

Regional Inspector General for Audit
Cairo, Egypt

Audit of Cairo Demographic Center (CDC)
Local Expenditures Incurred Under PIL No. 20,
Relating to Project No. 263-0144

Report No. 6-263-93-12-N
March 3, 1993



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REPORT MAY BE PRIVILEGED. THE RESTRICTIONS
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ANY INFORMATION IS RELEASED TO THE PUBLIC.**

INSPECTOR
GENERAL

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



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

March 3, 1993

MEMORANDUM FOR D/USAID/Egypt, Henry H. Bassford

FROM : D/RIG/A/C, Reuben Hubbard

A handwritten signature in black ink, appearing to read 'Reuben Hubbard', written over the printed name.

SUBJECT: Audit of Cairo Demographic Center (CDC) Local Expenditures Incurred Under PIL No. 20, Relating to Project No. 263-0144

The attached report dated December 10, 1992 by Price Waterhouse presents the results of a financial audit of Cairo Demographic Center (CDC) locally incurred costs under PIL No. 20, relating to USAID/Egypt Project No. 263-0144. CDC trains local personnel to collect, categorize and analyze data concerning local trends and population influences to clarify population and development interrelationships and to increase the availability of reliable demographic information.

We engaged Price Waterhouse to perform a financial audit of CDC's locally incurred expenditures in Egyptian Pounds and U.S Dollars of LE561,379 and \$44,539 respectively, for the period July 1, 1987 through May 31, 1992. The purpose of the audit was to evaluate the propriety of costs incurred during this period. In performing the audit, Price Waterhouse evaluated CDC's internal controls and compliance with applicable laws, regulations and project terms as necessary in forming an opinion regarding the Fund Accountability Statement.

Price Waterhouse questioned \$4,339 in costs billed to A.I.D. by CDC (including \$1,691 in unsupported costs). These questioned costs include employer's share of social security charged to the project and trips lacking supporting documents. Price Waterhouse noted weaknesses in CDC'S internal controls such as lack of segregation of duties and controls over the maintenance of accounting records. Additionally, they noted two instances of noncompliance, where CDC billed A.I.D. with costs prior to their incurrence and A.I.D. funded assets were not properly marked with the USAID emblem.

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A small, handwritten mark or signature in the bottom right corner of the page.

Price Waterhouse has reviewed CDC's response to the findings. Where applicable they have made adjustments in their reports. For those items not addressed, the response provided by CDC has not changed their understanding of the facts underlying the questioned costs of the Fund Accountability Statement or the reportable conditions in the Reports on Internal Control and Compliance.

We have reviewed the comments submitted to us by the Mission which provided additional information regarding the questioned costs incurred by CDC for trips made by the project director to the United States and India. Based on this information we have reduced the questioned costs by \$1,681 (LE4,725). (Appendix E)

Recommendation No. 1: We recommend that USAID/Egypt resolve questioned costs of \$2,658 consisting of ineligible costs of \$2,648 and unsupported costs of \$10.00 as detailed on pages 13 and 14 of the audit report.

This recommendation will be included in the Inspector General's audit recommendation follow-up system. Based on the additional information provided by USAID/Egypt regarding their determination of the questioned costs, Recommendation No. 1 is considered "resolved". This recommendation can be closed when we receive confirmation that the \$2,658 determined to be owed to A.I.D. is paid by CDC.

Recommendation No. 2: We recommend that USAID/Egypt require CDC to address the inadequate internal control procedures over their accounting system as detailed on pages 18 through 22 of the audit report.

This recommendation will be included in the Inspector General's audit recommendation follow-up system. As USAID/Egypt has initiated an evaluation of CDC's actions in alleviating the reported internal control deficiencies, Recommendation No. 2 is considered "resolved". The recommendation can be closed when the Mission provides the results of its evaluation and it has been reviewed by the RIG/A/C for adequacy.

Recommendation No. 3: We recommend that USAID/Egypt require CDC to comply with the regulations so that only incurred costs are billed to USAID/Egypt and A.I.D funded assets be marked with USAID emblem, as detailed on pages 26 and 27 of the audit report.

This recommendation will be included in the Inspector General's audit recommendation follow-up system. Based on the additional information provided by USAID/Egypt regarding the compliance issues, Recommendation No. 3 is considered "resolved". The recommendation can be closed when we have assessed CDC's response and USAID/Egypt's follow-up for adequacy.

Please advise this office within 30 days of any actions planned or taken to close the recommendations. We appreciate the courtesies extended to the staff of Price Waterhouse and to our office.

CAIRO DEMOGRAPHIC CENTER

PROJECT IMPLEMENTATION LETTER NO. 20
A SUBPROJECT OF USAID/EGYPT
PROJECT NO. 263-0144

FUND ACCOUNTABILITY
STATEMENT AND ADDITIONAL INFORMATION

FOR THE PERIOD FROM
JULY 1, 1987 THROUGH MAY 31, 1992

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CAIRO DEMOGRAPHIC CENTER

PROJECT IMPLEMENTATION LETTER NO. 20
A SUBPROJECT OF USAID/EGYPT
PROJECT NO. 263-0144

FUND ACCOUNTABILITY
STATEMENT AND ADDITIONAL INFORMATION

FOR THE PERIOD FROM
JULY 1, 1987 THROUGH MAY 31, 1992

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CAIRO DEMOGRAPHIC CENTER

PROJECT IMPLEMENTATION LETTER NO. 20

A SUBPROJECT OF USAID/EGYPT

PROJECT NO. 263-0144

FUND ACCOUNTABILITY

STATEMENT AND ADDITIONAL INFORMATION

FOR THE PERIOD FROM

JULY 1, 1987 THROUGH MAY 31, 1992

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Price Waterhouse



January 18, 1993

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development

Dear Mr. Darcy:

This report presents the results of our financial cost-incurred audit of Cairo Demographic Center ("CDC") disbursements related to Project Implementation Letter ("PIL") No. 20 under USAID/Egypt Project No. 263-0144 funded by the United States Agency for International Development Mission to Egypt ("USAID/Egypt"). The audit encompassed all project expenditures for the period from July 1, 1987 through May 31, 1992.

Background

The goal of this project is to fill a wide gap in knowledge about population variables and their impact on development which exists among managerial, planning and administrative hierarchies, and to assist competent agencies in their efforts to cope with Egypt's population problems. Its purpose is to train Egyptians working in areas connected with population to carry out policy and program management-related research which will also help in clarifying population and development interrelationships, to increase the availability of reliable demographic information and to assist the



National Population Council, other government agencies and universities in their work on population issues.

USAID supports CDC as part of their continuing efforts in the area of population studies. CDC fits into USAID/Egypt's strategy by training local personnel to collect, categorize and analyze data concerning local trends and population influences. On January 1, 1992 the Government of Egypt (GOE) took over full responsibility for the management of CDC which will continue performing the same activities as before.

CDC operations are centered in their facilities in Mokattam Hills, Cairo. A project director supervises both the technical and financial aspects of the project. Project staff are divided into two groups: 1) Support staff and 2) Researchers. Although no formal job descriptions exist, these people are closely supervised by the project director. CDC is currently operating a temporary office in Mohandesseen for the Male Attitude Toward Family Planning Survey.

