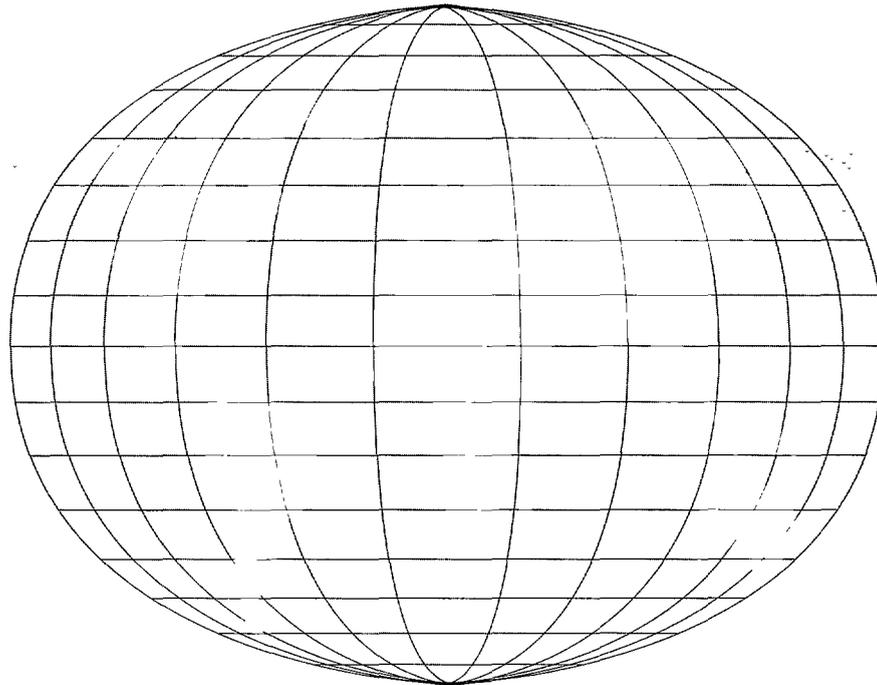


PD ART-073
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Report of Audit

**Report on Agreed-Upon Procedures Related to
USAID/Egypt Resources Provided to the Central Agency for
Public Mobilization and Statistics under Project
Implementation Letter No. 4 of the Technical Support for
Sector Policy Reform Program (Project No. 263-0233)**

**Report No. 6-263-01-003-N
January 9, 2001**



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.

Cairo, Egypt

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

PD-ABT-073



CAIRO, EGYPT

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

Report No. 6-263-01-003-N
January 9, 2001

MEMORANDUM

TO: USAID/Egypt Director, Willard J. Pearson, Jr.
FROM: RIG/Cairo, Darryl T. Burris *DT Burris*
SUBJECT: Report on Agreed-Upon Procedures Related to USAID/Egypt Resources Provided to the Central Agency for Public Mobilization and Statistics under Project Implementation Letter No. 4 of the Technical Support for Sector Policy Reform Program (Project No. 263-0233)

The attached PricewaterhouseCoopers report on the Central Agency for Public Mobilization and Statistics (CAPMAS) presents the results of the agreed-upon procedures relating to the design and implementation of the information system of CAPMAS to provide reasonable assurance of the reported outputs financed by USAID/Egypt. CAPMAS's principle activity under Project Implementation Letter (PIL) No. 4 of USAID/Egypt Project No. 263-0233 is to complete surveys of the Egyptian population with the primary goal of evaluating Egyptian income, spending, and consumption levels. USAID/Egypt made fixed payments to CAPMAS upon acceptance of each of the deliverables specified in PIL No. 4.

We engaged PricewaterhouseCoopers to perform agreed-upon procedures to (1) review and report on CAPMAS's internal control structure relating to the reporting of outputs upon which USAID pays CAPMAS and verify the accuracy of those reported outputs, and (2) determine whether CAPMAS complied, in all material respects, with the relevant agreement terms and applicable laws and regulations. The agreed-upon procedures relate to the outputs financed by USAID/Egypt for the period July 1, 1996 to September 30, 1997. These procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, and accordingly the attached report does not express an opinion on CAPMAS as would be done under a financial audit.

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USAID-RIG Unit 64902
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USAID
Zahraa El-Maadi
Maadi, Cairo, Egypt

B

PricewaterhouseCoopers was able to review the five deliverables submitted to USAID. However, documents in support of the outputs achieved and reported to USAID/Egypt were not available at CAPMAS. Also, PricewaterhouseCoopers was not able to determine whether CAPMAS complied, in all material respects, with the relevant agreement terms and applicable laws and regulations, as the documents in support of the outputs achieved were not available at CAPMAS.

In as much as this is not an audit report but instead a report on an application of agreed-upon procedures, we are not making recommendations for your action. However, we suggest that USAID/Egypt emphasize in any future agreements with CAPMAS the need to keep supporting documentation related to outputs available for auditors' examination.

Thank you for the cooperation and assistance extended to PricewaterhouseCoopers' staff on this engagement.

