

# Report of Audit

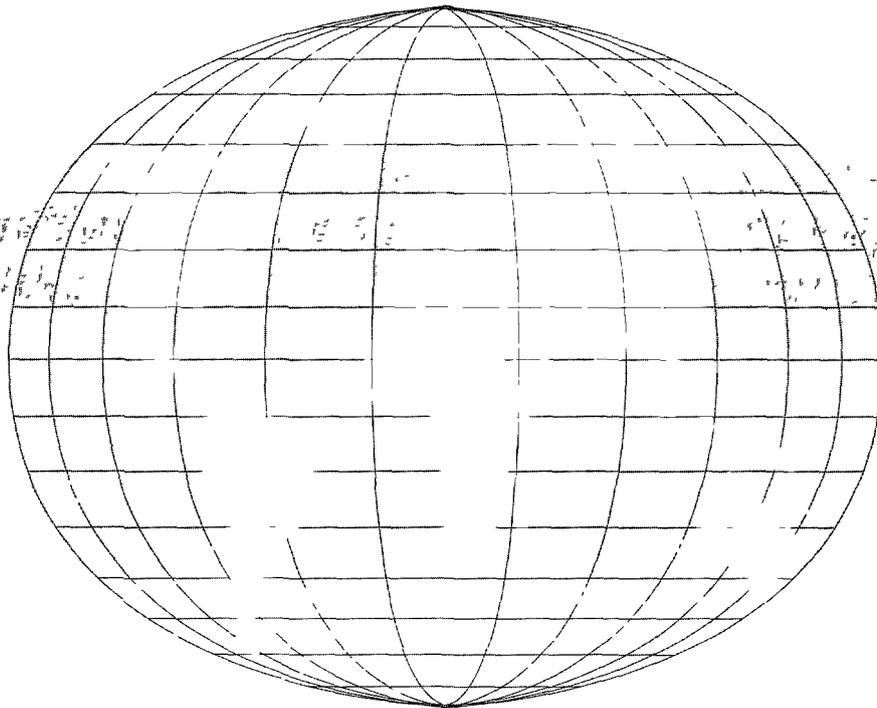
PD-ABQ-331  
9/2/98

---

## Financial Audit of the Ministry of Education's Center for Curriculum and Instructional Materials Development, Costs Incurred Under Project Implementation Letter No. 35 of USAID/Egypt's Basic Education Project No. 263-0139

---

Report No. 6-263-98-017-N  
February 22, 1998



---

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

**USAID**



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

**CAIRO, EGYPT**

**Report No. 6-263-98-017-N  
February 22, 1998**

**MEMORANDUM**

**TO** DIRECTOR USAID/Egypt, John R Westley

**FROM** A/RIG/A/Cairo, Bruce N Boyer *Bruce N Boyer*

**SUBJECT** Financial Audit of the Ministry of Education's Center for Curriculum and Instructional Materials Development, Costs Incurred Under Project Implementation Letter No 35 of USAID/Egypt's Basic Education Project No 263-0139

The attached report, transmitted on December 21, 1997, by Allied Accountants, presents the results of a financial audit of the Ministry of Education's Center for Curriculum and Instructional Materials Development (the "Center") related to costs incurred during the period November 1, 1992 through June 30, 1994 under Project Implementation Letter (PIL) No 35 of USAID/Egypt's Basic Education Project No 263-0139. The purpose of the project was to increase access to basic educational opportunities and improve the quality of instruction provided in Egypt. The objective of PIL No. 35 was to support the Center by financing staffing, supplies, local consultants, travel and per diem, and the library.

We engaged Allied Accountants to perform a financial audit of \$92,266 (equivalent to LE313,704) in USAID/Egypt funds provided to the Center under PIL No 35. The purpose of the audit was to evaluate the propriety of the costs incurred during the audit period. The auditors evaluated the Center's internal controls and compliance with applicable laws, regulations and agreement terms as necessary in forming their opinion regarding the Fund Accountability Statement.

