIL No. 3 were audited from February 1, 1995 through June 30, 1996; project costs incurred under PIL No. 12 were audited from June 1, 1992 through June 30, 1996; and project costs incurred under PIL No. 16 were audited from December 1, 1994 through June 30, 1995. Specific objectives were to:

1. express an opinion on whether the fund accountability statements present fairly, in all material respects, project costs incurred by TIMS related to the commitments during the audit periods in conformity with generally accepted accounting principles or another comprehensive basis of accounting;
2. determine if the project costs reported as incurred for the commitments are allowable, allocable, and reasonable in accordance with PIL terms;
3. evaluate and obtain a sufficient understanding of TIMS internal control structure related to the commitments, assess control risk and identify reportable conditions, including material internal control weaknesses;
4. determine whether TIMS complied, in all material respects, with the terms of the commitments and applicable laws and regulations; and
5. determine if TIMS has taken corrective action on prior audit report recommendations.

Preliminary planning and review procedures began in April, 1996 and consisted of discussions with personnel from the Office of the Regional Inspector General for Audit in Cairo ("RIG/A/C") and TIMS, and a review of the umbrella grant agreement and PILs Number 3, 12, and 16. Audit fieldwork commenced in May and was completed in June, 1997.

Total project costs incurred and those selected for audit testing for the three PIL's are shown below:

PIL Number	Project Costs		Audit Testing		Percentage Tested
	Incurred in \$	Expressed in LE	Expressed in \$	Expressed in LE	
3	718,568	2,428,759	155,926	527,031	22
12	73,104	247,092	14,926	50,451	20
16	126,340	427,031	110,620	373,896	88

Our tests of project costs incurred by TIMS included, but were not limited to, the following:

1. reconciling project accounting records to billings issued by TIMS to USAID/Egypt to ensure that project costs were supported with appropriate books and records;
2. testing of project costs incurred by TIMS and funded by USAID/Egypt for allowability, allocability, reasonableness and appropriate support;

3. determining that procurement was made using sound commercial practices including competition, reasonable prices were obtained, and there were adequate controls on qualities and quantities received; and
4. reviewing travel and transportation charges to determine whether they were adequately supported and approved.

As part of our examination of TIMS, we made a study and evaluation of relevant internal controls and reviewed compliance with agreement terms and applicable laws and regulations.

Audit results

Fund accountability statement:

Our audit procedures identified no questioned costs.

Internal control structure:

We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses. However, we did identify other non reportable conditions which we have communicated to TIMS management in a separate letter dated June 5, 1997.

Compliance with agreement terms and applicable laws and regulations:

The results of our test disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

Status of prior-audit findings:

For the audit completed of PIL Number 3 for the period July 1, 1992 through January 31, 1995.

1. Proper procurement procedures were not followed.

Current status:

Our testing procedures indicated that proper procurement procedures are now being followed.

Management comments

TIMS's management comments have been obtained and are included in Appendix A of this report.

Independent accountants response

Our response is included in Appendix B of this report.

Mission response

The mission response is included in Appendix C of this report.

This report is intended for the information of TIMS's management and the United States Agency for International Development. However, this report is a matter of public record and its distribution is not limited.

June 5, 1997

Mr. Lou Mundy
Regional Inspector General
for Audit/Cairo
United States Agency for
International Development

**REPORT OF INDEPENDENT ACCOUNTANTS
ON THE FUND ACCOUNTABILITY STATEMENTS**

We have audited the accompanying fund accountability statements of project costs incurred by the Tabbin Institute for Metallurgical Studies (TIMS) related to Project Implementation Letters (PILs) Number 3, 12, and 16 (collectively, the "commitments") under the Energy Conservation and Efficiency Project (ECEP) Number 263-0140.3, the third component of the broader Science and Technology for Development Project (STDP) Number 263-0140. The commitments were audited for the periods from February 1, 1995 through June 30, 1996 (PIL Number 3), from June 1, 1992 through June 30, 1996 (PIL Number 12) and from December 1, 1994 through June 30, 1995 (PIL Number 16) (collectively, the "audit periods"). These fund accountability statements are the responsibility of TIMS's management. Our responsibility is to express an opinion on these fund accountability statements based on our audit.

Except as discussed in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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. 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 significant estimates made by management, as well as evaluating the overall fund accountability statements presentation. 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 31 of Chapter 3 of *Government Auditing Standards* since no such quality control review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of *Government Auditing Standards* is not material because we participate in the Coopers & Lybrand worldwide internal quality control program which requires the Coopers & Lybrand Cairo office to be subjected, every three years, to an extensive quality control review by partners and managers from other Coopers & Lybrand offices.