Attachment: a/s

**Report On Agreed-Upon Procedures
Related To USAID/Egypt Resources Provided To
The Central Agency for Public Mobilization and Statistics
Through Project Implementation Letter Number 4
Under the Technical Support for Sector Policy Reform
(Project Number 263-0233)**

For The Period From July 1, 1996 Through September 30, 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."

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**Report On Agreed-Upon Procedures
Related To USAID/Egypt Resources Provided To
The Central Agency for Public Mobilization and Statistics Through
Project Implementation Letter Number 4
Under The
USAID/Egypt Project Number 263-0233**

For The Period From July 1, 1996 Through September 30, 1997

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September 19, 2000

Mr. Darryl Burris
Regional Inspector General/Cairo
United States Agency for
International Development

Dear Mr. Burris:

This report presents the results of our agreed-upon procedures related to USAID/Egypt resources provided to the Central Agency for Public Mobilization and Statistics through Project Implementation Letter Number 4 under the Technical Support for Sector Policy Reform (Project Number 263-0233) for the period from July 1, 1996 through September 30, 1997.

BACKGROUND

The principal activity conducted by CAPMAS under PIL No. 4 of USAID/Egypt Project No. 263-0233 is the completion of surveys of the Egyptian population with the primary goal of evaluating Egyptian income, spending and consumption levels. Funding for PIL No. 4 was budgeted at LE 1,133,660 for the period March 1, 1995 through September 30, 1997. USAID/Egypt made fixed payments to CAPMAS upon acceptance of each of the deliverables specified in PIL No. 4.

ENGAGEMENT OBJECTIVES AND SCOPE

The objective of this engagement was to apply agreed-upon procedures relating to the design and implementation of the information system at CAPMAS to provide reasonable assurance of the reported outputs financed by USAID/Egypt. Specific objectives were to:

1. Review and report on CAPMAS's internal control structure relating to the reporting of outputs upon which USAID pays CAPMAS and verify the accuracy of those reported outputs.
2. Determine whether CAPMAS complied, in all material respects, with the relevant agreement terms and applicable laws and regulations.

We were requested to perform the agreed-upon procedures to satisfy the above objectives as they relate to the outputs financed by USAID/Egypt through PIL No. 4 under USAID/Egypt Project Number 263-0233, for the period from July 1, 1996 to September 30, 1997.

Preliminary planning and review procedures began in September 1999 and consisted of discussions with personnel from the Office of the Regional Inspector General in Cairo and CAPMAS, and a review of the project documents and PIL No. 4. Fieldwork commenced in September 1999 and was fully completed in March 2000.

FINDINGS

Procedure 1: Documents in support of the outputs achieved and reported to USAID/Egypt were not available at CAPMAS.

Procedure 2: We were unable to determine whether CAPMAS complied, in all material respects, with the relevant agreement terms and applicable laws and regulations as the documents in support of the outputs achieved were not available at CAPMAS.

MANAGEMENT COMMENTS

Management comments are included in Appendix A of this report.

INDEPENDENT ACCOUNTANTS RESPONSE

Our response will be included in Appendix B in the final report.

MISSION RESPONSE

The mission response will be included in Appendix C in the final report.

This report is intended for the information of CAPMAS'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.

* * * * *

March 26, 2000

Mr. Darryl Burris
Regional Inspector General/Cairo
United States Agency for
International Development

**INDEPENDENT ACCOUNTANTS REPORT
ON APPLYING AGREED-UPON PROCEDURES**

This report presents the results of agreed-upon procedures that we were requested to perform related to USAID/Egypt resources provided to the Central Agency for Public Mobilization and Statistics through Project Implementation Letter Number 4 under the Technical Support for Sector Policy Reform (Project Number 263-0233) for the period from July 1, 1996 through September 30, 1997.

Upon USAID/Egypt's request and agreement, we have attempted to perform the procedures enumerated below:

1. Review and report on CAPMAS's internal control structure relating to the reporting of outputs upon which USAID pays CAPMAS and verify the accuracy of those reported outputs.
2. Determine whether CAPMAS complied, in all material respects, with the relevant agreement terms and applicable laws and regulations.

This agreed-upon procedures engagement was to be performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The following pages describe the relevant procedures that we were requested to perform and our findings related thereto.

PROCEDURE 1

Verify the existence of supplemental documents in support of the outputs achieved and reported to USAID/Egypt.

Finding 1:

Documents in support of the outputs achieved and reported to USAID/Egypt were not available at CAPMAS.

During the period from July 1, 1996 to September 30, 1997, CAPMAS delivered and invoiced USAID for five deliverables. They were three quarterly tabulation reports for household surveys, a final results report, and a conference report.

We completed this procedure by carrying out two sub-procedures: 1) reviewing the deliverables and 2) reviewing the supplemental documents in support of the deliverables (outputs achieved). The results, related to each part, are described below:

Part 1: We were able to review the five deliverables (the reports) on file at USAID. However, CAPMAS did not provide us with any of the reports.

Part 2: CAPMAS told us that they had completed the requisite number of household surveys, documented them on survey forms, and entered them into a computer database. The computer database was then, used to produce the reports (deliverables) submitted to USAID.

