

**Regional Inspector General for Audit  
Dakar**

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**Audit of USAID's Contract with ECR International under the  
Human Resources Development Assistance Project in Cote d'Ivoire  
(No. 686-0463) from November 16, 1993 to February 28, 1995**

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**Audit Report No. 7-686-96-005-N  
January 25, 1996**



**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

UNITED STATES OF AMERICA  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
OFFICE OF THE REGIONAL INSPECTOR GENERAL FOR WEST AFRICA

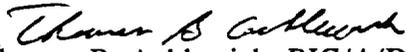
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January 25, 1996

**MEMORANDUM**

To: Willard Pearson, Director, REDSO/WCA

From:   
Thomas B. Anklewich, RIG/A/Dakar

Subject: Audit of USAID's Contract with ECR International under the Human Resources Development Assistance Project (No. 686-0463) in Cote d'Ivoire, from November 16, 1993 to February 28, 1995; (Audit Report No. 7-686-96-005-N)

The attached report, prepared by the non-Federal audit firm, KPMG Peat Marwick of Banjul, the Gambia, presents the results of a financial audit of the expenditures made by ECR International under the Human Resources Development Assistance Project for the period from November 16, 1993 to February 28, 1995.

On May 30, 1988, the U.S. Agency for International Development (USAID) and the Republic of Cote d'Ivoire (GOCI) signed the Human Resource Development Assistance Project (HRDA). The goal of this project is to assist the GOCI in developing managerial skills and technical manpower skills for both the public and private sectors to enhance effectiveness in priority areas such as agriculture, economics, energy, and public health. The HRDA project places emphasis on in-country and third country. The project also sets specific goals for the private sector and for the training of women. To improve efficiency and productivity in the private sector through business skill training, USAID signed a contract with ECR International (ECR) to develop and implement training programs for individuals from the private sector. Cost incurred by and reimbursed to ECR under this contract amounted to \$207,206 as of February 28, 1995.

KPMG Peat Marwick performed a financial audit in accordance with U.S. Government Auditing Standards of the \$207,206 in disbursements made by and reimbursed to ECR by USAID to determine whether the Fund Accountability Statement for the period November 16, 1993 to February 28, 1995 was fairly presented and whether ECR complied with applicable laws, regulations, and agreements that may have had a material effect on the Fund Accountability Statement. In carrying out this financial audit, the non-Federal auditor obtained an understanding of ECR's internal accounting controls over the USAID contract to plan the audit and to determine the nature, timing and extent of tests to be performed.

KPMG Peat Marwick found that the Fund Accountability Statement fairly presents the disbursements made by ECR under the USAID contract, except for \$87,112 in questioned costs which consisted of \$26,490 in unsupported costs relating to training days charged to USAID, and \$60,622 in ineligible costs relating to training days and daily rates billed to USAID. In obtaining an understanding of the internal control structure, the auditor noted no reportable condition. Finally, the auditor stated that ECR complied in all material respects with applicable laws, regulations, and agreements, except for two instances of noncompliance as result of the daily rates and training days billed to USAID under the contract.

In its comments to the draft audit report, ECR management did not agree with the auditor's findings regarding the questioned costs, and provided documentation to support its position. In their rebuttal, the auditors stated that they were unable to validate the information provided by ECR, and maintained their findings.

The non-Federal audit report contains three findings and recommendations which should be implemented by REDSO/WCA and ECR. The following recommendation has been included in the Office of the Inspector General's recommendation follow-up system.

**Recommendation No. 1:** We recommend that REDSO/WCA resolve the questioned costs of \$87,112 (\$26,490 unsupported) and recover those costs determined to be unallowable or unsupported.

Recommendation No. 1 is considered unresolved until REDSO/WCA advises RIG/A/Dakar of its official determination of the sustainability of the ineligible and unsupported questioned costs. For any amounts which REDSO/WCA determines to be not sustained, RIG/A/Dakar will close that portion of the recommendation upon receipt of the Mission's determination and any evidence required to support the position taken. For those amounts which the Mission determines to be sustained, that portion of the recommendation will be closed when such questioned costs are recovered by REDSO/WCA and the evidence thereof is provided to RIG/A/Dakar. Such evidence may include a copy of: a bill for collection, a document showing reimbursement, or a document showing that the amount questioned was offset against amounts due by USAID.