The accounting department consists of a single accountant who is responsible for all bookkeeping and maintains all accounting records and the checkbooks. Transactions are recorded in a series of manual subledgers. The project director reviews all ledgers, from which monthly fiscal reports are prepared for submission to USAID/Egypt. Billings are prepared by the CDC accountant from the manual ledgers. Reconciliations of costs submitted to amounts reimbursed are performed when reimbursement checks are received. All reports must be reviewed by the program director before submission. Through October



1991 the project employed a financial consultant who performed high level review of transactions and reporting.

Audit Objectives and Scope

The objective of this engagement was to perform a direct cost-incurred audit of USAID/Egypt funds provided to CDC pursuant to PIL No. 20 under USAID/Egypt Project No. 263-0144. The audit encompassed all local expenditures for the period from July 1, 1987 through May 31, 1992.

Specific objectives were to determine whether:

1. The fund accountability statement for CDC presents fairly, in all material respects, project costs incurred and reimbursed in conformity with the applicable accounting principles;
2. The costs reported as incurred under the PIL are in fact allowable, allocable, and reasonable in accordance with the terms of the PIL and USAID/Egypt regulations.
3. The internal controls, accounting systems and management practices of CDC are adequate for USAID/Egypt agreements; and
4. CDC is in compliance, in all material respects, with the PIL and applicable laws and regulations.

Preliminary planning and review procedures were started in October, 1992 and consisted of discussions with RIG/A/C personnel and CDC officials and review of the



applicable PII. Fieldwork commenced in October, 1992 and was completed in December, 1992.

The scope of our work was all expenditures related to PII No. 20. We selected disbursements for testing on a judgmental basis to test a majority of expenditures. We tested expenditures of LE 357,255 and \$ 24,426 out of total expenditures of LE 561,379 and \$ 44,539, respectively. Tested costs were incurred from July 1, 1987 through May 31, 1992.

Our tests of expenditures included, but were not limited to, the following:

1. Reconciling CDC's accounting records to invoices issued to USAID/Egypt, and testing of costs for allowability, allocability, reasonableness, and appropriate support;
2. Reviewing CDC policies and practices surrounding the controlling of funds and custody of cash, both in banks and on-hand.
3. Determining that personnel costs were appropriate and conformed with the terms of the PII and relevant regulations;
4. Determining that travel, transportation, per diem and allowance charges are adequately supported and approved; and
5. Establishing the adequacy of CDC's procurement policy.



Except as discussed in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards and the financial audit requirements of 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.

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 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 Price Waterhouse worldwide internal quality control program which requires the Price Waterhouse Cairo office to be subjected, every three years, to an extensive quality control review by partners and managers from other Price Waterhouse offices.

As part of our examination we made a study and evaluation of relevant internal controls and reviewed CDC's compliance with applicable laws and regulations.

Results of Audit

Fund accountability statement:

Our audit identified \$ 4,339 in questioned costs, including \$ 1,691 of unsupported costs.



Internal control structure:

We recommend that CDC adopt procedures to 1) ensure the proper segregation of incompatible duties in the areas of cash recording and disbursing, recording and accumulating financial information, and purchasing practices and 2) improve internal controls surrounding the current filing and record storage function, reconciliations of project ledgers to USAID/Egypt billings, and documentation of agreements with employees and USAID/Egypt.

Compliance with contract terms and applicable laws and regulations:

Our audit disclosed two instances of noncompliance relating to CDC's practice of invoicing USAID/Egypt prior to incurring certain costs and not properly marking USAID/Egypt - purchased assets.

Management Comments

We have reviewed CDC's response to the findings which are included as Appendix C. As a result, we have eliminated a finding regarding policy support activity in the audit report that was satisfactorily resolved and have provided further clarification of our position regarding the remaining items as explained in Appendix D.

This report is intended solely for use by the United States Agency for International Development and may not be suitable for any other purpose.

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REPORT OF INDEPENDENT ACCOUNTANTS

December 10, 1992

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development

We have audited the accompanying fund accountability statement of Cairo Demographic Center ("CDC") relating to costs incurred for Project Implementation Letter ("PIL") No. 20 under the United States Agency for International Development Mission to Egypt ("USAID/Egypt") Project No. 263-0144 for the period from July 1, 1987 through May 31, 1992. This financial statement is the responsibility of CDC's management. Our responsibility is to express an opinion on this financial statement 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 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 financial 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 46 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 Price Waterhouse worldwide internal quality control program which requires the Price Waterhouse Cairo office to be subjected, every three years, to an extensive quality control review by partners and managers from other Price Waterhouse offices.

As described in Note 3, the accompanying fund accountability statement has been prepared on the basis of cash disbursements. Consequently, expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying fund accountability statement is not intended to present results in accordance with accounting principles generally accepted in the United States of America.

Included in the fund accountability statement is questioned costs of \$ 4,339. The basis for questioning these costs is more fully described in the "Fund Accountability Statement - Audit Findings" section of this report.



In our opinion, except for the effects of the questioned costs as discussed in the preceding paragraph, the fund accountability statement referred to above presents fairly, in all material respects, CDC's expenditures for PIL No. 20 under USAID/Egypt Project No. 263-0144 for the period from July 1, 1987 to May 31, 1992 in conformity with the basis of accounting described in Note 3.

Our audit was conducted for the purpose of forming an opinion on the fund accountability statement taken as a whole. The summary information in Appendix A and B is presented for purposes of additional analysis of the fund accountability statement and is not a required part of the basic fund accountability statement. Such information has been subjected to the auditing procedures applied in the audit of the fund accountability statement and, in our opinion, is fairly stated in all material respects in relation to the fund accountability statement taken as a whole.

Pricewaterhouse

**CAIRO DEMOGRAPHIC CENTER
PROJECT IMPLEMENTATION LETTER NO. 20
A SUBPROJECT OF USAID/EGYPT PROJECT NO. 263-0144
FUND ACCOUNTABILITY STATEMENT FOR THE PERIOD FROM
JULY 1, 1987 THROUGH MAY 31, 1992**

<u>Description</u>	<u>Total Budget (Note 2)</u>	<u>Actual Expenditures (Note 2)</u>	<u>Reclassification (Note 5)</u>	<u>Questioned Costs</u>		<u>Audit Findings Reference</u>
				<u>Ineligible (Note 6)</u>	<u>Unsupported (Note 6)</u>	
Principle investigator	\$ 51,068	\$ 33,416	\$ (4,270)			
Technical assistance	106,940	19,217	4,270			
Support staff	55,329	40,956		\$ 2,648		Finding A, Page 13
Consultation	49,062	9,521			\$ 1,681	Finding B, Page 13
Data processing	75,736	58,496				
Office support	33,242	28,983				
Library	34,784	17,460				10 Finding C, Page 14
Research support and dissemination	15,843	4,067				
Workshops	1,779	-				
Office equipment	1,159	1,159				
Policy support activity	42,705	21,954				
Contingency	52	387				
Other expenses	-	72				
Temporary rent	12,811	8,630				
External audit	3,559	-				
Total	\$ <u>484,069</u>	\$ <u>244,318</u>	\$ _____	\$ <u>2,648</u>	\$ <u>1,691</u>	

See accompanying notes to the fund accountability statement

CAIRO DEMOGRAPHIC CENTER

**PROJECT IMPLEMENTATION LETTER NO. 20
A SUBPROJECT OF USAID/EGYPT
PROJECT NO. 263-0144**

NOTES TO FUND ACCOUNTABILITY STATEMENT

NOTE 1 - BASIS OF PRESENTATION:

The fund accountability statement of CDC includes all expenditures for PIL No. 20 under USAID/Egypt Project No. 263-0144 for the period from July 1, 1987 through May 31, 1992.