As described in Note 2, the accompanying fund accountability statements were prepared on the basis of cash disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the fund accountability statements referred to in the first paragraph present fairly, in all material respects, project costs incurred by TIMS related to the commitments during the audit periods in conformity with the method of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have issued a report dated June 5, 1997 on our consideration of TIMS's internal control structure and a report dated June 5, 1997 on its compliance with agreement terms and applicable laws and regulations.

This report is intended for the information of TIMS's management and the United States Agency for International Development. However, this report is a matter of public record and its distribution is not limited.

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
FINANCIAL-RELATED AUDIT OF USAID/EGYPT RESOURCES PROVIDED THROUGH
PROJECT IMPLEMENTATION LETTER NUMBER 3
UNDER THE ENERGY CONSERVATION AND EFFICIENCY PROJECT NUMBER 263-0140.3

FUND ACCOUNTABILITY STATEMENT

FOR EXPENDITURES INCURRED FROM FEBRUARY 1, 1995 TO JUNE 30, 1996

<u>Budget Line Item</u>	<u>Actual</u>	<u>Questioned Project Costs</u>	
		<u>Ineligible</u>	<u>Unsupported</u>
	(Note 1)	(Note 4)	(Note 4)
Salaries	\$ 382,586	\$ -	\$ -
Consultant fees	30,620	-	-
Honoraria	287	-	-
Travel	123,653	-	-
Workshops	58,499	-	-
Supplies	40,948	-	-
Equipment	64,978	-	-
Other direct costs	<u>16,997</u>	<u>-</u>	<u>-</u>
TOTALS	\$ <u>718,568</u>	\$ <u>-</u>	\$ <u>-</u>

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

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
FINANCIAL-RELATED AUDIT OF USAID/EGYPT RESOURCES PROVIDED THROUGH
PROJECT IMPLEMENTATION LETTER NUMBER 12
UNDER THE ENERGY CONSERVATION AND EFFICIENCY PROJECT NUMBER 263-0140.3

FUND ACCOUNTABILITY STATEMENT

FOR EXPENDITURES INCURRED FROM JUNE 1, 1992 TO JUNE 30, 1996

<u>Budget Line Item</u>	<u>Actual</u> (Note 1)	<u>Questioned Project Costs</u>	
		<u>Ineligible</u> (Note 4)	<u>Unsupported</u> (Note 4)
International travel	\$ <u>73,104</u>	\$ <u>-</u>	\$ <u>-</u>
TOTALS	\$ <u>73,104</u>	\$ <u>-</u>	\$ <u>-</u>

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

**TABBIN INSTITUTE FOR METALLURGICAL STUDIES
FINANCIAL-RELATED AUDIT OF USAID/EGYPT RESOURCES PROVIDED THROUGH
PROJECT IMPLEMENTATION LETTER NUMBER 16
UNDER THE ENERGY CONSERVATION AND EFFICIENCY PROJECT NUMBER 263-0140.3**

FUND ACCOUNTABILITY STATEMENT

FOR EXPENDITURES INCURRED FROM DECEMBER 1, 1994 TO JUNE 30, 1995

<u>Budget Line Item</u>	<u>Actual</u> (Note 1)	<u>Questioned Project Costs</u>	
		<u>Ineligible</u> (Note 4)	<u>Unsupported</u> (Note 4)
Salaries	\$ 17,830	\$ -	\$ -
Subcontractors	99,112	-	-
Transportation	3,181	-	-
Meetings, Conferences, and Publications	6,067	-	-
Materials and Supplies	<u>150</u>	<u>-</u>	<u>-</u>
TOTALS	\$ <u>126,340</u>	\$ <u>-</u>	\$ <u>-</u>

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

TABBIN INSTITUTE FOR METALLURGICAL STUDIES

FINANCIAL-RELATED AUDIT OF USAID/EGYPT RESOURCES PROVIDED THROUGH
PROJECT IMPLEMENTATION LETTERS NUMBER 3, 12, AND 16
UNDER THE ENERGY CONSERVATION AND EFFICIENCY PROJECT NUMBER 263-0140.3

FOR THE PERIODS
FEBRUARY 1, 1995 THROUGH JUNE 30, 1996 (PIL NUMBER 3),
JUNE 1, 1992 THROUGH JUNE 30, 1996 (PIL NUMBER 12),
AND DECEMBER 1, 1994 THROUGH JUNE 30, 1995 (PIL NUMBER 16)

NOTES TO THE FUND ACCOUNTABILITY STATEMENTS

NOTE 1 - SCOPE OF AUDIT:

The "Actual" columns represents project costs incurred by TIMS related to PILs Number 3, 12 and 16 (collectively, the "commitments") during the periods from February 1, 1995 through June 30, 1996 (PIL Number 3), from June 1, 1992 through June 30, 1996 (PIL Number 12) and from December 1, 1994 through June 30, 1995 (PIL Number 16).