Please advise RIG/A/Dakar within 30 days of receipt of this report of any actions planned or taken to close the above recommendations.

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**United States Agency for International Development  
Côte d'Ivoire**

**Audit of USAID's Contract with ECR International  
Under the Human Resources Development Assistance Project  
(No. 698-0463) in Côte d'Ivoire**

**November 16, 1993 to February 28, 1995**

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 **KPMG Peat Marwick**

**Banjul, The Gambia  
Chartered Accountants and Business Consultants**

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 to February 28, 1995

### Contents

Transmittal letter	3
1 Summary	4
1.1 Background	4
1.2 Audit objectives and scope	5
1.3 Summary of audit results	8
1.3.1 Financial	8
1.3.2 Internal controls	8
1.3.3 Compliance	8
1.4 Synopsis of management comments	9
2 Financial section	10
2.1 Independent Auditor's Report	10
2.2 Fund Accountability Statement	11
2.3 Notes to Fund Accountability Statement	12
3 Internal Control section	13
3.1 Independent Auditor's Report	13
4 Compliance with Agreement Terms and applicable laws and regulations	15
4.1 Independent Auditor's Report	15
4.2 Findings	16
Appendix A	

# **KPMG** Peat Marwick

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Our Ref:

Your Ref:

November 29, 1995

Mr Tom Anklewich  
Regional Inspector General for Audit  
United States Agency for International Development  
Dakar  
Senegal

Dear Mr Anklewich

United States Agency for International Development, Côte d'Ivoire.

**Audit of the contract between the United States Agency for International Development and ECR International under the Human Resources Development Assistance Project (No. 698-0463) in Côte d'Ivoire from November 16, 1993 through February 28, 1995.**

In accordance with your instructions dated April 5, 1995 (IQC. no.624-9999-1-00-2024-00, Delivery Order No. 13) this report presents the results of our financial audit of the expenditures made by ECR International under the Human Resources Development Assistance project (No. 698-0463) in Côte d'Ivoire from November 16, 1993 through February 28, 1995.

The audit covered disbursements totalling \$207,206 for the period November 16, 1993 through February 28, 1995, for which ECR International received full reimbursement from the United States Agency for International Development.

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

### 1 Summary

#### 1.1 Background

On May, 30 1988 the United States of America, acting through the United States Agency for International Development (hereafter referred to as "USAID") and the Republic of Côte d'Ivoire (hereafter referred to as "GOCI") signed the Human Resources Development Assistance Project No. 698-0463 ( hereafter referred to as "HRDA") under which USAID was to provide a total grant of \$1.5 million to the GOCI. The purpose of the HRDA project is to assist the GOCI in developing managerial skills and technical manpower skills for both the public and private sectors to enhance effectiveness in priority areas such as agriculture, economics, energy and public health. The HRDA project places emphasis on in-country and third country training. The project also sets specific goals for the private sector and for the training of women. Under the project 35% of all participants trained must be women and 50% of all participants trained must be from the private sector.

To improve efficiency and productivity in the private sector through business skills training, USAID engaged the services of ECR International (hereafter referred to as "ECR") under contract number 624-9999-I-00-2024-00. This contract was signed in November 1993 for an intended two year period ending November 16,1995 under which USAID was to provide \$208,376 to ECR to perform the following tasks:

- a) Develop and implement a series of training programs in business skills for an estimated 100 participants from at least 50 small and medium-sized enterprises in the private sector over a period of two years. The training programs should include basic business skills, management including personnel management, time management, marketing and production cost control;
- b) Design and implement two women-specific programs in small business management;
- c) Design and implement two short programs for individuals interested in starting new enterprises;
- d) Develop and implement a publicity strategy for attracting participants and for the dissemination of training opportunities to small and medium-sized enterprises;
- e) Develop a system for monitoring the post-training performance of participants in their firms and, if applicable, the performance of the firms as well;
- f) Develop and implement a system of cost sharing in which participants and firms will provide a portion of training costs;
- g) Develop and implement post-training networking and information sharing activities.