NOTE 2 - SOURCE OF DATA:

The column, labeled "Actual Expenditures" is the responsibility of CDC and represents the cumulative costs billed to and reimbursed from USAID/Egypt for the period from July 1, 1987 through May 31, 1992.

Budgeted amounts are determined from the third amendment to the PIL for the complete term of the contract. Amounts are authorized for the period from July 1, 1987 through December 31, 1992 and have been presented for informational purposes only.

NOTE 3 - BASIS OF ACCOUNTING:

The fund accountability statement has been prepared on the basis of cash disbursements. Consequently, expenditures are recognized when paid rather than when the obligation is incurred.

NOTE 4 - EXCHANGE RATE:

Costs incurred in Egyptian pounds have been converted to U.S. dollars at the average exchange rate in effect during the audit period from July 1, 1987 through May 31, 1992. The rate is 2.81 Egyptian pounds to 1 U.S. dollar.

NOTE 5 - RECLASSIFICATION:

During 1991, certain costs associated with the technical assistance budget line item were included with the principle investigator line item. These amounts have been reclassified to their proper budget line item.

NOTE 6 - QUESTIONED COSTS:

Questioned costs are presented in two separate categories - ineligible and unsupported costs - and consist of audit findings proposed on the basis of the terms of the PIL. Costs in the column labeled "Ineligible" are supported by vouchers or other documentation but are ineligible for reimbursement because they are not program related, are unreasonable, or are prohibited by the PIL or applicable laws and regulations. Costs in the column labeled "Unsupported" are also formally included in the classification of "questioned costs" and relate to costs that are not supported with adequate documentation or did not have the required prior approvals or authorizations. All questioned costs are detailed in the "Fund Accountability Statement - Audit Findings" section of this report.

CAIRO DEMOGRAPHIC CENTER

PROJECT IMPLEMENTATION LETTER NO. 20

A SUBPROJECT OF USAID/EGYPT

PROJECT NO. 263-0144

FUND ACCOUNTABILITY STATEMENT

AUDIT FINDINGS

Questioned Costs
Ineligible Unsupporte

A. Support staff

1. CDC charged the employer's share of social security to the project. According to the PIL Attachment D, Article B.4, "This agreement and the grant will be free from any taxation or fees imposed under laws in effect in the territory of the grantee." As such, the amounts billed to the project from July 1987 through May 1992 are considered ineligible.

\$ 2,648

B. Consultations

No backing ticket copy for air fare related to trips by the project director to the United States and India were available. This ticket copy is essential to verify that the ticket was for economy class and on an U.S. Flag carrier. In addition, we noted that no travel approvals from the CDC director or USAID/Egypt were obtained nor was a trip report filed by the individual who incurred this expense. As a result, we consider this amount to be unsupported.

\$ 1,681

CAIRO DEMOGRAPHIC CENTER

PROJECT IMPLEMENTATION LETTER NO. 20

A SUBPROJECT OF USAID/EGYPT

PROJECT NO. 263-0144

FUND ACCOUNTABILITY STATEMENT

AUDIT FINDINGS

Questioned Costs

Ineligible Unsupported

C. Library

We noted an amount billed to USAID/Egypt that was not included in the general ledger. This item is considered unsupported as no supporting documents could be located.

\$ 10

Total questioned costs

\$ 2,648

\$ 1,691

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REPORT ON INTERNAL CONTROL STRUCTURE
REPORT OF INDEPENDENT ACCOUNTANTS

December 10, 1992

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development

We have audited the fund accountability statement of Cairo Demographic Center ("CDC") relating to costs incurred for Project Implementation Letter No. 20 under the United States Agency for International Development Mission to Egypt ("USAID/Egypt") Project No. 263-0144 for the period from July 1, 1987 through May 31, 1992, and have issued our report thereon dated December 10, 1992.

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 statement is free of material misstatement.

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 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 Price Waterhouse worldwide internal quality control program which requires the Price Waterhouse Cairo office to be subjected, every three years, to an extensive quality control review by partners and managers from other Price Waterhouse offices.

In planning and performing our audit of CDC we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide assurance on the internal control structure.

The management of CDC 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 reliable financial reports and to maintain accountability over the entity's assets. 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.

For the purpose of this report, we determined the significant internal control structure policies and procedures to be in the categories of cash and fund custody, disbursements, and equipment and fixed assets procurement. For these internal control structure categories cited, 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.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the fund accountability statement. Our audit disclosed the following reportable conditions:



REPORTABLE CONDITIONS

The CDC accounting system does not provide for proper segregation of incompatible duties.

During the course of our audit we noted that because CDC's accounting staff is comprised of only one individual, there are several functions the accountant performs that should be segregated. These functions include:

1. Disbursing, preparing and storing checks.
2. Recording transactions and accumulating financial reports as well as entering correcting entries and reconciling of bank accounts.
3. Identifying, purchasing and accounting for a significant number of commodity purchases via checks issued to the accountant instead of to vendors.

In addition, we noted that the lack of segregation is not compensated for by bonding the accountant with regard to cash custody nor does the project director take an active role in reviewing detail transaction records or other accounting functions. However, the current simplicity of the accounting system does partially mitigate these weaknesses.

Proper segregation and detailed management review are basic tenets of a well designed system of internal controls by providing a system of checks and balances over the recording, processing, reconciling and reporting



of financial transactions.

RECOMMENDATION 1

CDC should address the incompatible functions now being performed solely by the accountant and establish review procedures over the financial system. Specifically CDC should:

1. Segregate the preparation and storage of checks functions between the accountant and another project staff, perhaps the administrative assistant authorized in the PIL;
2. Segregate the financial recording and reporting functions;
3. Provide for an independent reconciliation of the bank accounts to the ledger activity;
4. Establish controls that would require all checks for the purchase of commodities or services to be written to the vendor not the project accountant;
5. Obtain fidelity insurance for the accountant; and
6. Initiate review procedures to be performed by the project director of the detail financial transactions and their accumulation into fiscal reports and USAID/Egypt billings.



The CDC system of internal controls contains weaknesses related to USAID/Egypt financed expenditures.

The CDC internal control structure contains several weaknesses which may impair its ability to track and support USAID/Egypt financed transactions. These items are as follows:

1. The system used to file project vouchers, supporting documents, agreements, amendments and correspondence is divided between the main center in Mokattam Hills and the Males Survey Study in Mohandesseen. Separate groups of project personnel maintain these two groups of files, thereby creating a situation where incomplete information and inadequate documentation may arise.
2. The current lack of a formal reconciliation between the project ledgers and the USAID/Egypt billings may allow either incomplete or excess amounts to be billed to the project.
3. Oral agreements or vaguely-written documentation between CDC and its employees and USAID/Egypt may create misunderstandings between project employees and allow unauthorized or unallowable transactions to be entered into.

An effective internal control structure would have procedures in place to fully document all agreements and employment contracts, perform reconciliations of ledgers to USAID/Egypt billings and would provide for an organized centrally-maintained filing system to



facilitate both the operations of CDC and the audit function. As the operations of CDC expand and become more complex, these controls will become critical to its success.