CAPMAS did not have source documents in support of the household surveys conducted on file. However, we located 4 out of 5 of the database diskettes, on which the survey data was stored, at USAID. CAPMAS did not have duplicates of the database.

We were unable to access the data on the diskettes because one of the diskettes was missing. All of the data is linked, which requires that all diskettes be present before one can access the data. USAID's information technology personnel also attempted to access the data, but were unable to do so. We hired a systems expert to access the data, but he was also unable to access the files.

* * * * *

PROCEDURE 2

Determine whether CAPMAS complied, in all material respects, with the relevant agreement terms and applicable laws and regulations.

Finding 2:

The central requirements contained in the agreement between USAID/Egypt and CAPMAS were technical in nature. We were unable to determine whether CAPMAS complied, in all material respects, with the relevant agreement terms and applicable laws and regulations as the documents in support of the outputs achieved were not available at CAPMAS.

* * * * *

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of opinions on: 1) CAPMAS's compliance with the relevant agreement terms and applicable laws and regulations, and 2) CAPMAS's maintenance of documents in support of the outputs achieved and reported to USAID/Egypt. Accordingly, we do not express such opinions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to USAID/Egypt.

This report is intended solely for the use of USAID/Egypt and the management of CAPMAS, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

* * * * *

Pricewaterhousecoopers

The Central Agency for Public Mobilization and Statistics Through
Project Implementation Letter Number 4
Under The
USAID/Egypt Project Number 263-0233

For The Period From July 1, 1996 Through September 30, 1997

MANAGEMENT COMMENTS

16 SEP '00 13:58 CAPMAS FINANCIAL AFFAIRS 4022395

ARAB REPUBLIC OF EGYPT
CENTRAL AGENCY FOR PUBLIC
MOBILIZATION AND STATISTICS
NASSR CITY, CAIRO



الجمهورية العربية
الجهان المركزي للتنمية العامة والاقتصاد
مصلحة مصر - القاهرة

مستوى برود : ٢٠٨٦
البريد : ٤٠٢١٣٣
التكسيم : ٤٠٢٦٠٩٩ - برقية : إحصاءات القاهرة

P.O.B. : 2086 Cairo
Telephone : 4024632
Fax : (202) 4024099 - Cables: CAPMAS CAIRO

Client Name : USAID - CAPMAS
Year : July 1, 96 till Dec. 31, 98
Subject : Findings Management response schedule

Signature :
Date :
Reviewed :

Objective:
To document CAPMAS management responses & comments to the reported findings, As per the draft report dated April 23, 2000/BM

Documentation:
CAPMAS responses & comments on the reporting findings could be shown as follows:

Finding reference	Condition	Management final response
Finding (1) - Part (1)	We did not find hard copy of the five deliverable reports @ CAPMAS to review and compare with copies at USAID.	CAPMAS already had the those five deliverable reports and they are available to review.
Finding (1) - Part (2)	<p>a) CAPMAS did not have source documents in support of the households survey conducted on file.</p> <p>b) We were unable to access the data on the located 4 out of 5 database diskettes on which the survey data was stored.</p>	<p>a) As per CAPMAS internal memo and according to the storage space availability questionnaire forms of surveys conducted can not be stored more than three years after the survey ends, so most of the questionnaire forms were destroyed.</p> <p>b) Mrs. Eman Al Sayed Ibrahim who was the project data processor states that, Mr. Patrick prepared those diskettes and they does not include any of the survey data but only special analysis that prepared by him & CAPMAS did not know any information about what included on those diskettes.</p>
Finding (2)	We were unable to determine whether CAPMAS complied, in all material respects, with the relevant agreement terms and applicable laws and regulations as the documents in support of the outputs achieved were not available at CAPMAS.	<p>Mr. Amin who was the project technical manager states that they only found five of the questionnaire forms, and they now could access the survey database on the computers as Mrs. Eman who was the project data processor is now available.</p> <p>Mrs. Eman helps us to perform a comparison between the actual data on the questionnaire forms available and what were recorded on the computer database.</p>

CAPMAS official: Ahmed Abo Al Nagh
A Ahmad - Amin Fouad
Samy Hasan Foad
Head of General Secretariat Sector

**The Central Agency for Public Mobilization and Statistics Through
Project Implementation Letter Number 4
Under The
USAID/Egypt Project Number 263-0233**

For The Period From July 1, 1996 Through September 30, 1997

INDEPENDENT ACCOUNTANTS RESPONSE

Notwithstanding management's comments, our report remains unchanged.

Even if CAPMAS were able to show linkages among the data contained on the reports produced (the deliverables) and the database (diskettes), CAPMAS is not able to provide the source documents in support of the household surveys conducted on file. Therefore, we are unable to testify positively with respect to the agreed-upon procedures.

The Central Agency for Public Mobilization and Statistics Through
Project Implementation Letter Number 4
Under The
USAID/Egypt Project Number 263-0233

For The Period From July 1, 1996 Through September 30, 1997

MISSION COMMENTS

USAID/Egypt had no comments on the audit report.