# **United States Agency for International Development**

## **Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995**

### **1.2 Audit Objectives and Scope**

The objectives of this financial audit are to:

- i** Express an opinion on whether ECR's Fund Accountability Statement for the Contract number 624-9999-I-00-2024-00 presents fairly, in all material respects, USAID funds received and disbursements made for the audit period in conformity with generally accepted accounting principles or other comprehensive basis of accounting (including the cash receipts and disbursements basis and modifications of the cash basis);
- ii** Evaluate and obtain a sufficient understanding of ECR's internal control structure related to the above mentioned contract, assess control risk, and identify reportable conditions including material internal control structure weaknesses;
- iii** Perform tests to determine whether ECR complied, in all material respects, with the agreement terms and applicable laws and regulations related to the above mentioned contract and express positive assurance on those items tested and negative assurance on those items not tested. All material instances of non-compliance and all indications of illegal acts should be identified;

In order to achieve these objectives we carried out audit procedures which included, but were not limited to, the following:

- Review of the grant agreement between USAID and ECR;
- Review of the subsequent amendment to the agreement;
- Review of contracts and subcontracts with third parties;
- Review of all Project financial and progress reports, charts of accounts, organisational charts, accounting systems descriptions, procurement policies and procedures;
- Review of direct costs billed to and reimbursed by USAID and costs incurred but pending reimbursement by USAID, identification and quantification of all questionable costs;
- Review of general ledgers and project ledgers to determine whether costs incurred were properly recorded. Reconciliation of direct costs billed to and reimbursed by USAID to the ECR ledgers and general ledgers;
- Review of procedures used to control funds. Review of bank accounts and the controls on those bank accounts. Positive confirmation of bank balances;

## **United States Agency for International Development**

### **Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995**

- **Determination of whether advances of funds were justified with documentation, including reconciliations of funds advanced, disbursed and available. Review to ensure that all project funding received by ECR from USAID is appropriately recorded in ECR's accounting records and that those records are periodically reconciled with information provided by USAID;**
- **Review of procurement procedures to determine that sound commercial practices including competitive tendering were used and reasonable prices were paid;**
- **Review of direct salary charges to determine whether the beneficiaries have been approved by USAID, and whether they are supported by appropriate payroll records. Determination of whether overtime is charged to the project and whether it is allowable under the terms of the cooperative agreement. Determination of whether allowances and fringe benefits received by employees are in accordance with the agreements and applicable laws and regulations;**
- **Review of travel and transportation charges to determine whether they were adequately supported and approved;**
- **Obtaining a sufficient understanding of the internal control structure to determine the nature, timing and extent of testing to be performed;**
- **Identification of the agreement terms and pertinent laws and regulations and determined which of those if not observed could have a direct and material effect on the Fund Accountability Statement.**
- **Assess for each material requirement, the risks that material noncompliance could occur. This included a consideration and assessment of the internal controls in place to assure compliance with agreement terms, laws and regulations.**
- **Design audit tests and procedures to test for errors, irregularities, and illegal acts that provide reasonable assurance of detecting both intentional and unintentional instances of non-compliance with agreement terms and applicable laws and regulations that could have a material effect on the fund accountability statement. We were aware of the possibility of illegal acts that could have an indirect and material effect on the Fund Accountability Statement.**
- **Determination of whether payments have been made in accordance with the cooperative agreement terms and applicable laws and regulations.**
- **Determination of whether funds have been extended for purposes not authorized or not in accordance with the cooperative agreement terms and applicable laws and regulations.**
- **Determination of whether any commodities directly procured by USAID are unaccounted for or have not been used for their intended purposes in accordance with the cooperative agreement terms.**

## **United States Agency for International Development**

### **Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995**

- Tests to include the compliance requirements related to annual salary increases of employees performing work under the above mentioned contract and the use of in-country or co-operating nationals.
- Determination of whether those that received services and benefits were eligible to receive them.
- Determination of whether ECR financial reports and claims for advances and reimbursement contain information that is supported by the books and records.

The scope of this financial audit covered costs incurred by and reimbursed to ECR under the contract with USAID from November 16, 1993 through February 28, 1995.

However as a result of the winding up of USAID activities in Côte d'Ivoire the duration of the contract was reduced and the date of completion of the contract was February 28, 1995, the final reimbursement being made on October 18, 1994. The impact of the foreshortening of the contract was to intensify the training program in order to achieve previously set contract targets which were still to be met. The targets were broadly met to USAID's satisfaction and are therefore not discussed further in this report.