NOTE 2 - BASIS OF PRESENTATION:

The fund accountability statements of TIMS have been prepared on the cash disbursements method of accounting. Consequently, project costs are recognized when paid rather than when the obligation is incurred.

NOTE 3 - FOREIGN EXCHANGE:

Project costs incurred in Egyptian pounds have been converted to U.S. dollars at the exchange rate of 3.38 LE to 1 U.S. dollar. The exchange rate used is the average monthly free market exchange rate for the period from June 1, 1992 through June 30, 1996 as quoted by the Cairo Barclays Bank.

June 5, 1997

Mr. Lou Mundy
Regional Inspector General
for Audit/Cairo
United States Agency for
International Development

**REPORT OF INDEPENDENT ACCOUNTANTS
ON THE INTERNAL CONTROL STRUCTURE**

We have audited the fund accountability statements of project costs incurred by the Tabbin Institute for Metallurgical Studies (TIMS) related to Project Implementation Letters Number 3, 12 and 16 (collectively, the "commitments") under the Energy Conservation and Efficiency Project (ECEP) Number 263-0140.3, the third component of the broader Science and Technology for Development Project (STDP) Number 263-0140. The commitments were audited for the periods from February 1, 1995 through June 30, 1996 (PIL Number 3), from June 1, 1992 through June 30, 1996 (PIL Number 12) and from December 1, 1994 through June 30, 1995 (PIL Number 16) (collectively, the "audit periods") and have issued our report thereon dated June 5, 1997.

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

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

In planning and performing our audit of TIMS's fund accountability statements as described in the first paragraph, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing an opinion on the fund accountability statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the fund accountability statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of TIMS in a separate letter dated June 5, 1997.

This report is intended for the information of TIMS's management and the United States Agency for International Development. However, this report is a matter of public record and its distribution is not limited.

June 5, 1997

Mr. Lou Mundy
Regional Inspector General
for Audit/Cairo
United States Agency for
International Development

**REPORT OF INDEPENDENT ACCOUNTANTS
ON COMPLIANCE WITH AGREEMENT TERMS
AND APPLICABLE LAWS AND REGULATIONS**

We have audited the fund accountability statements of project costs incurred by the Tabbin Institute for Metallurgical Studies (TIMS) related to Project Implementation Letters Number 3, 12 and 16 (collectively, the "commitments") under the Energy Conservation and Efficiency Project (ECEP) Number 263-0140.3, the third component of the broader Science and Technology for Development Project (STDP) Number 263-0140. The commitments were audited for the periods from February 1, 1995 through June 30, 1996 (PIL Number 3), from June 1, 1992 through June 30, 1996 (PIL Number 12) and from December 1, 1994 through June 30, 1995 (PIL Number 16) (collectively, the "audit periods") and have issued our report thereon dated June 5, 1997.

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

Compliance with agreement and PIL terms and applicable laws and regulations applicable to TIMS is the responsibility of TIMS's management. As part of obtaining reasonable assurance about whether the fund accountability statements are free of material misstatement, we performed tests of TIMS's compliance with certain provisions of agreement and PIL terms and applicable laws and regulations. However, the objective of our audit of the fund accountability statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of TIMS's management and the United States Agency for International Development. However, this report is a matter of public record and its distribution is not limited.

TABBIN INSTITUTE FOR METALLURGICAL STUDIES
MANAGEMENT COMMENTS



وزارة الصناعة
معهد التبين للدراسات المعدنية
TABBIN INSTITUTE FOR METALLURGICAL STUDIES (TIMS)
مشروع ترشيد الطاقة وحماية البيئة
ENERGY CONSERVATION & ENVIRONMENT PROJECT (ECEP)
مشروع الوكالة الأمريكية للتنمية الدولية رقم ٢٦٣ - ١٤٠ / ٣

ECEP / TIMS
OUTGOING 321
DATE July 6, 1997

Mr. Jeffrey Hentges, CPA CFP
Coopers & Lybrand
Tiba 2000 Center
Rabaa El-Adaweys
Nasr City 11371
Cairo

Dear Mr. Hentges,
With reference to your draft report dated 06/05/1997 concerning the audit related to revenues and expenditures incurred by ECEP/TIMS under PIL #3, PIL # 12 & PIL #16, the following is our respond to clarify your draft report findings.

PIL # 3

Salaries

Entries:
26, 34, 26

Finding # 1 (L.E. 1,792)

After the audit field work had been finished, we obtained a retroactive approval from the project officer to clarify the finding (See attachment # 1).

Entry 34

Finding # 2 (L.E. 424)

After the audit field work had been finished, we obtained a retroactive approval. See approval (attachment # 1) to charge this amount under O.D. Costs. Also, we reclassified the amount related to the this finding to be O.D. Costs as per the attached voucher # 3 dated 05/01/1997.

