

UNITED STATES  
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE  
INSPECTOR  
GENERAL

AUDIT OF  
THE NICARAGUAN RESISTANCE  
MEDICAL PROGRAM SUPPORTED BY  
THE INTERNATIONAL MEDICAL CORPS

Audit Report No. 1-522-90-33-N  
June 14, 1990



Regional Inspector General for Audit  
TEGUCIGALPA

**AUDIT OF  
THE NICARAGUAN RESISTANCE  
MEDICAL PROGRAM SUPPORTED BY  
THE INTERNATIONAL MEDICAL CORPS**

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June 14, 1990**

**AGENCY FOR INTERNATIONAL DEVELOPMENT**

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June 14, 1990

**MEMORANDUM**

TO: Director, TFHA/Washington, Ted Morse

FROM: *Coinage N. Gothard*  
RIG/A/T, Coinage N. Gothard, Jr.

SUBJECT: Audit of the Nicaraguan Resistance Medical Program Supported by  
the International Medical Corps, Audit Report No. 1-522-90-33-N

This report presents the results of a non-Federal, concurrent financial audit of the Nicaraguan Resistance Medical Program (the Program) supported by the International Medical Corps. The audit was requested by the Task Force on Humanitarian Assistance (TFHA). The certified public accounting firm of Price Waterhouse prepared the report, which was transmitted to RIG/A/T on June 13, 1990.

The overall objective of Price Waterhouse's audit work was to perform a concurrent financial audit of the Program. The purpose of this audit was to report on (1) the fairness of the Program's contract cost accountability statement for the period from June 1, 1989 to April 30, 1990, (2) the Program's internal control structure, and (3) compliance by the International Medical Corps (IMC) with contract terms and applicable laws and regulations.

In the opinion of Price Waterhouse, the contract cost accountability statement presents fairly, in all material respects, the Program's receipts and expenditures for the period between June 1, 1989 through April 30, 1990, in accordance with the corresponding agreement.

Price Waterhouse evaluated the internal control structure of the Program, noting no matters involving the internal control structure and its operations that the auditors considered to be material weaknesses. However, certain matters involving the internal control structure were observed and reported to TFHA and RIG/A/T.

In the opinion of Price Waterhouse, IMC complied, in all material respects, with contract terms and applicable laws and regulations for the items tested. Nothing came to the auditors' attention that caused them to believe that untested items were not in compliance with contract terms and applicable laws and regulations.

The TFHA discussed the draft report with Price Waterhouse and RIG/A/T, and did not suggest any changes to the final report. The Price Waterhouse report contains no recommendations.

AGENCY FOR INTERNATIONAL DEVELOPMENT  
AUDIT OF THE  
NICARAGUAN RESISTANCE MEDICAL PROGRAM  
TASK FORCE FOR HUMANITARIAN ASSISTANCE (TFHA)  
SUPPORTED BY THE INTERNATIONAL MEDICAL CORPS

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## *Price Waterhouse*



June 13, 1990

Mr. Coinage N. Gothard, Jr.  
Regional Inspector General for Audit  
U.S. Agency for International Development  
Tegucigalpa, Honduras

Dear Mr. Gothard:

This report presents the results of our concurrent financial audit of the Nicaraguan Resistance Medical Program, (the Program), supported by the International Medical Corps (IMC) during the period June 1, 1989 to April 30, 1990, under contract No. PDC-0000-C-00-9005-00 between IMC and the U.S. Agency for International Development (A.I.D.).

### BACKGROUND

On November 1, 1988, A.I.D., through the Task Force for Humanitarian Assistance, approved contract No. PDC-0000-C-00-9005-00 with IMC. The objective of that contract was to provide medical support to the Nicaraguan Resistance (NR) combatants, their families and immediate supporters by supporting the Nicaraguan Resistance Medical Corps (NRMC) through training, technical assistance, and provision of specialized medical services and medical equipment. Needed medical services ranged from routine consultations to immunization programs to treatment of war-related injuries and tropical diseases. The NRMC needed to be strengthened and upgraded to provide these services. The purpose of this contract was not to run the NRMC but rather to support and advise it.