The audit report identified \$994 (equivalent to LE3,380) in questioned costs related principally to ineligible office supplies. As PIL No 35 expired on June 30, 1994, and no additional funding has been provided, Allied Accountants did not issue reports on the Center's internal controls or compliance.

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

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

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

*B*

In response to the draft report, Center officials provided additional documentation and explanations to the report findings. Allied Accountants reviewed the Center's response to the findings and, where applicable, made adjustments to the report (see Appendices A and B).

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

**Recommendation No. 1:** We recommend that USAID/Egypt make a management decision on the questioned costs of \$994 (ineligible) detailed on page 11 of the Allied Accountants audit report, and recover from the Ministry of Education the amounts determined to be unallowable.

In response to Recommendation No. 1, USAID/Egypt sustained the entire amount of \$994 and received a refund for that amount from the Center. Based on this action, Recommendation No. 1 is closed upon report issuance.

Please advise this office within 30 days of any action planned or taken to close the recommendation. 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

C

**Ministry of Education**

Audit of Local Expenditures Incurred Under the  
Center for Curriculum and Instructional Materials Development  
Grant Agreement No 263-0139  
Project Implementation Letter No 35

**Fund Accountability Statement**  
for the Period November 1, 1992 through June 30, 1994

**Financial information contained in this report may be privileged. The restrictions of 18 USC 1905 should be considered before any information is released to the public.**

*d*

**Ministry of Education**

Audit of Local Expenditures Incurred Under the  
Center for Curriculum and Instructional Materials Development  
Grant Agreement No 263-0139  
Project Implementation Letter No 35

**Fund Accountability Statement**  
for the Period November 1, 1992 through June 30, 1994

<b>Table of Contents</b>	<b>Page</b>
<b>Transmittal letter</b>	
Background	1
Audit Objectives, Scope, and Methodology	1
Results of Audit	3
Management Comments	4
<b>Fund Accountability Statement</b>	
Report of Independent Public Accountants	5
Fund Accountability Statement	7
Notes to the Fund Accountability Statement	8
Summary of Audit Findings	10
Audit Findings	11
<b>Appendices</b>	
Appendix A. The Ministry of Education Management Comments	
Appendix B Auditors' Response to Management Comments	
Appendix C United States Agency for International Development Response to the Audit Report	

# ALLIED ACCOUNTANTS

Ragheb, Istanbouli & El Kilany

A Member Firm of ARTHUR ANDERSEN & Co. SC

Public Accountants & Business Advisors

Fellows & Members of the Egyptian Society of Accountants & Auditors



# المحاسبون المتضامنون

رابعب ، اسطنبولى والكيلانى

مراسلو آرثر آندرسن وشركاه

محاسبون قانونيون وحبراء تنظيم وإدارة

زملاء وأعضاء جمعية المحاسبين والمراجعين المصرية

December 21, 1997

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

Dear Mr Mundy

This report presents the results of the audit of USAID resources managed by the Ministry of Education (MOE) under the Center for Curriculum and Instructional Materials Development (CCIMD), Project Implementation Letter (PIL) No 35 (the Project), USAID/Egypt Grant Agreement No. 263-0139 We were engaged to perform an audit of the local expenditures incurred and reimbursed for the period November 1, 1992 through June 30, 1994

## Background

Grant Agreement No 263-0139 between the Arab Republic of Egypt and the United States of America was signed on August 19, 1981 The purpose of the Grant was to provide technical assistance for planning and implementing educational change, purchase of instructional materials and equipment, and construction of new classrooms as part of an integrated effort to increase access to basic educational opportunities and improve the quality of instruction provided The Project was implemented by the MOE

The objective of PIL No 35 was to support CCIMD by financing staffing, supplies, local consultants, travel and per diem, and the library PIL No 35 was signed on March 20, 1990 and expired on June 30, 1994

## Audit Objectives, Scope, and Methodology

The objective of this engagement was to conduct a financial audit of USAID/Egypt resources managed by MOE provided through Grant Agreement No 263-0139, PIL No 35, for CCIMD The specific objectives of our engagement were to