CDC should adopt internal controls that would meet the standards for USAID/Egypt financed projects. Specifically the following controls should be established:

1. Create and maintain an organized centrally-located filing system that would facilitate document retrieval and storage.
2. Institute formal reconciliation procedures between the project ledgers and USAID/Egypt billings.
3. Obtain USAID/Egypt concurrence or approvals on major transactions or changes in accounting practices or policies.
4. Obtain written agreements regarding the compensation and duties of all employees.
5. Document the system and duties of personnel in a coherent policy manual.

* * * * *

A material weakness is a condition in which the design or operation 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 statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable conditions described above are not material weaknesses.

This report is intended for the information of CDC's management and others within the organization and the United States Agency for International Development. The restriction is not intended to limit the distribution of this report which is a matter of public record.

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REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS
REPORT OF INDEPENDENT ACCOUNTANTS

December 10, 1992

Mr. Philippe Darcy
Regional Inspector General for Audit/Cairo
United States Agency for
International Development

We have audited the fund accountability statement of Cairo Demographic Center ("CDC") relating to costs incurred for Project Implementation Letter No. 20 under the United States Agency for International Development Mission to Egypt ("USAID/Egypt") Project No. 263-0144 for the period from July 1, 1987 through May 31, 1992, and have issued our report thereon dated December 10, 1992.

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 statement is free of material misstatement.

We did not have an external quality control review by an unaffiliated audit organization as required by paragraph 46 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 Price Waterhouse worldwide internal quality control program which requires the Price Waterhouse Cairo office to be subjected, every three years, to an extensive quality control review by partners and managers from other Price Waterhouse offices.

Compliance with laws, regulations, agreements, grants and binding policies and procedures applicable to CDC is the responsibility of CDC's management. As part of our audit we performed tests of CDC's compliance with certain provisions of laws, regulations, agreements, grants, and binding policies and procedures. However, it should be noted that we performed those tests of compliance as part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement; our objective was not to provide an opinion on compliance with such provisions.

Our testing of transactions and records disclosed two instances of noncompliance with those laws and regulations, which are identified in the accompanying "Report On Compliance-Audit Findings" section of this report.



The result of our tests indicate that with respect to the items tested CDC complied, in all material respects, with the provisions referred to in the fourth paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that CDC had not complied, in all material respects, with those provisions.

This report is intended for the information of CDC's management and others within the organization and the United States Agency for International Development. The restriction is not intended to limit the distribution of this report which is a matter of public record.

Pricewaterhouse

CAIRO DEMOGRAPHIC CENTER

REPORT ON COMPLIANCE

AUDIT FINDINGS

The following instances of noncompliance with laws, regulations, agreements, contracts, grants and binding policies and procedures came to our attention during the audit:

CDC allowed certain costs to be billed to the project for researchers before these amounts were actually disbursed.

During the course of our cash transactions testing, we noted two checks which were written in December 1990 but not distributed for at least nine months in order to include the amounts in the 1990 budget year. USAID rules dictate that only costs that have actually been incurred and paid are to be billed to the project. The checks in question represent an advance billing to USAID/Egypt. We did not include the amounts as a questioned cost as the amounts were eventually incurred during the audit period and the funds remained in the USAID project bank account which was non-interest bearing.

RECOMMENDATION 1

We recommend that CDC change their accounting and reporting practices for the project to reflect only costs actually incurred so that no advance amounts are billed to USAID/Egypt.

*** * * * ***

Assets purchased with USAID/Egypt funds are not marked with the USAID emblem.

While performing our audit tests surrounding project assets we noted that CDC does not mark assets with the USAID emblem to give publicity to the United States. Attachment D, Section B.8 of the PIL states that, "The Grantee will give appropriate publicity to the Grant and the project as a program to which the United States has contributed and mark goods financed by A.I.D."

RECOMMENDATION 2

We recommend compliance with the PIL requirement that all USAID financed property be identified as such. Stickers should be attached to the equipment, or other alternative methods should be utilized, which clearly identify the USAID financed property as purchased by USAID.

CAIRO DEMOGRAPHIC CENTER
 PROJECT IMPLEMENTATION LETTER NO. 20
 A SUBPROJECT OF USAID/EGYPT PROJECT NO. 263-0144

Appendix A

FUND ACCOUNTABILITY STATEMENT DETAIL OF AMOUNTS
 AS INCURRED IN EGYPTIAN POUNDS
 FOR THE PERIOD FROM JULY 1, 1987 THROUGH MAY 31, 1992

Description	Total Budget			Actual Expenditures			Reclassification		Questioned Costs			
	in LE	in \$	Total in \$	in LE	in \$	Total in \$	in L.E.	in \$	Ineligible Equivalent		Unsupported Equivalent	
									in LE	in \$	in LE	in \$
Principle investigator LE	143,500	\$	\$ 51,068	LE 93,900	\$	\$ 33,416	LE (12,000)	\$ (4,270)				
Technical assistance	300,500		106,940	54,000		19,217	12,000	4,270				
Support staff	155,474		55,329	115,086		40,956			LE 7,442	\$ 2,648		
Consultation	20,827	41,650	49,062	10,877	5,650	9,521					LE 4,725	\$ 1,681
Data processing	110,610	36,373	75,736	98,529	23,432	58,496						
Office support	91,443	700	33,242	81,443		28,983						
Library	11,780	30,592	34,784	6,771	15,050	17,460						
Research support and dissemination	44,517		15,843	11,428		4,067						
Workshops	5,000		1,779	-		-						
Office equipment	3,256		1,159	3,256		1,159						
Policy support activity	120,000		42,705	61,692		21,954						
Contingency	147		52	147	335	387						
Other expenses	-		-	-	72	72						
Temporary rent	36,000		12,811	24,250		8,630						
External audit	10,000		3,559	-		-						
Total	LE 1,053,054	\$ 109,315	\$ 484,069	LE 561,379	\$ 44,539	\$ 244,318	LE 0	\$ 0	LE 7,442	\$ 2,648	LE 4,725	\$ 1,691

* - Amount was incurred in U.S. dollars.

CAIRO DEMOGRAPHIC CENTER

PROJECT IMPLEMENTATION LETTER NO. 20
A SUBPROJECT OF USAID/EGYPT PROJECT NO. 263-0144

ADDITIONAL INFORMATION
QUESTIONED COSTS DETAIL OF AMOUNTS
AS INCURRED IN EGYPTIAN POUNDS

	<u>Amount</u>	<u>Questioned Costs in US \$</u>	
	<u>in LE</u>	<u>Ineligible</u>	<u>Unsupported</u>
A. <u>Support staff</u>			
CDC charged the employer's share of social security to the project. According to the PIL Attachment D, Article B.4, "This agreement and the grant will be free from any taxation or fees imposed under laws in effect in the territory of the grantee." As such, the amounts billed to the project from July 1987 through May 1992 are considered ineligible.	LE <u>7,442</u>	\$ <u>2,648</u>	\$ <u>-</u>

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CAIRO DEMOGRAPHIC CENTER

PROJECT IMPLEMENTATION LETTER NO. 20
A SUBPROJECT OF USAID/EGYPT PROJECT NO. 263-0144

ADDITIONAL INFORMATION
QUESTIONED COSTS DETAIL OF AMOUNTS
AS INCURRED IN EGYPTIAN POUNDS

<u>Amount</u>	<u>Questioned Costs in US \$</u>	
<u>in LE</u>	<u>Ineligible</u>	<u>Unsupported</u>

B. Consultations

No backing ticket copy for air fare related to trips by the project director to the United States and India were available. This ticket copy is essential to verify that the ticket was for economy class and on an U.S. Flag carrier. In addition, we noted that no travel approvals from the CDC director or USAID/Egypt were obtained, nor was a trip report filed by the individual who incurred this expense. As a result, we consider this amount to be unsupported.