The audit has been conducted in accordance with United States Government Auditing Standards as set forth by the Comptroller General of the United States in the "Yellow Book", Standards for internal controls in the Federal Government as set forth by the Comptroller General of the United States in the "Green book", "Guide for Financial Audits Contracted by the Agency for International Development", issued by the AID office of the Inspector General and "Assessing Compliance with Applicable Laws and Regulations", issued by General Accounting Office/Office of Policy in the "Grey Book", except that we did not have an external quality control review by an unaffiliated audit organisation as required by paragraph 46, chapter 3 of Government Auditing Standards since no such quality control review program is offered by professional auditing organisations in The Gambia. We believe that the effect of this departure from the financial auditing requirement of Government Auditing Standards is not material because we participate in the KPMG worldwide internal quality control review by partners and managers from other KPMG offices.

Our audit work was carried out on site at ECR. At the beginning and end of the field work, entrance and exit conferences were held respectively, to formally advise Project management and USAID of the audit objectives and scope and results. Prior to the exit conference, KPMG discussed the findings of our audit with USAID and ECR personnel. RIG representatives were unable to attend either meeting.

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

### 1.3 Summary of audit results

#### 1.3.1 Summary of audit results - financial

We found that the Fund Accountability Statement, showing the receipts and disbursements made by the ECR in connection with USAID's contract with the ECR under the HRDA, was presented fairly except for questioned costs of US\$87,112.

These questioned costs are discussed in detail in Section 4.2

#### 1.3.2 Summary of audit results - Internal control

The nature of the Project is one of a contract with a consultancy firm to undertake the training of local business people in management related matters. The firm is an owner-managed partnership and undertakes other work that is in no way related to USAID. Reimbursement is based on evidence of procurement provided to USAID, and is in strict accordance with the agreed budget. Therefore a rigid control environment has less significance than it would have if the entity as a whole were a USAID Project. Because the reimbursements are service based, the significant areas are those related to salary and subcontractor costs at pre agreed rates, and the billing of these costs incurred to USAID. We have reviewed the systems in operation and have amended our substantive approach where appropriate.

We have assessed the overall internal control environment of ECR as satisfactory. This was based on the outcome of tests on the components of the project's control environment which are assessed as follows:

- |   |                     |
|---|---------------------|
| • <b>Control consciousness</b>            | <b>satisfactory</b> |
| • <b>Segregation of duties</b>            | <b>satisfactory</b> |
| • <b>Management override</b>              | <b>satisfactory</b> |
| • <b>Competence of personnel</b>          | <b>satisfactory</b> |
| • <b>Protection of assets and records</b> | <b>satisfactory</b> |

#### 1.3.3 Summary of audit results - Compliance

The principal laws, regulations, binding policies and procedures applicable to ECR are as follows:

- Project Grant Agreement;
- Contract between USAID and ECR dated 16 November 1993.

Our audit testing found that ECR charged questioned ineligible costs of US\$60,622. In addition, expenditures were made in the sum of US\$26,490, which were not supported by adequate documentation as at the time of our audit.

# **United States Agency for International Development**

## **Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995**

### **1.4 Synopsis of Management Comments**

The agenda for the closing conference was based on an extract of the draft report, at which point Monsieur Aie was invited to respond in writing to our comments made which now appear as Sections 4.2.1 and 4.2.2 of this report.

We have received written responses which have been included within these sections and verbatim in appendix A.

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

### 2 Financial Section

#### 2.1 Independent auditor's report on the Fund Accountability Statement

We have audited the Fund Accountability Statement shown in Section 2.2 showing the costs incurred by and reimbursed to ECR for the period November 16, 1993 to February 28, 1995, and have issued our report thereon dated November 29, 1995. The Fund Accountability Statement is the responsibility of ECR management. Our responsibility is to express an opinion on the Fund Accountability Statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and United States Government Auditing Standards issued by the Comptroller General of The United States, except that we did not have an external quality control review by an unaffiliated organization as required by Section 3.4.6 of the aforementioned statements. 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 project management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1 to the Fund Accountability Statement, the Fund Accountability Statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The results of our tests disclosed the following material questioned costs as detailed in the Fund Accountability Statement:

- i US\$60,622 in costs which are ineligible;
- ii US\$24,490 in costs that were not supported with adequate documentation.