- 1 Express an opinion on whether the fund accountability statement for the USAID/Egypt financed project presents fairly, in all material respects, funds received and costs incurred for the audit period in conformity with generally accepted accounting principles or another comprehensive basis of accounting;
- 2 Determine if the costs reported as incurred under the PIL are in fact allowable, allocable, and reasonable in accordance with the terms of the PIL and the Grant Agreement,
- 3 Evaluate and obtain a sufficient understanding of the internal control structure of MOE, as it relates to CCIMD to assess control risk, and
- 4 Perform tests to determine whether MOE complied, in all material respects, with the terms of the PIL, Grant Agreement, and applicable laws and regulations

The scope of the audit included all funds provided by USAID/Egypt and related CCIMD expenditures incurred under PIL No 35 for the period November 1, 1992 through June 30, 1994

The methodology of the audit consisted of an evaluation of the internal control structure, testing of expenditures incurred under the PIL, and testing of MOE’s compliance with the Grant Agreement, the PIL, and applicable laws and regulations

Our testing included systematic and judgmental selection of costs incurred for each account disclosed in the fund accountability statement. We tested expenditures as follows:

<u>Budget Line Item</u>	<u>Actual</u>	<u>Tested Amount</u>	<u>Percent</u>
Funds provided by USAID/Egypt, LE Budget (LE) (Equivalent in \$)	313,704 92,266	313,704 92,266	100
Expenditures, LE Budget (LE) (Equivalent in \$)	313,704 92,266	270,232 79,480	86

Our testing included, but was not limited to the following procedures:

1. A review of direct expenditures billed to and reimbursed by USAID/Egypt. Records were reconciled to reports submitted to USAID/Egypt.
2. A review of the Project’s ledgers to determine whether costs reported were properly recorded. A reconciliation of direct costs billed to and reimbursed by USAID/Egypt to the Project’s ledgers.
3. A review of the procedures used to control the funds, including their channeling to contracted financial institutions or other implementing units.
4. A determination of whether project income and/or reimbursements, if any, were recorded as income or as credits to project cost accounts.
5. A review of direct salary charges to determine whether salary rates are reasonable, in accordance with those approved by USAID/Egypt, and supported by appropriate payroll records.
6. A review of travel and transportation charges to determine whether they were adequately supported, approved, and in accordance with the Project’s implementation plans.
7. A review of procurement procedures to determine whether sound commercial practices, including competitive bids, were used.
8. A determination of whether advances of funds were justified based on existing documentation, including a reconciliation of funds advanced, disbursed, and available.

During our audit planning, we considered MOE’s internal control structure as it relates to CCIMD, PIL No. 35, to obtain an understanding of the design of relevant control policies and procedures, and whether those policies and procedures have been placed in operation. We obtained a sufficient understanding of the internal control structure to plan the audit and to determine the nature and extent of tests to be performed.

Initial planning began with an entrance conference attended by RIG/A/C, USAID/FM, CCIMD’s officials, and our audit team. At the end of the field work, we held a meeting with CCIMD’s Project management staff to discuss unresolved findings identified during our fieldwork.

The Grant Agreement, PIL No 35, and their amendments were reviewed to gain an understanding of the agreement terms and applicable laws and regulations

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

We did not have an external quality control review by an unaffiliated audit organization as required by Paragraph 33 of Chapter 3 of Government Auditing Standards since no such quality review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the Andersen Worldwide internal quality control program, which requires our office to be subjected every three years to an extensive quality control review by partners and managers from other Andersen Worldwide offices

We have not issued Reports on Internal Control and Compliance with Applicable Laws and Regulations as required by Paragraph 15 of Chapter 5 of the Government Auditing Standards. In addition, we have not reported on Follow-up of Prior Audit Recommendations as required by Paragraph 26 of Chapter 5 of the Government Auditing Standards. As of the date of our report on the fund accountability statement for CCIMD, PIL No 35, Grant Agreement No 263-0139, the Project was completed and no additional funding had been provided.