[Amount is comprised of a flight to the US (LE 3,020) billed in July 1990 and a flight to India (LE 1,705) billed in September 1990.]

LE <u>4,725</u>	\$ <u> </u>	\$ <u>1,681</u>
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CAIRO DEMOGRAPHIC CENTER

PROJECT IMPLEMENTATION LETTER NO. 20
A SUBPROJECT OF USAID/EGYPT PROJECT NO. 263-0144

ADDITIONAL INFORMATION
QUESTIONED COSTS DETAIL OF AMOUNTS
AS INCURRED IN EGYPTIAN POUNDS

<u>Amount</u>	<u>Questioned Costs in US \$</u>	
<u>in LE</u>	<u>Ineligible</u>	<u>Unsupported</u>

C. Library

We noted an amount billed to USAID/Egypt that was not included in the general ledger. This item is considered unsupported as no supporting documents could be located. Amount was billed in March 1992 in US dollars.

<u>N/A</u>	\$ <u>-</u>	\$ <u>10</u>
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CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT

U.N. - A.R.E
CAIRO DEMOGRAPHIC CENTRE
NO. 78 ST. NO.4
HADHABA-EL-OLYA, MOKATTAM (11571)
CAIRO - EGYPT

Mailing Address
P.O. Box
Mokattam (11571)
Cairo - Egypt

Telephone: 5060950 - 5060745
5060735
Director: 5062797
Cable Address: DEMOGRAFIA-CAIR.

Mr Jeffery Hentges, CPA
Audit Manager
Price Waterhouse
4, Road 261,
New Maadi

January 12, 1992

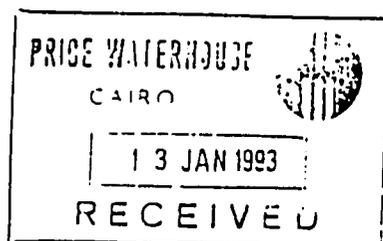
Dear Mr. Jeffery

Attached please find the CDC response to the audit findings and recommendations that were submitted in draft form on December 17, 1992.

Sincerely Yours

Fatma H. EL-Zanaty

Fatma H. EL-Zanaty
CDC Project Director



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CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT

Before the response to the findings, internal control, and compliance, there are some points in the background (page 2) that need clarification.

1 - El- Mohandessen office was rented for a temporary period (1 1/2 years) CDC has had to move from the Xerox building in Mohandessen to Mokattam building by July 91. The building at Mokattam was not completed at that time. At the same time, the Male attitude towards family planning Survey had started and a space was needed for preparing and carrying out the survey. Authorization was requested and given by USAID Office of Population.

2 - Concerning the matter of a single accountant only in the accounting department. I have to mention that there was a CPA, Dr. Mohamed El-Assely working from the period 8/88 to 10/91. His main job was to review all the accounting records. When he left the project Director hired a CPA firm after obtaining USAID approval. Also, the new Director of CDC, Dr. Hisham Makhoulouf hired one assistant to the accountant to assist in performing the daily duties.

CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT

THE AUDIT FINDINGS

A - Support Staff

CDC has been charging the employers share of Social Security to the Project. We understand that these payments should have been charged to the GOE budget. We will make every effort to claim these amounts from the GOE budget and reimburse the project account at the NIB.

B - Consultations

Concerning the ticket for the trip mentioned, although we could not find the ticket slip or copy, it is clear from the receipt that the ticket to U.S was on a U.S flag carrier (TWA). But for the India trip, as far as I recall, there were no U.S flights to India directly (Y class was used). So, the Project Director at that time had to use another flag carrier.

As For the approval, the project Director, on pervious occasions, had submitted letters to USAID requesting authorization to use funds for work related travel that was within the scope of the project. Such a letter for the trip in question was not found. However, since the trip was work related and within the scope of the project USAID would have

CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT

approved the expense if it were so requested.

D. Policy Support Activity

1 - According to the financial manual, signed by the project director, which you already have a copy of , every researcher in Aswan team was given LE60 as an allowance during the field work (last line in the manual). This amount was not clear in the copy of payment list you have, so there was not a mathematical error (attached is a clear copy of the manual and the sheet of payments).

2 - As for the training course, during training of interviewers for male survey that took place from 10/28 - 11/10, 1991, listing of hours worked for each interviewer by days worked were carefully registered, and reviewed by Dr. Hussein (Project director) and Mohamed Ismail (administrative) and both signature appear on of the back of the hours sheet (attached the sheet of hours worked).

CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT

INTERNAL CONTROL RECOMMENDATIONS

Page 20

1.1 - 1.3 We appreciate your pointing out the required review procedures. Since the CDC new director was appointed he hired one additional accountant and as we mentioned before a line item for CPA was added for this reason. We are in the process of recruiting ACP to review our finances.

1.4 - All checks for the purchase of commodities are usually written to the vendor not to the project accountant. If this had happened, it was on very rare occasions and we will make sure it does not happen in the future.

1.6 - Project Director is not trained to be a CPA, and this is why a line item was added to the project budget to hire a CPA.

There are some comments concerning the internal control findings:

Page 21

1 - There is one unified central file for financial documents in Mokattam Hill, and if there was any documents found in Dokki office, this was by mistake which will be taken into account in the future.

CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT

2 - I appreciate this point and this will be taken into consideration

3 - Since the new Project Director was appointed, written agreements were executed for newly hired personnel (a sample is attached).

Page 22

1 - Already CDC has filing system and there was no problem in storing and retrieving documents.

2 - When CDC new Director was appointed he start established a position for accounting assistant.

3 - USAID already has allowed every major transaction and change that was under taken by CDC. But we appreciate this point and will be taken in the future.

4 - We started already in this and we will continue to be sure that all employees will have a written agreement.

5 - One of the duties of CDC newly appointed Director is to create such coherent policy manual.

CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT

COMPLIANCE

1 - We appreciate recommendation No.1 and we will take this into consideration in the future.

2 - Concerning the AID stickers, actually the stickers were requested since May 92, but it had taken some time for USAID to procure them from the U.S, and they were recently delivered to the CDC.

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**CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT**

WORLD AIRLINES, Inc.

NO. 55496 CAIRO (A. R. E.)

TWA

TRANS WORLD AIRLINES

شركة الخطوط الجوية العالمية

س.ت. ٥٥٤٩٦ مصر

DATE JUL 15 1990 التاريخ

AS RECEIPT
No 000788

C

ج * ٠٠٠٧٨٨

Received From MR. SAYED / HUSSEIN وصل من
the sum of Eg. Pounds EGP THREE ZERO TWO ONE $\frac{80}{100}$ مائة / مبلغ

in Payment of ROUND TRIP CAR / NYC / BWI / NYC / CAR سداداً
JUL 15 90

٩٤٦ مليم ٣ جنيه مصري
L. E. 3011 80

الخطوط الجوية العالمية
TRANS WORLD AIRLINES INC.