In our opinion, except for the effects of the questioned costs as stated in the preceding paragraph, the Fund Accountability Statement referred to above presents fairly, in all material respects ECR expenditures incurred and reimbursed for the period in conformity with the basis of accounting described in note 1 of the Fund Accountability Statement.

The report is intended for the information of management and others within ECR and USAID. However, upon acceptance by the USAID office of the Inspector General, this report is then a matter of public record and its distribution is not limited.



KPMG Peat Marwick

Chartered Accountants  
Banjul, The Gambia.

November 29, 1995

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

### 2.2 Fund Accountability Statement

	Receipts and Disbursements		Questioned Costs			
	Budget	Actual	Notes	Ineligible	Unsupported	Notes
	US\$	US\$		US\$	US\$	
<b>Receipts:</b>						
Advances	-	-		-	-	
Reimbursements	208,376	207,206		-	-	
	<hr/>	<hr/>		<hr/>	<hr/>	
Total receipts	208,376	207,206		-	-	
<b>Disbursements:</b>						
Salaries and Wages	64,050	64,050	4.2.1	41,597	-	2.3(3)
Consultants/trainers	67,935	68,315	4.2.2	19,025	26,490	2.3(4)
Overhead	19,798	19,854		-	-	2.3(5)
Travel, transport, per diems	14,898	16,623		-	-	
Participants costs	23,400	23,418		-	-	
Other direct costs	6,500	3,219		-	-	
	<hr/>	<hr/>		<hr/>	<hr/>	
Total costs	196,581	195,479		60,622	26,490	
Fixed fees	11,795	11,727				2.3(5)
	<hr/>	<hr/>				
Total costs and fixed fees	208,376	207,206				
Reimbursed		1,170				2.3(2)
Outstanding balance	-	-				

# **United States Agency for International Development**

## **Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995**

### **2.3 Notes to the Fund Accountability Statement**

- 1 The Fund Accountability Statement has been prepared on the basis of cash accounting whereby income is recognised on receipt of cash or cash equivalent and expenditure recognised on the disbursement of cash or cash equivalent.
- 2 The amount unclaimed under the contract of \$1,170 was reimbursed to USAID.
- 3 Payments under "Salaries and Wages" represent technical fees paid to the key personnel and the employees of the ECR.
- 4 "Consultants/trainers" costs were both direct payments made to sub-contractors and amounts reimbursable in respect of key personnel.
- 5 Overheads are claimed at 15% of the salaries, wages and consultants costs, whilst the fixed fee is 6% of total direct costs.

# **United States Agency for International Development**

## **Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995**

### **3 Internal Controls**

#### **3.1 Independent Auditor's Report on Internal Controls**

We have audited the Fund Accountability Statement showing the costs incurred by and reimbursed to ECR under the Human Resources Development Assistance Project (No. 698-0463) in Côte d'Ivoire from November 16, 1993 through February 28, 1995, and have issued our report thereon dated November 29, 1995.

We conducted our audit in accordance with generally accepted auditing standards and United States Government Auditing Standard Issued by the Comptroller General of the United States, except that we did not have an external quality control review by an unaffiliated organisation as required by Section 3.4.6 of the aforementioned statements. 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.

In planning and performing our audit of the ECR we considered its internal control structure in order to determine our audit 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 the ECR is responsible for establishing and maintaining an internal control structure for the organisation under the contract. In fulfilling this responsibility, estimates and judgements by project management are required to assess the expected benefits and related costs of the internal control structure, policies and procedures. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorised use or disposition, and that transactions are executed in accordance with the basis of accounting described in note 1 to the Fund Accountability Statement (Sections 2.2). Because of the 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 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:

- Procurement cycle
- Disbursement cycle
- Inventory and fixed assets control cycle
- Recording and reporting cycle.

For all 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 effective operation, and we have assessed control risk.

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

We noted no matters involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to specific deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect ECR's ability to record, process, summarise and report financial data consistent with the assertions of management in the Fund Accountability Statement.

A material weakness is a reportable 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.

The report is intended for the information of management and others within ECR and USAID. However, upon acceptance by the USAID office of the Inspector General, this report is then a matter of public record and its distribution is not limited.