The initial budget for this contract was \$3,021,740. It was to finance the Program's activities during the period November 1, 1988 to April 30, 1989. Subsequently, A.I.D. amended the contract to extend its completion date to May 31, 1989, which we audited and reported upon in our report dated July 28, 1989. A.I.D. additionally amended the contract as follows:

1. On June 14, 1989, A.I.D. increased the total amount of the contract to \$8,095,180, extended the completion date to March 31, 1990, and amended the contract's scope of work.
2. On January 24, 1990, A.I.D. increased the total contract amount to \$8,505,180.

3. On February 27, 1990, A.I.D. increased the total contract amount to \$8,855,180, and extended the completion date to April 30, 1990.
4. On April 20, 1990, A.I.D. increased the total contract amount to \$9,155,180, and extended the completion date to July 31, 1990. USAID/Honduras will take responsibility for managing the additional funds provided through this amendment and will work with USAID/Nicaragua to set up a permanent care arrangement for the disabled ex Resistance members inside Nicaragua.

#### AUDIT OBJECTIVES AND SCOPE

The overall objective of our audit work was to perform a concurrent financial audit of the Nicaraguan Resistance Medical Program, supported by the International Medical Corps for the period June 1, 1989 to April 30, 1990, under contract No.PDC-0000-C-00-9005-00.

We performed our audit in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Government Auditing Standards" (1988 Revision), and accordingly included such tests as deemed necessary to determine whether:

1. The contract cost accountability statement of the Nicaraguan Resistance Medical Program, presents fairly the Program's receipts and expenditures in accordance with the terms of the contract, identifying any costs which were not fully supported with adequate records or which were not allowable under the terms of the contract,
2. The internal control structure of the Program in Honduras and Los Angeles, California, is adequate and functioning as intended, and
3. IMC complied with applicable laws, regulations, and contract terms.

We performed the following major audit procedures as necessary in Honduras and Los Angeles, California, to meet the stated audit objectives.

1. We reviewed the following documents to keep up to date with the Program:
  - a) The contract between A.I.D. and IMC and the related modifications and amendments,
  - b) The subcontracts between the contractor and two institutions that provided consulting services,

- c) The budgets and written procedures approved by A.I.D. to manage the Program, and
  - d) All financial and Program reports, charts of accounts, organization charts, accounting system descriptions, and procurement policies and procedures.
2. We reviewed the Program ledgers to determine whether costs incurred were recorded adequately. We reconciled direct costs billed and reimbursed to the Program ledger.
  3. We reviewed the procedures to control the funds, including the bank account controls, monthly bank account reconciliations, and confirmed the final balance with the custodian bank.
  4. We determined whether advances of funds were justified with documentation, including reconciliations of funds advanced, disbursed, and available for the contract.
  5. We reviewed direct and indirect costs billed to TFHA/H, to identify questionable costs.
  6. We reviewed salary charges to determine whether salary rates were in accordance with those approved by A.I.D. and salaries paid were supported by appropriate payroll records.
  7. We selectively reviewed monthly disbursements made by IMC in Honduras and in Los Angeles, California, during the period June 1, 1989 through April 30, 1990 for a total of \$4,823,684 and made 67 on-site inspections of IMC's activities in El Jardín, El Aguacate, Rancho Grande, Yamales, and the Mosquitia region of Honduras.
  8. We physically inspected office furniture and equipment purchased with Program funds.
  9. We reviewed the procurement procedures and practices used to determine that sound commercial practices were used.
  10. On a limited basis we reviewed and evaluated the internal control structure, conducting compliance tests to determine the extent to which established procedures and controls were functioning as intended.
  11. We reviewed IMC's compliance with applicable laws, regulations, and contract terms.

During our work we were alert for situations or transactions that could be indicative of fraud, abuse, and illegal expenditures and acts.