استقرت صياغة صودرة التبريد
وجع مالك تسري
حسن عبد العزيز طهي
أحمد
١٩٩٠ / ١٥ / ١٧

CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT

عقد اتفاق

انه في يوم الموافق ٨ / ٣ / ١٩٩٢ م

تم الاتفاق والتراضى بين كلا من :

(١) الاستاذة الدكتورة/ فاطمة حسن الزناتى مفتها المدير المنفذ

لمشروع المسح الديموجرافى الصحى ١٩٩٢ .

طرف اول

(٢) الاستاذ الدكتور/ مدنى دسوتى معطفى طرف ثان

حيث تلاقى ارادة الطرفين اتفقا على ماياتى :

أولا : يقوم الطرف الثانى بمتابعة تنفيذ العينة وابداء السراى

وتقديم المشورة حول أى مشكلة تظهر بخصوص العينة .

ثانيا : يتطلب قيام الطرف الثانى بهذا العمل متابعة لمدة سبعة

شهور تقريبا .

ثالثا : يقوم الطرف الاول بحاسبة الطرف الثانى ماليا وذلك كمكافأة

تقدر بمبلغ ١٠٠٠٠ جنيها (عشرة آلاف جنيه) ويتم توزيعها

على ثلاث دفعات .

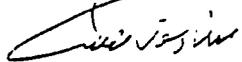
دفعه أولى (٣٠٠٠) ثلاثة آلاف جنيه عند بداية مرحلة العسد
الربيع

دفعه ثانية (٣٠٠٠) ثلاثة آلاف جنيه عند نهاية سحب المرحلة
الثانية للعينة

دفعه ثالثة (٤٠٠٠) أربعة آلاف جنيه عند نهاية سحب العينة
النهائية

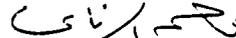
رابعا : تحرر هذا العقد من نسختين بيد كل طرف نسخة .

أ.د. مدنى دسوتى



طرف ثانى

أ.د. فاطمة حسن الزناتى
المدير المنفذ للمشروع



طرف اول

CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT

بسم الله الرحمن الرحيم

عقيد اتفاق

انته في يوم الموافق ٨ / ٧ / ١٩٩٢ م

تم الاتفاق والتراضي بين كلا من :-

٠١ الاستاذ الدكتور / فاطمه حسن الزناتي بصفتها مديرا لمشروع الوكالة الدولية للتنمية . طرف اول

٠٢ الاستاذ / منال أحمد يوسف الفقى طرف ثانى

حيث تلاقى ارادة الطرفين اتفقوا على ما يلى :-

اولا : يكون الطرف الثانى مسؤولا عن الحاسب الآلى وكافة المعطيات المتعلقة به وذلك

بمشروع مسح الزوج الذى ينفذه المركز الديموجرافى .

ثانيا : يتطلب قيام الطرف الثانى بهذا العمل المكلف به من الطسرف الاول الحضور بصفة دورية لتابعة العمل به .

ثالثا : يلتزم الطسرف الاول بدفع مقابل شهرى للطرف الثانى بنر اوج فما بين ٢٥٠ حسبا الى ٥٠٠ حسبها .

ونلك حسب ساعات العمل للطرف الثانى ومتطلبات العمل المكلف به .

رابعا : تحرر هذا العقد من سختين يد كل طرف نسخا .

أ. منال أحمد يوسف الفقى .

أ.د / فاطمه حسن الزناتى
بصفتها مديرا لمشروع الوكالة الدولية للتنمية

طرفة، ثانى
منال أحمد يوسف الفقى

طرف اول
فاطمه حسن الزناتى

**CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT**

منه مسموع لاصل اكثر وصوحا

الاسم	الوظيفة	المبلغ المستحق منه المسموع	تاريخ الترتيب	البلدية	البلدية	البلدية	البلدية
١	نعم من السيد لبحار	٤٦٠ و ٦٤٤	٤٩	٧٧ و ٦٠	٧٦ و ٦٠	٦٩٤ و ٨٦٠	بنهر بنها/البلدية
٢	محمد عبدالقادر هاشم القاسم	٩٠ و ٥٤٢	٤٨	٦٥ و ٩	١٢٨ و ٨٢	٥٤٢ و ٧	بنها/تقاسم
٣	محمد بن محمد السيد	٠٨ و ٤٠٦	٥١	٠٨ و ٥١	—	٤٥٧ و ٠٨	القاهرة ب
٤	شريف ناصر محمد ابراهيم	٧٦ و ٦٦٥	٤٩	٧٦ و ٧١	—	٧٦ و ٧١	البحيرة/الفرم
٥	فهد العبد الشارح	٥٧ و ٤٩٤	٥٢	٥٧ و ٥٤	—	٥٧ و ٥٤	القاهرة ج
٦	محمد مصطفى	٦٤٠ و ٤٥٥	٥٢	٦٤ و ٥٠	—	٥٧ و ٦٤	القاهرة ج
٧	طارق ابراهيم سامح	١٢٠ و ٥١٩	٥٢	١٢ و ٦٤	١٠٥	٥٢٦ و ١٢	بنها/تقاسم
٨	محمد عزت عبدالسلام	٦١٠ و ٦٨٩	٥٠	٦١ و ٧٢	١٠٥ و ٢٠	٦٢٧ و ٢٠	بنها/البلدية
٩	فهد بن محمد	٠٥ و ٦١٢	٥١	٠٥ و ٦٦	٤٠	٦٤ و ٠٥	البحيرة/الفرم
١٠	محمد عبدالقادر حبيب	٦٢ و ٢٨٧	٤٩	٦٢ و ٤٢	—	٤٢ و ٦٢	القاهرة ب
١١	محمد دريس	٩٠ و ٥٨٠	٥٢	٩٠ و ٦٢	٢٠	٩٠ و ٦٢	البحيرة/الفرم
١٢	وليد محمد ماهر	٥ و ٥٨٥	٤٩	٥٠ و ٦٤	—	٥٠ و ٦٤	القاهرة ج
١٣	عاطية عبدالعظيم	٢٥٠ و ٥٤٠	٤٥	٢٥٠ و ٥٨	٦٠	٢٥٠ و ٥٨	البحيرة/الفرم
١٤	شريف محمد ابراهيم	٦٩ و ٥٢٦	٢٤	٦٩ و ٥٧	٨٩ و ٦٠	٦٢ و ٤٨١	القاهرة ج/سوهاج
١٥	الشيخ محمد شحات	٢٥٠ و ٤٢٠	٤٩	٢٥٠ و ٤٧	—	٢٥٠ و ٤٧	القاهرة ب
١٦	اسرار محمد الجيزاري	٥٠ و ٢٠٤	٤٢	٥٠ و ٤٢	—	٥٠ و ٤٢	القاهرة ج
١٧	أحمد اسدي	٤٤٠ و ٤٩٤	٢٨	٤٤٠ و ٥٩	٥٩ و ١٤	٩١ و ٤١٧	سوهاج
١٨	جمال حبيب	٥٩٠ و ٤٩٩	٢٤	٥٩٠ و ٤٦	١٠٥ و ٦٦	٥٤ و ٤٤٧	سوهاج
١٩	شريف السيد حبيب	٠٩ و ٤٠٩	٥١	٠٩ و ٢٦	—	٠٩ و ٢٦	القاهرة ب
٢٠	أحمد ابراهيم سامح	٢١٨ و ٢٥٠	٥٠	٢١٨ و ٢٥٠	—	٢١٨ و ٢٥٠	القاهرة ب
٢١	فهد بن محمد	٩٤٠ و ٦٥٦	٥٢	٩٤٠ و ٧٠	١١٠ و ٢٥٠	٦٩ و ٥٩٨	بنها/البلدية
٢٢	عبد الشافي عبدالمنعم	٢١٠ و ٦٥١	٤٨	٢١٠ و ٦٩	١١٤ و ٢٥٠	٩٦ و ٥٨٤	بنها/البلدية
٢٣	محمد بن محمد	٤٢٠ و ٤٧٧	٥٢	٤٢٠ و ٤٩	٥٥ و ١٢٨	٨٨ و ٤٠٥	سوهاج
٢٤	وائل هنري	٢١٠ و ٦٦٤	٥٢	٢١٠ و ٤٩	٦٥ و ٩٦	٥٦ و ٦١٧	بنها/البلدية
٢٥	محمد بن محمد	٥٠ و ٦٧٩	٥٢	٥٠ و ٦٤	٤٠	٥٠ و ٦٩	البحيرة/الفرم
٢٦	أحمد بن محمد	—	٥٢	—	٥٢	٥٢	—
		٤٥ و ١٢٤٤	٤٩	٤٩	١٠	١٠	١٠

**CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT**

المرشد الديموجرافي بالقاهرة

سج الزدج ١٩٩١

تواريخ المحاسبه التاليه

لمرحلة عمل الأسر برسم البيانات لسج الزدج

١- يتم حساب القطاع من القاهرة والجيزة وما يليه من مراحل جغرافيا سج المحاسبه

٢- يتم حساب صرف التزويد في اساس متوسط معدل التزويد بالإضافة

إلى عملاء اشرف تدرها سج ١٥٪

٣- يتم حساب القطاع من الواجهه البحرية ومحافظته من سويف والقسم التاليه

١- القطاع الواحد سج ٢٤,٥

٤- يتم حساب القطاع من باقي المحافظات بالوجه القبليه من المنيا حتى اسوان التاليه

١- القطاع الواحد سج ٥

٥- يتم اضافته انتقالات الباقين الى الجبل المتجه كل حسب منطقه عمله

٦- يتم اضافته بدل تدريب مع اليوم النظري سج ٣. و مع اليوم العمل سج ٥

٧- ما يليه لسج المرحلة جميع البيانات لسج الزدج

١- يتم اضافته بعد تدريب مع اليوم النظري سج ٣ واليوم العمل سج ٥ في انتقاله حسب المناطق التاليه

١- يتم حساب الباقين في استماره الأسرة المبييه سج ١,٥

٢- يتم حساب الباقين في استماره التزويد سج ٢,٥

٣- يتم حساب الرابع العمل الميداني مع متوسط التزويد + ٥ ٪ عملاء الرابع

٤- يتم حساب صرف العمل الميداني للتزويد مع متوسط التزويد + ١٠ ٪ عملاء اشرف

٥- التزويد المتميز سدنا مع خبره العمل يتم يتم مكافأة بيزرها المنوف

٦- يتم حساب التزويد و سج ٥ في كل مناهج المناطق اسوان ٣٠ ٪

٧- يتم حساب الباقين لتمامه التزويد اسوان - سج ٦ للعرض

محمد العريفي

**CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT**

بسم الله الرحمن الرحيم - الميزانية لسج الزاري في الساج

اسم	الأثنين ١٥/٢٨	الثلاثاء ١٠/٢٩	الأربعاء ١٠/٣٠	الخميس ١٠/٣١	الجمعة ١١/١	الأحد ١١/٢	إجمالي السلوك	شركة
بمال عليمين	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٥	
تمر مصطفى	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
ليدي محمد ناصر	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
نظرة عبدالمطلب	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
شريف محمد	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
محمد الصبيح	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
عبد القادر	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
شريف السيد	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
الحتم محمد	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
عزت ابراهيم	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
عزت ابو عازم	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
محمد ربيعتن	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
محمد	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
سامر محمد	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
نانة رضوانه	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
غرم حجازي	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
محمد عزت	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
عبد الشافي	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
رائد حسن	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
نهاد سيب	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
محمد القاصد	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
طارق ابراهيم	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
أحمد أمين	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
محمد محمد	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
بمال حسيه	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	
محمد حسانه	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠ وع	٢٠٠٠٠	

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**CAIRO DEMOGRAPHIC CENTER
MANAGEMENT COMMENTS ON THE FINANCIAL-RELATED AUDIT**

الأسم	الأثنين ١٤/٤٨	الثلاثاء ١٧/٤٩	الأربعاء ١١/٥٠	الخميس ١٥/٤٤	الجمعة ١١/٥٠	الأحد ١١/٥٠	أعمال الساعات
جمال عليش	٢ و ٢٠	٤	٥٠	٦٥٥	٥	٥	٥
محمد مصطفى	٥ و ٢٠	٢	٥	٦	٦	٦	١١
وليد محمد	ف	٢	٢	١٠	٢	٢	٤
عظرة عبدالمطعم	٢ و ٢٠	٢	٢	١٠	٢	٢	٨
شريف محمد	٢ و ٢٠	٢	٢	١٠	٢	٢	٤
نجيب الصبيح	٢ و ٢٥	٢	٢	١٠	٢	٢	٥
محمد عبد القادر	٥ و ٢٠	٢	٢	١٠	٢	٢	١١
نور الدين السيد	٢ و ٢٠	٢	٢	١٠	٢	٢	٤
الحتم محمد	٢ و ٢٠	٢	٢	١٠	٢	٢	٦
أشرف إبراهيم	٢ و ٢٠	٢	٢	١٠	٢	٢	٦
شوقه ابراهيم	٢ و ٢٠	٢	٢	١٠	٢	٢	٩
محمد درويش	٢ و ٢٠	٢	٢	١٠	٢	٢	١٠
محمد محمد	٢ و ٢٠	٢	٢	١٠	٢	٢	٥
سامر محمد	ف	٢	٢	١٠	٢	٢	٥
ثمارة رضوانه	٢ و ٢٠	٢	٢	١٠	٢	٢	١٠
نعمان هجازي	٢ و ٢٠	٢	٢	١٠	٢	٢	١٠
محمد عزت	٢ و ٢٠	٢	٢	١٠	٢	٢	١٢
عبد الشافي	٢ و ٢٠	٢	٢	١٠	٢	٢	٦
رائد حسن	٢ و ٥٥	٢	٢	١٠	٢	٢	٧
تهان سيب	٢ و ٢٠	٢	٢	١٠	٢	٢	٦
احمد الفاضل	٢ و ١٠	٢	٢	١٠	٢	٢	٦
طارق ابراهيم	٢ و ٢٠	٢	٢	١٠	٢	٢	٩
أحمد أسيد	ف	٢	٢	١٠	٢	٢	٥
وليد محمد	٢ و ٢٠	٢	٢	١٠	٢	٢	٥
جمال حبيب	٢ و ٢٠	٢	٢	١٠	٢	٢	٦
محمد جمال	٢ و ٢٠	٢	٢	١٠	٢	٢	٦

CAIRO DEMOGRAPHIC CENTER
PROJECT IMPLEMENTATION LETTER NO. 20
A SUBPROJECT OF USAID/EGYPT
PROJECT NO. 263-0144

AUDITOR'S RESPONSE

This Appendix presents our comments on CDC's response to the draft audit report submitted on December 17, 1992. Where applicable we have noted where adjustments were made in our final report or provided further clarification of our position reported to items discussed in Appendix C.