### **Results of Audit**

#### **Fund Accountability Statement**

Our audit identified \$994 (LE 3,380) in ineligible questioned costs related to the local operating expenditures

The details of questioned costs are presented in the Fund Accountability Statement - Audit Findings section of this report. We considered the questioned costs in forming our audit opinion on the fund accountability statement

#### **Internal Control Structure**

We have not issued a Report on the Internal Control Structure as required by Paragraph 15 of Chapter 5 of the Government Auditing Standards. As of the date of our report on the fund accountability statement for CCIMD, Grant Agreement No 263-0139, PIL No 35, the Project was completed and no additional funding had been provided

#### **Compliance with Applicable Laws and Regulations**

We have not issued a Report on Compliance with Applicable Laws and Regulations as required by Paragraph 15 of Chapter 5 of the Government Auditing Standards. As of the date of our report on the fund accountability statement for CCIMD, Grant Agreement No 263-0139, PIL No 35, the Project was completed and no additional funding had been provided

#### **Follow-up of Prior Audit Recommendations**

We have not reported on Follow-up of Prior Audit Recommendations as required by Paragraph 26 of Chapter 5 of the Government Auditing Standards. As of the date of our report on the fund accountability statement for CCIMD, Grant Agreement No 263-0139, PIL No 35, the Project was completed and no additional funding had been provided

**Management Comments**

The Ministry of Education has provided comments on the results of our audit. The entire management response is included as Appendix A. Our response to management's comments is included as Appendix B. We have deleted a finding for which adequate supporting documentation was provided by the Ministry of Education.

*Allied Accountants*  
Allied Accountants

# ALLIED ACCOUNTANTS

Ragheb, Istanbouli & El Kilany

A Member Firm of ARTHUR ANDERSEN & Co. SC

Public Accountants & Business Advisors

Fellows & Members of the Egyptian Society of Accountants & Auditors



# المحاسبون المتضامنون

رابعب ، اسطنبولي والكيلاني

مراسلو آرثر آندرسن وشركاه

محاسبون قابليون وجراء تنظيم وإدارة

زملاء واعضاء جمعية المحاسبين والمراجعين المصرية

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

## Report of Independent Public Accountants

We have audited the accompanying fund accountability statement of the Ministry of Education relating to funds received and costs incurred by the Center for Curriculum and Instructional Materials Development, Grant Agreement No 263-0139, funded by the United States Agency for International Development through Project Implementation Letter No 35, for the period November 1, 1992 through June 30, 1994. This fund accountability statement is the responsibility of the management of the Center for Curriculum and Instructional Materials Development. Our responsibility is to express an opinion on this fund accountability statement based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall fund accountability statement 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 33 of Chapter 3 of Government Auditing Standards since no such quality review program is offered by professional organizations in Egypt. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the Andersen Worldwide internal quality control program which requires our office to be subjected every three years to an extensive quality control review by partners and managers from other Andersen Worldwide offices.

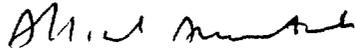
We have not issued Reports on Internal Control and Compliance with Applicable Laws and Regulations as required by Paragraph 15 of Chapter 5 of the Government Auditing Standards. In addition, we have not reported on Follow-up of Prior Audit Recommendations as required by Paragraph 26 of Chapter 5 of the Government Auditing Standards. As of the date of our report on the fund accountability statement the Project was completed and no additional funding had been provided.

As described in Note 2, the accompanying fund accountability statement has been prepared on the cash basis. The cash basis is a comprehensive basis of accounting other than generally accepted accounting principles, because revenues and expenditures are recognized when received or paid, rather than when earned or incurred. Accordingly, the accompanying fund accountability statement is not intended to present results in accordance with generally accepted accounting principles.