## RESULTS OF THE AUDIT

### Contract Cost Accountability Statement

In our opinion, the contract cost accountability statement of the Nicaraguan Resistance Medical Program, supported by the International Medical Corps, presents fairly, in all material respects, the Program's receipts and expenditures for the period June 1, 1989 to April 30, 1990, in accordance with contract No. PDC-0000-C-00-9005-00.

As explained in Note 3 to the contract cost accountability statement, the International Medical Corps has terminated its subcontract with Kraus International as a consequence of the guilty plea of Mr. Donald F. Enos, former Deputy Director of the Task Force for Humanitarian Assistance in Honduras, to charges of receiving bribes from an official of Kraus International. IMC's attorney has initiated a review of the contract with Kraus International to determine if the services provided to IMC were, in fact, legitimate, proper, and reimbursable from U.S. Government funds. The ultimate outcome of this matter cannot be determined at this date. Accordingly, no adjustments for any liability or recovery of funds that may result have been made to the contract cost accountability statement.

### Internal Control Structure

In planning and performing our audit of the contract cost accountability statement of the Program for the period June 1, 1989 to April 30, 1990, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the contract cost accountability statement and not to provide assurance on the internal control structure. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control structure that we reported in writing upon identification to the Regional Inspector General for Audit in Tegucigalpa and the Task Force For Humanitarian Assistance in Honduras.

### Compliance with Applicable Laws, Regulations, and Contract Terms

We tested transactions and records for the period June 1, 1989 to April 30, 1990, which included receipts, disbursements and reporting to determine the International Medical Corps' compliance with applicable laws, regulations, and contract terms. The results of our study indicated that for the items tested, the International Medical Corps complied, in all material respects, with applicable laws, regulations, and contract terms. With respect to items not tested, nothing came to our attention that caused us to believe that the

International Medical Corps had not complied, in all material respects, with applicable laws, regulations, and contract terms.

SUMMARY OF MANAGEMENT COMMENTS

The TFHA reviewed the draft of this report and is generally in agreement with the contents of this report. The TFHA discussed their comments with Price Waterhouse and the Regional Inspector General for Audit, and did not suggest any changes to the final report. TFHA also expressed its appreciation for the assistance it has received from RIG/AT and Price Waterhouse auditors in the implementation of this program.

*Price Waterhouse*

Price Waterhouse



*Price Waterhouse*



AGENCY FOR INTERNATIONAL DEVELOPMENT  
AUDIT OF THE  
NICARAGUAN RESISTANCE MEDICAL PROGRAM  
TASK FORCE FOR HUMANITARIAN ASSISTANCE (TFHA)  
SUPPORTED BY THE INTERNATIONAL MEDICAL CORPS  
CONTRACT COST ACCOUNTABILITY STATEMENT  
FROM JUNE 1, 1989 TO APRIL 30, 1990  
REPORT OF INDEPENDENT ACCOUNTANTS

We have audited the accompanying contract cost accountability statement of the Nicaraguan Resistance Medical Program, (the Program), supported by the International Medical Corps under contract No. PDC-0000-C-00-9005-00 for the period June 1, 1989 to April 30, 1990 and accumulated from the inception of the Program. The contract cost accountability statement is the responsibility of the International Medical Corps' management. Our responsibility is to express an opinion on the contract cost accountability statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Government Auditing Standards" (1988 Revision). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the contract cost accountability statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the contract cost accountability statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the contract cost accountability statement of the Nicaraguan Resistance Medical Program, presents fairly, in all material respects, the Program's receipts and expenditures for the period June 1, 1989 to April 30, 1990 and accumulated from the inception of the Program, in accordance with the terms of contract No. PDC-0000-C-00-9005-00.

As explained in Note 3 to the contract cost accountability statement, the International Medical Corps has terminated its subcontract with Kraus International as a consequence of the guilty plea of Mr. Donald F. Enos, former Deputy Director of the Task Force for Humanitarian Assistance in Honduras, to charges

of receiving bribes from an official of Kraus International. IMC's attorney has initiated a review of the contract with Kraus International to determine if the services provided to IMC were, in fact, legitimate, proper, and reimbursable from U.S. Government funds. The ultimate outcome of this matter cannot be determined at this date. Accordingly, no adjustments for any liability or recovery of funds that may result have been made to the contract cost accountability statement.