Items A,B and C

Management's comments regarding these items do not alter our understanding of the facts nor do they require further clarification other than stating that the only valid airfare receipt (LE 4,725 or \$ 1,681) is the backing ticket. As such our position concerning these items has not changed.

Item D

Based upon our audit of CDC's response, we have removed this finding from the audit report. Therefore questioned amounts relating to ineligible (LE 300 or \$ 107) and unsupported (LE 1,197 or \$ 426) policy support activity costs no longer appear in the fund accountability statement.

Internal Control Recommendations

We encourage CDC to proceed with the implementation of procedures outlined in management's response.

Compliance

Corrective actions regarding these items should be initiated as soon as possible by CDC.

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UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

CAIRO, EGYPT

FEB 25 1993

MEMORANDUM

28 FEB 1993

TO: Philippe L. Darcy, RIG/A/C

FROM: Douglas S. Franklin, AD/FM *DSF*

SUBJECT: NFA Report on Cairo Demographic Center Local Expenditures Incurred Under PIL No. 20 of the Population/Family Planning II Project, No. 263-0144 - Draft Report

Mission has carefully reviewed the recommendations under the subject audit. Following is our response to the three recommendations:

Recommendation No. 1:

We recommend that USAID/Egypt resolve questioned costs of \$4,339 consisting of ineligible costs of \$2,648 and unsupported costs of \$1,691 as detailed on pages 13 and 14 of the audit report.

Mission Response:

The NFA report stated that the CDC charged the employer's share of social security to the project. The amount of LE 7,442 (\$ 2,648) is considered as not allowable (sustained) according to the PIL Attachment D, Article B.4. The report stated that the cost of \$1,681 for airfare related to trips by the project director to the United States and India is unsupported. Project Implementation Letter (PIL) No. 20 issued in January 1988 committed funds to "... finance the foreign exchange and local currency costs of a 3-year project for Demographic Training and Research in Egypt...in accordance with attachment A entitled "Project Proposal"..." Section IV (Financial Plan and Budget) of the project proposal states that line item 4 (consultations) of the budget includes "Demographic Conferences and workshop attendance by Egyptian Staff: 6 trips per year (US\$ 2500 average per trip to cover travel and per diem expenses)." There was no mention in the PIL that further USAID approval was required for individual trips.

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The trip to the United States in July/August 1990 was for the Project Director to analyze the data for and write the final report of the "Egypt Service Availability Survey" (copy attached as TAB A) which was funded by AID through a contract with the Institute for Resource Development (IRD) and was included in the CDC work plan. The trip to India was for the Project Director to participate in the conference of the International Union for the Scientific Study of Population (IUSSP) which was held in New Delhi in September 1989. The IUSSP conference is held every four years and is considered to be a unique opportunity for population specialists to exchange research findings on population issues affecting their countries or regions. Attachment B contains copies of the approval of the CDC Director for both trips, sales slips for the airline tickets (American carrier was used on the first trip, however no American carrier flew on a direct route from Cairo to India), conference registration forms, checks for payment of registration fees and a letter of invitation from the IRD.

The ticket stubs were misplaced. However, the evidence provided assures that the trips were taken and that they served the purpose of the project. The report stated \$10.00 as unsupported to which the project did not respond.

Thus, USAID finds LE 7,442 (\$2,648) plus LE 28.1 (\$10.00) of the questioned costs as not allowable (sustained) and LE 4,725 (\$1,681) as allowable (not sustained). Based on the above, we request that this recommendation be resolved. USAID will request closure when LE 7,442 has been collected from the CDC or a bill of collection issued for that amount.

Recommendation No. 2:

We recommend that USAID/Egypt require CDC to address the inadequate internal control procedures over their accounting system as detailed on pages 18 through 22 of the audit report.

Mission Response:

CDC has addressed the internal control weaknesses that were included in the NFA report. A number of actions have been taken and others are under implementation.

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1. Lack of function segregation and need for establishment of review procedures over the financial system:

The report noted that the accounting staff is comprised of only one individual and recommended segregation of duties and establishing a financial review mechanism.

CDC has advised in its response that one additional accountant has been hired to assist with accounting duties. A Certified Public Accountant (CPA), Dr. Mohamed El Assely performed financial reviews, bank account and USAID billing reconciliations during the period of August, 1988 to October, 1991. In 1992 the Project Director requested USAID authorization to establish a budget line item for a CPA (External Audit). The audit firm of Shawky and Co. was hired. It performed an initial financial assessment and audit of incurred costs under the grant from inception through 12/31/91, and was tasked with performing monthly financial reviews for the period May 1, 1992 through December 31, 1992 (copy of contract attached as TAB C). Due to internal management problems in the CPA firm, the monthly financial reviews were not performed. However, the CDC response mentioned that they are in the process of recruiting a CPA firm to conduct financial reviews.

2. Lack of internal controls that would meet the standards for USAID/Egypt Financed Projects.

CDC has advised in its response that a centrally-located filing system is established in the CDC headquarters in Mokattam. The CDC office in Mohandesseen is a temporary location authorized by USAID in PIL 20 Amendment No. 2. CDC project directors have been diligent in requesting USAID concurrence on major transactions or changes in the project. CDC has already initiated the mechanism of processing written agreements with temporary and permanent employees and will continue to do so. The newly appointed director of the CDC, was charged with the task of preparing internal procedures and policy manual for the CDC. He has commenced on this task which will facilitate the administration of the CDC.

Based on the above we request that this recommendation be resolved. Mission will request closure when CDC hires a CPA Firm for monthly reviews and provides written procedures.

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Recommendation No. 3:

We recommend that USAID/Egypt require CDC to comply with the regulations so that only incurred costs are billed to USAID/Egypt and AID funded assets be marked with USAID emblem, as detailed on pages 26 and 27 of the audit report.

Mission Response:

The NFA report noted that CDC allowed certain costs to be billed to the project for researchers before these amounts were actually disbursed. The report documented only two instances where this occurred, in **December, 1990**. No instances have been reported since then. Nevertheless, USAID issued a letter (copy attached as TAB D) to the CDC on February 9, 1993 to remind them that according to USAID regulations, USAID can only reimburse the CDC sub-project for in-country training and other activities for **actual expenses incurred, not for estimated costs and not based on advances**. Therefore all CDC billings to USAID in the form of monthly expenditure vouchers should reflect actual incurred expenditures.

The NFA report noted that assets purchased with USAID/Egypt funds are not marked with the USAID emblem. According to the attached CDC commodity report, (TAB E), all commodities reported were procured locally except for the software. Handbook 1B, Chapter 22A, **Policy**, states that projects and **imported commodities** should be suitably marked. This is further asserted in Handbook 15, Chapter 9, where it states that "AID does not require marking of locally procured commodities which are not imported specifically for the project." However, in May, 1992. The CDC Project Director requested a number of USAID emblems. The emblems were delivered to the project on December 7, 1992.

Based on the above we request that this recommendation be closed.

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APPENDIX F

REPORT DISTRIBUTION

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