In our opinion, the fund accountability statement referred to above presents fairly, in all material respects, funds received and costs incurred by the Center for Curriculum and Instructional Materials Development, Grant Agreement No 263-0139 funded by the United States Agency for International Development through Project Implementation Letter No 35, for the period November 1, 1992 through June 30, 1994, in conformity with the cash basis of accounting as described in Note 2

This report is intended for the information of the management and others of the Ministry of Education and the United States Agency for International Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

July 16, 1997  
Allied Accountants



**Ministry of Education**

Audit of Local Expenditures Incurred Under the  
Center for Curriculum and Instructional Materials Development  
Grant Agreement No 263-0139  
Project Implementation Letter No 35

**Fund Accountability Statement**  
for the Period November 1, 1992 through June 30, 1994

LE Budget expressed in \$

<u>Budget Elements</u>	Budget \$	Actual \$	<u>Questioned Costs (Note 6)</u>	
			Ineligible \$	Unsupported \$
Source of funds				
Beginning cash balance		7,041		
Funds provided by				
USAID/Egypt		<u>92,266</u>		
Total funds available		99,307		
Expenditures				
Staffing	53,493	56,583	53	
Supplies	9,513	9,513	941	
Local consultants	14,683	14,683		
Travel & Per diem	3,383	3,383		
Training	<u>8,120</u>	<u>8,104</u>		
Total expenditures	<u>89,192</u>	<u>92,266</u>	<u>994</u>	
Balance (Note 5)		<u>7,041</u>		

The accompanying notes are an integral part of this Fund Accountability Statement

**Ministry of Education**

Audit of Local Expenditures Incurred Under the  
Center for Curriculum and Instructional Materials Development  
Grant Agreement No 263-0139  
Project Implementation Letter No 35

**Fund Accountability Statement**  
for the Period November 1, 1992 through June 30, 1994

Notes to the Fund Accountability Statement

Note 1 Project Activities

Grant Agreement No 263-0139 between the Arab Republic of Egypt and the United States of America was signed on August 19, 1981. The purpose of the Grant was to provide technical assistance for planning and implementing educational change, purchase of instructional materials and equipment, and construction of new classrooms as part of an integrated effort to increase access to basic educational opportunities and improve the quality of instruction provided. The projects funded by the Grant were implemented by the Ministry of Education.

This particular project was supported through Project Implementation Letter (PIL) No 35 for the Center for Curriculum and Instructional Materials Development (CCIMD). The objective of PIL No 35 was to support CCIMD by financing staffing, equipment and supplies, local consultants, travel and per diem and the library. PIL No 35 was signed on March 20, 1990 and expired on June 30, 1994.

Note 2 Basis of Presentation

The fund accountability statements have been prepared on the cash basis. Consequently, revenues and expenditures are recognized when received or paid, rather than when earned or incurred.

Note 3 Exchange Rate

Expenditures incurred in Egyptian Pounds (LE) have been converted to US Dollars (\$) at an average exchange rate of LE 3.40 to \$1.

Note 4 Budget

The budget for PIL No 35 of \$89,192 as presented in the fund accountability statement, represents funds available for the expenditures incurred during the audit period as specified in Amendment No 9 to the PIL dated March 29, 1995. Amendment No 9 included a retroactive approval for the expenditures incurred during the period covered by the audit.

In addition, on May 7, 1995 CCIMD requested the Project Officer's approval for exceeding the Staffing budget line item by \$3,332 (L E 11,328), but eventually only \$3,090 (L E 10,505) was approved.

Note 5 Balance

The balance for PIL No 35 represents disallowed costs from the prior financial audit. The amount was reimbursed to USAID/Egypt after the completion date of the Project.

Note 6 Questioned Costs

Questioned costs are expenditures that we have determined are not in accordance with the Grant Agreement, PIL No 35, or other applicable USAID/Egypt regulations. Questioned costs are presented in the fund accountability statement in two separate categories: ineligible and unsupported. "Ineligible" costs are deemed to be unallowable because they are not program related, unreasonable, or prohibited by the Grant Agreement, PIL No 35, or applicable laws and regulations. "Unsupported" costs are expenditures that are not supported by adequate documentation.

Our audit identified \$994 (LE 3,380) in ineligible questioned costs. The basis for questioning specific costs are set forth in the Audit Findings section of this report.