This report is intended solely for the use of the International Medical Corps and the U.S. Agency for International Development. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

*Price Waterhouse*

May 21, 1990



AGENCY FOR INTERNATIONAL DEVELOPMENT  
 AUDIT OF THE  
 NICARAGUAN RESISTANCE MEDICAL PROGRAM (Note 2)  
 TASK FORCE FOR HUMANITARIAN ASSISTANCE (TFHA)

SUPPORTED BY THE INTERNATIONAL MEDICAL CORPS

CONTRACT COST ACCOUNTABILITY STATEMENT  
 FROM JUNE 1, 1989 TO APRIL 30, 1990  
 AND ACCUMULATED  
 (Expressed in U.S. Dollars – Note 1)

	BUDGET		RECEIPTS AND EXPENDITURES			BALANCE (OVER) UNDER BUDGET
	ORIGINAL	AMENDED	ACCUMULATED TO 05/31/89	THIS PERIOD	TOTAL	
<b>PROGRAM RECEIPTS:</b>						
Contract	\$3,021,740	\$8,855,180	\$2,500,000	\$5,797,648	\$8,297,648	\$557,532
Other Income			1,389	(685)	704	(704)
	-----	-----	-----	-----	-----	-----
Total Program Receipts	3,021,740	8,855,180	2,501,389	5,796,963	8,298,352	556,828
	=====	=====	=====	=====	=====	=====
<b>PROGRAM EXPENDITURES:</b>						
Direct Costs						
Salaries and wages	871,563	2,344,500	679,706	1,743,816	2,423,522	(79,022)
Equipment and consumables	459,704	2,915,000	665,518	1,848,905	2,514,423	400,577
Travel, transportation, and per diem	214,500	319,500	137,711	243,108	380,819	(61,319)
Subcontracts	644,390		219,460	(219,460)		
Medevac and prosthetics		721,500		616,882	616,882	104,618
Other direct costs	296,800	1,268,500	444,990	833,259	1,278,249	(9,749)
	-----	-----	-----	-----	-----	-----
Total Direct Costs	2,486,957	7,569,000	2,147,385	5,066,510	7,213,895	355,105
Indirect Costs	298,435	940,280	257,686	607,982	865,668	74,612
Contingency for Emergency Medical Treatment	112,000					112,000
Contingency for Indirect Cost Rate	124,348	345,900		227,124	227,124	118,776
	-----	-----	-----	-----	-----	-----
Total Program Expenditures	\$3,021,740	\$8,855,180	\$2,405,071	\$5,901,616	\$8,306,687	\$548,493
	=====	=====	=====	=====	=====	=====
Excess (Deficiency) of Receipts Over Expenditures (Note 4)			\$96,318	(\$104,653)	(\$8,335)	
			=====	=====	=====	

AGENCY FOR INTERNATIONAL DEVELOPMENT

AUDIT OF THE  
NICARAGUAN RESISTANCE MEDICAL PROGRAM  
TASK FORCE FOR HUMANITARIAN ASSISTANCE (TFHA)

SUPPORTED BY THE INTERNATIONAL MEDICAL CORPS

NOTES TO THE CONTRACT COST ACCOUNTABILITY STATEMENT  
FROM JUNE 1, 1989 TO APRIL 30, 1990

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies adopted by the International Medical Corps to support the Program are summarized as follows:

Basis of accounting

The accrual basis of accounting was used in recording the expenditures of the Program.

Exchange rate

The accounting records of the Program are maintained in U.S. dollars. Transactions in Honduran lempiras, and Costa Rican colones are converted to dollars at the official rate of exchange prevailing at the transaction date. Effective April 1, 1990, IMC converted lempira transactions to U.S. dollars at the approved interbank rate.