*KPMG Peat Marwick*

**KPMG Peat Marwick**

Chartered Accountants  
Banjul, The Gambia

November 29, 1995.

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

### 4 Compliance with Agreement Terms and Applicable Laws

#### 4.1 Independent auditors report on compliance of ECR with applicable laws and regulations

We have audited the Fund Accountability Statement representing the revenues and expenditures of ECR under the Human Resources Development Assistance Project (No. 698-0463) in Côte d'Ivoire from November 16, 1993 through February 28, 1995, and have issued our report thereon dated November 29, 1995.

We conducted our audit in accordance with generally accepted auditing standards and United States Government Auditing Standards issued by the Comptroller General of the United States except that we did not have an external quality control review by an unaffiliated organization as required by section 3.4.6 of the aforementioned statements. 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. Compliance with agreement terms and laws and regulations applicable to ECR is the responsibility of ECR management. As part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement we performed tests of ECR's compliance with certain provisions of agreement terms and laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of non compliance are failures to follow requirements or violations of agreement terms and laws and regulations that cause us to conclude that the aggregation of misstatements resulting from these failures or violations is material to the Fund Accountability Statement. The results of our tests of compliance disclosed material instances of non compliance, resulting in questioned costs in the Fund Accountability Statement of ECR. All instances of non compliance that we found are discussed in Section 4.2. We considered these material instances of non compliance in forming our opinion on whether the Fund Accountability Statement of ECR is presented fairly, in all material respects, in accordance with the terms of agreement and in conformity with the basis of accounting described in note 1 of the Fund Accountability Statement, and this report does not affect our report on the Fund Accountability Statement.

Except as described above, the results of our tests on compliance indicate that, with respect to the items tested, ECR complied, in all material respects, with the provisions referred to the third paragraph above, and with respect to items not tested, nothing came to our attention that caused us to believe that ECR had not complied, in all material respects, with those provisions.

The report is intended for the information of management and others within ECR and USAID. However, upon acceptance by the USAID office of the Inspector General, this report is then a matter of public record and its distribution is not limited.

*KPMG Peat Marwick*

KPMG Peat Marwick  
Chartered Accountants  
Banjul, The Gambia

November 29, 1995.

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

### 4.2 Findings

#### 4.2.1 Discrepancy over daily rates used for billing USAID

##### *Observation*

The contract between USAID and ECR provides for the reimbursement of actual costs incurred.

The expense category "wages and salary" in the Fund Accountability Statement comprises the wages and salary of those personnel that are considered to be "key and essential to the performance of the project", as defined in the contract.

The key personnel that were identified and their respective daily rates, were as follows:

<b>Name</b>	<b>Position</b>	<b>Daily rate US\$</b>
Charles Aie	General supervisor	300
Patrick Achi	Project manager and trainer	250
Jean Mathieu Akre	Logistics, financial control and administration	165

*Source: Agreed budget within the contract*

The "wages and salaries" that have been invoiced to USAID and reimbursed under the contract are as follows:

<b>Name</b>	<b>Duration Days</b>	<b>Daily rate US\$</b>	<b>Total invoiced US\$</b>
Charles Aie	110	300	33,000
Patrick Achi	111	250	27,750
Jean Mathieu Akre	20	165	3,300
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	241	<b>Agrees to FAS</b>	<b>US\$ 64,050</b>

*Source: Invoices to USAID*

## United States Agency for International Development

### Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

Our review of the timesheets of ECR relating to those staff who performed services in respect of the contract indicated a total cost of \$22,453 as indicated below under the "wages and salary" category.

Name, Position	Duration Days	Note	Daily rate US\$	KPMG estimate of cost to ECR US\$
Charles Aie, Partner	19	(1)	300	5,700
Patrick Achi, Partner	-	(1)	250	-
Jean Mathieu Akre, Technical Director	-	(1)	165	-
Marie José Dangui, Secretary	46	(2.1)	68	3,128
Hélène N'guessan, Secretary (senior)	40	(2.2)	83	3,320
Pascal Konan, Consulting (senior)	49	(2.3)	125	6,125
Kouassi Arthur Aloco, Tax (senior)	26	(2.4)	77	2,002
Fahan Bamba, Audit (assistant)	33	(2.5)	66	2,178
Francis Samuel Archer, Temporary placement	6	(2.6)	-	-
Rodjo Dieudonne Loba, Temporary placement	22	(2.7)	-	-
	241			22,453