**Ministry of Education**

Audit of Local Expenditures Incurred Under the  
Center for Curriculum and Instructional Materials Development  
Grant Agreement No 263-0139  
Project Implementation Letter No. 35

**Fund Accountability Statement**  
for the Period November 1, 1992 through June 30, 1994

Summary of Audit Findings

<u>Budget Element</u>	<u>Questioned Costs</u>	
	Ineligible \$	Unsupported \$
Staffing Finding No 1	53	
Supplies Finding No 2	941	
Local consultants Finding No 3		
Total Questioned Costs	<u>994</u>	

**Ministry of Education**

Audit of Local Expenditures Incurred Under the  
Center for Curriculum and Instructional Materials Development  
Grant Agreement No 263-0139  
Project Implementation Letter No 35

**Fund Accountability Statement**  
for the Period November 1, 1992 through June 30, 1994

Audit Findings

Finding No 1 Travel & Per Diem

CCIMD paid and was reimbursed by USAID/Egypt for per diem for three (3) employees in the amount of \$53 (LE 180) The per diem was paid for an assignment in Cairo to employees who were also residing in Cairo PIL No 35, Travel & Per Diem, Section 2, indicates that neither partial nor full per diems will be paid for work in a location where an employee or a consultant normally resides CCIMD staff stated that the amount was probably paid due to a clerical error caused by a misunderstanding over where these employees resided

USAID/Egypt was billed ineligible expenses of \$53 (LE 180)

Finding No 2 Supplies

CCIMD paid and was reimbursed by USAID/Egypt for the purchase of office supplies in the amount of \$941 (LE 3,200) after the project's completion date The related invoice was dated July 10, 1994 while the project ended on June 30, 1994 Project Grant Agreement No 263-0139, Article 3, Section 3 3, indicates that USAID/Egypt "will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD" ( Project Assistance Completion Date) "or for goods furnished for the project, as contemplated in this Agreement, subsequent to the PACD " CCIMD staff stated that the purchase order was issued prior to the completion date of the project However, they were not able to provide any documentation to that effect

USAID/Egypt was billed ineligible expenses of \$941 (LE 3,200)

Finding No 3 Unsupported Costs

Finding deleted

Ministry of Education

Audit of Local Expenditures Incurred Under the  
Center for Curriculum and Instructional Materials Development  
Grant Agreement No 263-0139  
Project Implementation Letter No 35

**Fund Accountability Statement**  
for the Period November 1, 1992 through June 30, 1994

Management Comments

بسم الله الرحمن الرحيم



وزارة التربية والتعليم  
مركز تطوير المناهج والمواد التعليمية  
CENTER FOR CURRICULUM &  
INSTRUCTIONAL MATERIALS DEVELOPMENT

To Allied Accountants  
From Accounting Department , CCIMD 25th November 1997

Dear Essam,

Referring to the findings no 1, 2 and 3 which were stated in your draft report of the Funding Accountability statment for the period from Nov 1,1992 through June 30th 1994 Herebelow is our clarifications for the mentioned findings

FINDING No 1,

We would like to draw your attention that concerning find no. 1, the amount L E 180 were covering trasportation of the trainees, however it was recorded as per deim in a clerical error

FINDING No. 2,

Moreover, we could succeed to maintain an offical letter from Xerox proving that our procurment order was submitted prior the PACD ( Project Assistance Completion Date ), and we herein attach a copy of the letter  
FINDING No.3,

We hereby attach a list which includes both the names and signatures of the receivers .