Supplies:

Entry 35

Finding # 3 (L.E. 3,240)

An amount of 1,620 was reduced from May 1997 billings to USAID per the attached CFR (attachment 2) and per voucher # 1 dated 05/01/1997 (attachment 5)

Entry 25

After the audit field work had been finished, we obtained a retroactive approval. See approval (attachment # 1) to charge this amount under O.D. Costs. In addition, we have reclassified this amount as per voucher # 27 dated 05/30/1997 (attachment 4).

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Tel. : 5010172-5010176. Fax. : 5010170 - 5011493
Tlx. 22348 MICOR UN
Zamalek : P.O.Box 135 Gezira, Post Code 11568 Cairo
6 El Gezira El-Wosta, Zamalek
Tel: 3411896 Fax : 3403642

معهد التبين
ص ب ١٠٩ حلوان - رموز بريد ١١٩١٣ القاهرة
ت : ٥٠١٠١٧٢ - ٥٠١٠١٧٦ فاكس : ٥٠١٠١٧٠ - ٥٠١١٤٩٣
تلغرس ٢٢٣٤٨ MICOR UN
مكتب الزمالة
ص ب ١٣٥ جزيرة - رموز بريد ١١٥٦٨
٦ شارع الجزيرة الوسطى - الزمالة
ت : ٣٤١١٨٩٦ فاكس : ٣٤٠٣٦٤٢

TABBIN INSTITUTE FOR METALLURGICAL STUDIES

MANAGEMENT COMMENTS

وزارة الصناعة
معهد التبين للدراسات المعدنية
TABBIN INSTITUTE FOR METALLURGICAL STUDIES (TIMS)
مشروع ترشيد الطاقة وحماية البيئة
ENERGY CONSERVATION & ENVIRONMENT PROJECT (ECEP)
مشروع الوكالة الأمريكية للتنمية الدولية رقم ٢٦٣ - ١١٠ / ٣

Finding # 4 (L.E. 4, 928)

- Entry 39 We have already reclassified the amount of 3,000 L.E. to be O.D. Costs as per Voucher # 25 dated 05/01/1997 (attachment 6) as the detailed ODC budget line item for this period includes gasoline (attachment 7).
- Entry 23 We have already obtained a retroactive approval concerning this finding (see attachment 1) to be reclassified under O.D. Costs (see reclass. entry # 27 dated 05/30/1997 (attachment # 4)

PIL # 12

An amount of L.E. 648.00 was not recorded as bank charges in the General ledger as follows:

Total Bank charges per bank Statements (for the Audit period)	717 L. E
Bank charges recorded per G/L	69 L. E
(Diff.) Bank charges to be recorded in G/L	648 L. E

This difference was recorded later as per voucher # 57 dated 06/01/1997 See Attachment "8"

We do hope that the above is self-explanatory and will meet your requirements to close the draft report findings.

Yours Sincerely,

Prof. Dr. Ahmed Amin A. Maguid
ECEP/TIMS Executive Director

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معهد التبين
ص ب ١٠٩ حلوان - رمز بريدي ١١٩١٣ القاهرة
ت : ٥٠١٠١٧٢ - ٥٠١٠١٧٦ فاكس : ٥٠١٠١٧٠ - ٥٠١١٤٩٣
تلخس ٢٢٣٤٨ MICOR UN

مكتب الزمالة
ص ب ١٣٥ جزيرة - رمز بريدي ١١٥٦٨
٦ شارع الجزيرة الوسطى - الزمالة
ت : ٣٤١١٨٩٦ فاكس : ٣٤٠٣٦٤٢

TABBIN INSTITUTE FOR METALLURGICAL STUDIES

INDEPENDENT ACCOUNTANTS RESPONSE

The Tabbin Institute for Metallurgical Studies (TIMS) management provided comments relating to the draft report presented at the exit conference held on July 2, 1997. TIMS's comments are included, unedited, in Appendix A to this report. In response to their comments, we reviewed additional supporting documents provided by TIMS management. All findings included in our draft report have been cleared by the TIMS management. Our final report contains no findings.

TABBIN INSTITUTE FOR METALLURGICAL STUDIES

MISSION RESPONSE



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

M E M O R A N D U M

DATE : July 21, 1997

TO : Lou Mundy, RIG/A/C

FROM : Shirley A. Hunter, Division Chief/FM/FA 

SUBJECT : Issuance of the Final Audit Report for Tabbin Institute for Metallurgical Studies (TIMS), Project Implementation Letters Number 3, 12 and 16 Under the Energy Conservation And Efficiency Project No. 263-0140.03

With reference to the RIG/A/C E-mail dated July 14, 1997 regarding the subject audit, it was stated that the final draft report for subject audit has been issued with no recommendations.

Mission agrees with your suggestion and requests that the final report be issued.

Thank you for your cooperation.

106 Kasr El Aini Street
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Cairo, Egypt