*Source: ECR timesheets  
Note 1 and 2 below*

#### Notes

- 1 Contracted daily rates for the key personnel.
- 2 KPMG estimated daily rates for non-key personnel

Name	Average Salary US\$	Multiplier	Estimate daily rate US\$
2.1 Marie José Dangui	45	1.5	68
2.2 Hélène N'guessan	55	1.5	83
2.3 Pascal Konan	83	1.5	125
2.4 Kouassi Arthur Aloco	51	1.5	77
2.5 Fahan Bamba	44	1.5	66
2.6 Francis Samuel Archer	-	1.5	-
2.7 Rodjo Dieudonne Loba	-	1.5	-

We have assumed that there was no cost to the firm of the two people who were on a temporary placement and subsequently no reimburseable cost.

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

### Implication

Prima facie, ECR have over billed costs incurred under the contract. From the estimate of daily rates shown in Note 2 on the previous page we estimate that the actual costs incurred under the "wages and salary" category are US \$22,453. As a result, the US\$64,050 charged to USAID as a reimbursement of cost would appear to overstate cost by US\$41,597. We believe that this difference represents an ineligible questioned cost, as defined in Article IV, Section B, Part 1 of the Delivery Order No 13.

We have discussed this finding with the management of ECR who have provided the following written response:

The difference between the charged rates and the chargeable rates is basically due to the firm's understanding of the contract terms. ECR had submitted its proposal to USAID, detailing the annual salaries of its employees. It was on the basis of these annual salaries that USAID accepted the rates billed to them in the following manner:

	US \$
Charles Aie	300
Patrick Achi	250
Jean-Mathieu Akre	165
Alain Hiba	165
Mariam Dao	80
Liliane Sebatigita	120

These rates, when compared to the actual applicable rates for the firm's employees, are way below normal. For example, based on the qualifications and experience of Mr. Aie and Mr. Achi, the real chargeable rates are £1,200 and £1,000 per day respectively.

To be within the budgeted amount of the contract therefore, we decided to charge rates which would not exceed the budget and at the same time, be maximised as far as possible. After a close look at the tasks to be performed we were convinced that a great part of the work to be carried out, could be assigned to more junior staff members as opposed to those mentioned in the contract, without any alteration in the work quality.

Furthermore we also appreciated the fact that ECR was not in a position to carry out certain duties (Women specific programs, marketing, business setting up programs) efficiently as it lacked the professionalism necessary. For these assignments, consultants were sub-contracted at rates much higher than those accepted by the project. The concerned persons are as follows:

Name	Rate accepted by ECR (\$)	Rate accepted by Project (\$)	Difference \$
Dao Mariam	250	80	170
Sebatigita Liliane	250	120	130
Kone Gertrude	150	-	150
Konate Honoré	150	-	150

In conclusion therefore, one cannot assert that we have over-charged the project by \$41,597 based on a wages and salaries level of \$19,025 in assessing the cost centre, consultants and trainers.

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

### *Recommendation*

We recommend that USAID should either:

- 1) recover the amount of US\$41,597 being an ineligible questioned cost under the contract;
- 2) amend the contract to a fixed value being the reasonable value of the services provided under the contract by ECR. The balance paid to ECR above the revised value should be recovered by USAID.

### *Management comment*

KPMG have received the following comment which we have translated from French.

Under the heading salaries, we billed the project \$64,050, representing the cost of participation of the following staff:

Name	Duration Days	Daily rate US\$	Amount US\$
Charles Aie	110	300	33,000
Patrick Achi	111	250	27,750
Jean Mathieu Akre	20	165	3,300
	<hr/>		<hr/>
	241 days		<b>64,050</b>

The reconstruction of the billing without the timesheets by the auditors changed the amount to \$22,453.