Thank you in advance for your co-operation

N B. attached a copy of Xerox's letter  
a copy of our procurment order  
a copy of the receivers list

Accounting Unit

Abd El Kader Kamal

Nevine Shaker

**Ministry of Education**

Audit of Local Expenditures Incurred Under the  
Center for Curriculum and Instructional Materials Development  
Grant Agreement No 263-0139  
Project Implementation Letter No 35

**Fund Accountability Statement**  
for the Period November 1, 1992 through June 30, 1994

Auditors' Response to Management Comments

Our comments below address the Ministry of Education's responses to the findings on the fund accountability statement in our audit report of the Center for Curriculum and Instructional Materials Development, Grant Agreement No 263-0139, for the costs financed by the United States Agency for International Development for the period November 1, 1992 through June 30, 1994 under Project Implementation Letter No 35

Finding No 1 Travel & Per Diem

CCIMD indicated that the amounts in question were paid for transportation costs that were erroneously recorded as per diem. However, supporting documents provided to us during field work indicated that the mounts paid were per diem for three (3) employees. Furthermore, the amounts paid were calculated in accordance with the per diem rates. Since PIL No 35, Section 2 indicates that per diem is unallowable for work in a location where the employee or consultant normally resides, the per diem paid is an ineligible expense. Therefore, the finding remains unchanged.

Finding No 2 Supplies

CCIMD provided a letter from an employee of the vendor dated October 30, 1997 indicating that the order for the office supplies in question was actually placed on June 28, 1994, two days before the expiration of the PIL. However, since this letter was written more than three years after the original transaction and since it is not supported by any other documents, we consider this letter to be unreliable. In addition, since all other documents provided to us regarding this procurement were dated after the Project Assistance Completion Date (PACD), the amount in question is an ineligible expense. Therefore, the finding remains unchanged.

Finding No 3 Unsupported Costs

CCIMD provided names and signatures of the consultants who received the payments in questions. The support provided indicated that the amounts in question were actually distributed. Therefore, the finding has been deleted.

**Ministry of Education**

Audit of Local Expenditures Incurred Under the  
Center for Curriculum and Instructional Materials Development  
Grant Agreement No 263-0139  
Project Implementation Letter No 35

**Fund Accountability Statement**  
for the Period November 1, 1992 through June 30, 1994

United States Agency for International Development  
Mission in Egypt's Response to the Audit Report

**USAID**



UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

## MEMORANDUM

DATE: February 18, 1998

TO: Lou Mundy, RIG/A/C

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

SUBJECT: Financial Audit Of the Ministry of Education's Center for Curriculum and Instructional Materials Development, Costs Incurred under Project Implementation Letter No. 35 of USAID/Egypt's Basic Education Project No. 263-0139 Audit Report Draft Report dated January 21, 1998

Following is the Mission response to Recommendation No. 1 under the subject audit report.

### Recommendation No. 1:

We recommend that USAID/Egypt make a management decision on the questioned costs of \$994 (ineligible) detailed on page 11 of the audit report, and recover from the Ministry of Education the amounts determined to be unallowable.

### Mission Response:

Mission has reviewed the two findings under the subject audit. Based on that review, Mission has determined that the entire amount of \$994 (LE 3,380) is sustained. Accordingly, Mission issued Bill of Collection (BOC) No. CO-263-81748, dated February 15, 1998 in the amount of \$994 (LE 3,380). The sustained amount was refunded by CCIMD's check No. A242137 dated February 15, 1998, Receipt No. 18220 in the amount of LE 3,380 (Attachment No. 1). Based on that action, Mission requests closure of the recommendation upon issuance of the final report.

Following are the details of the amounts questioned:

**Finding No. 1:**

- \* The ineligible amount of \$53 (LE 180) represents per diem paid to Cairo resident employees
- \* CCIMD claims this amount in fact represents transportation allowance paid to the employees for commuting from Cairo, to Sixth of October to the Tenth of Ramadan city. However, in the absence of a policy for payment of transportation allowance, and justification for such payment, this amount is determined to be ineligible.

**Therefore, \$53 (LE 180) is sustained and was refunded by CCIMD check.**

**Finding No. 2:**

- \* The ineligible amount of \$941 (LE 3,200) represents cost of supplies paid by CCIMD after the PIL completion date.
- \* CCIMD did not submit documents to evidence receipt of supplies, and payment to the vendor prior to the PACD.

**Therefore, \$941 (LE 3,200) is sustained and was refunded by CCIMD check.**

Att. a/s

16