NOTE 2 - HISTORY AND OPERATIONS OF THE PROGRAM

On November 1, 1988, A.I.D., through its TFHA, approved contract No. PDC-0000-C-00-9005-00 with the IMC. The objective of that contract was to provide medical support to the Nicaraguan Resistance (NR) combatants, their families and immediate supporters by supporting the Nicaraguan Resistance Medical Corps (NRMC) through training, technical assistance, and provision of specialized medical services and medical equipment. Needed medical services ranged from routine consultations to immunization programs to treatment of war-related injuries and tropical diseases. The NRMC needed to be strengthened and upgraded to provide these services. The purpose of this contract was not to run the NRMC, but rather to support and advise it. The specific objectives of this contract were:

- A. To support and improve the administration and service delivery of the NRMC through technical assistance, provision of medical equipment, and training in order to ensure an adequate level of health care services for the NR

combatants and their families in Honduras.

- B. To provide needed medical services and medical supplies, and improve medical services delivery (including the hiring of doctors and training of Yatama paramedics), to contract supplemental staff (doctors and nurses), and to train paramedics for the Yatama combatants and their families in Eastern Honduras.
- C. To provide supplemental medical support (medical evacuations and prosthetics) to NR combatants and their families in Costa Rica.

NOTE 3 - CONTINGENCIES

On March 16, 1990, Donald F. Enos, Deputy Director of the Task Force for Humanitarian Assistance in Honduras (TFHA), pleaded guilty in the United States District Court for the Eastern District of Virginia on two counts of violations of Title 18, United States Code, Section 201(b)(2) (bribery). Donald Enos admitted to receiving or soliciting over \$93,000 in bribes from Kraus International Company beginning in 1985 when he was assigned to the A.I.D. mission to El Salvador; \$33,000 of the total was negotiated after November 1988, when Enos was assigned in Honduras to the TFHA. Kraus International has provided consultant services on the management of the Nicaraguan Resistance medical program, under a \$607,311 contract initiated in August 1989 with IMC. IMC held the principal contract with the TFHA to provide medical supplies and services to the Nicaraguan Resistance.

As a result of Mr. Enos's guilty plea, IMC terminated its contract with Kraus International. IMC engaged an attorney to conduct a review of the contract with Kraus International. In addition, IMC established a trustee account of \$133,457 corresponding to Kraus International's unpaid billings. The results of the review will determine if the funds paid by IMC to Kraus International in the amount of \$375,021 for services provided by the latter prior to contract termination were, in fact, legitimate and proper expenses reimbursable from U.S. Government funds. The results of the review will also determine if funds in the amount of \$133,457 placed in a trustee account by IMC related to unpaid billings by Kraus International to IMC are legitimate and proper expenses reimbursable from U.S. Government funds.

The ultimate outcome of this matter cannot be determined at this date. Accordingly, no adjustments for any liability or recovery of funds that may result has been made in the accompanying contract cost accountability statement.

NOTE 4 - EXCESS OF EXPENDITURES OVER RECEIPTS

The final excess of expenditures over receipts is represented by net liabilities in the books of International Medical Corps as follows:

<b>Assets:</b>	
Cash on hand and in banks	\$204,524 (a)
Accounts receivable	<u>12,752</u>
Total assets	217,276
<b>Liabilities:</b>	
Accounts payable	<u>225,611 (b)</u>
Net liabilities	<u>\$ (8,335)</u>

**Notes:**

(a) As of April 30, 1990, cash on hand and in banks was comprised as follows:

Imprest funds	\$ 8,695
Bank accounts:	
Great Western Bank, Los Angeles, CA	134,193
Bank of America, Los Angeles, CA	8,236
Banco Atlántida, Honduras	<u>53,400</u>
Total cash on hand and in banks	<u>\$204,524</u>

(b) These obligations as of April 30, 1990 include principally accounts payable to IMC for employee salaries and fringe benefits, overhead for April, 1990 and payments pending to Kraus International.

*Price Waterhouse*



AGENCY FOR INTERNATIONAL DEVELOPMENT

AUDIT OF THE  
NICARAGUAN RESISTANCE MEDICAL PROGRAM  
TASK FORCE FOR HUMANITARIAN ASSISTANCE (TFHA)

SUPPORTED BY THE INTERNATIONAL MEDICAL CORPS

INTERNAL CONTROL STRUCTURE

REPORT OF INDEPENDENT ACCOUNTANTS

We have audited the contract cost accountability statement of the Nicaraguan Resistance Medical Program, (the Program), supported by the International Medical Corps under the contract No. PDC-0000-C-00-9005-00 for the period June 1, 1989 to April 30, 1990 and accumulated from the inception of the Program, and have issued our report thereon dated May 21, 1990.

We conducted our audit in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Government Auditing Standards" (1988 Revision). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the contract cost accountability statement is free of material misstatement.

In planning and performing our audit of the contract cost accountability statement of the Program for the period June 1, 1989 to April 30, 1990, we considered its internal control structure in order to determine the auditing procedures for the purpose of expressing our opinion on the contract cost accountability statement and not to provide assurance on the internal control structure.

The management of the International Medical Corps 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 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 financial statements in accordance with generally accepted accounting principles. 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 might become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- Accounting process
- Budgetary control process
- Payroll procedures
- Procurement procedures
- Receipts and disbursements

For all of the internal control structure categories listed above, 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.

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 reportable 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 contract cost accountability statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. However, we noted certain matters involving the internal control structure and its operation that we have reported in writing upon identification to the Regional Inspector General for Audit in Tegucigalpa and the Task Force for Humanitarian Assistance.

This report is intended solely for the use of the International Medical Corps and the Agency for International Development. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

*Price Waterhouse*

May 21, 1990



*Price Waterhouse*



AGENCY FOR INTERNATIONAL DEVELOPMENT

AUDIT OF THE  
NICARAGUAN RESISTANCE MEDICAL PROGRAM  
TASK FORCE FOR HUMANITARIAN ASSISTANCE (TFHA)

SUPPORTED BY THE INTERNATIONAL MEDICAL CORPS

COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS, AND CONTRACT TERMS

REPORT OF INDEPENDENT ACCOUNTANTS

We have audited the contract cost accountability statement of the Nicaraguan Resistance Medical Program, (the Program), supported by the International Medical Corps under the contract No. PDC-0000-C-00-9005-00 for the period June 1, 1989 to April 30, 1990 and accumulated from the inception of the Program, and have issued our report thereon dated May 21, 1990.

We conducted our audit in accordance with generally accepted auditing standards and the U.S. Comptroller General's "Government Auditing Standards" (1988 Revision). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the contract cost accountability statement is free of material misstatement.

Compliance with applicable laws, regulations, and contract terms is the responsibility of the International Medical Corps' management. As part of obtaining reasonable assurance about whether the contract cost accountability statement is free of material misstatement, we performed tests of the Program's compliance with certain provisions of applicable laws, regulations, and contract terms. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the International Medical Corps complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the International Medical Corps had not complied, in all material respects, with those provision.

This report is intended solely for the use of the International Medical Corps and the Agency for International Development. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Office of the Inspector General, is a matter of public record.

*Price Waterhouse*

May 21, 1990

#### OTHER PERTINENT MATTERS

During the course of our audit, we became aware that a vaccination program executed by IMC between March and September 1989, with a total cost of \$108,317, was evaluated by Creative Associates International (CAI) under direction from the TFHA. The purpose of the evaluation was to determine the scope of the IMC program in order to avoid duplication of effort.

The CAI evaluation concluded that the technical records maintained by IMC regarding this vaccination program were inadequate. According to CAI, the IMC records did not provide sufficient information regarding the extent of their vaccination program and the patients attended. As a result, TFHA authorized CAI to repeat the work conducted by IMC on the vaccination program.

We reviewed the technical records maintained by IMC pertaining to this vaccination program and also concluded that they did not contain sufficient information regarding the extent of the program and the patients attended. Based on this review, we conclude that additional U.S. Government funds were required to ensure that the original goals of the IMC vaccination program were achieved.

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