The reconciliation attracted the following comments:

- Lacking in the schedule prepared by the auditors are the days worked by Mr Achi and Mr Akre as these timesheets were not obtained. For these we have tabled them below.
- The rates used by the auditors for billing are not consistent. As a result , the rates \$83 and \$68 were applied for Mrs Helene N'Guessan and Marie-Jose Daingui respectfully. Also \$77 and \$66 per day were used for Mr Bamba and Mr Aloco respectfully, while the monthly salaries gross of the last two are almost double those of the former employees, (attached are examples of salary slips of the mentioned persons).
- For our part, we estimate a rate of \$110 per day for Mr Bamba and Mr Aloco each.
- Finally, no estimate of costs are provided for Mr Lola and Mr Archer. We therefore estimate, based on a remuneration of CFA 150,000 which is approximately half of Mrs Dangui's monthly salary, a rate of \$34 to be applied.

Based on the above analysis, the reconstruction of rates are as tabulated below :

**United States Agency for International Development**

**Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995**

Name, Position	Duration		Daily rate	US\$
	Days	Note	US\$	
Charles Aie, Partner	19		300	5,700
Patrick Achi, Partner	48	1	250	12,000
Jean Mathieu Akre, Technical Director	72	1	165	11,880
Alain Hiba	80		165	13,200
Marie José Dangui , Secretary	46		68	3,128
Hélène N'guessan ,Secretary (senior)	40		83	3,320
Pascal Konan, Consulting(senior)	49		125	6,125
Kouassi Arthur Aloco,Tax (senior)	26	2	110	2,860
Fahan Bamba, Audit (assistant)	33	2	110	3,630
Francis Samuel Archer, Temporary placement	6		34	204
Rodjo Dieudonne Loba, Temporary placement	22		34	748
				62,795

- 1 Time sheets omitted
- 2 Adjusted daily rate

*Auditors comment*

ECR have provided additional information in the form of copy pay slips and hand written time sheets.

We are not in a position to validate the authenticity of the information provided.

We therefore recommend that USAID amend the contact to a fixed value being the reasonable value of the services provided under the contract by ECR. The balance paid to ECR above the revised value should be recovered by USAID.

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

### 4.2.2 Discrepancy between training delivery days billed

#### Observations

A comparison of the invoiced training delivery days compared with the reported training delivery days within the closing report produced by ECR, shows the following discrepancy:

Name	Billed in days (Source A)	Daily rate US\$	Total invoiced US\$ (Source A)	Days per final ECR Report (Source B,C)	Apparent Training cost US\$
<b>Training delivery</b>					
Charles Aie(KP)	59	300	17,700	41	12,300
Patrick Achi(KP)	59	250	14,750	15	3,750
Jean Mathieu Akre(KP)	-	165	-	-	-
Alain Hiba	35	165	5,775	10	1,650
Liliane Sebatigita	18	120	2,160	12	1,440
Dao Mariam	18	80	1,440	12	960
Gertrude Kone	-	150	-	9	1,350
Honoré Konate	-	150	-	9	1,350
	189		41,825	108	22,800
			<b>Total invoiced</b>		<b>(41,825)</b>
					<b>19,025</b>
Difference represents an ineligible questioned cost					
<b>Non-training delivery</b>					
Charles Aie(KP)	4	300	1,200		
Alain Hiba	124	165	20,460		
Liliane Sebatigita	20	120	2,400		
Moussa Traore	4	100	400		
Mariam Dao	25	80	2,000		
Difference			30		
			<b>Unsupported questioned cost</b>		<b>26,490</b>
			<b>Total agrees to FAS</b>		<b>US\$68,315</b>
<b>(KP-Key Personnel)</b>					
<i>Source: A-Invoiced to USAID</i>					
<i>B-ECR Final Report</i>					
<i>C-Prospectus and signed attendance sheets</i>					

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, November 16, 1993 through February 28, 1995

We have agreed the training delivery days as recorded in the ECR final report to the course prospectus and the signed attendance sheets. In this case the discrepancy arises due to a difference in training delivery days billed to be reimbursed by USAID, and those days that are reported within the final report prepared by ECR. A significant problem has been our inability to agree the subcontractors hours to timesheets, since there have been no timesheets prepared by subcontractors.

This problem extends also to the "Key Personnel" costs within this category. Key personnel maintain overall bi-weekly timesheets, but these only show the combined "Key Personnel and Subcontractor" hours attributable to USAID. The ECR final report gives no detail about the non-training delivery days and we have deduced these for input in the above table, based on the total amount billed to USAID within this expense category. We have not been able to directly confirm the validity of these subcontracted non-training days.

### *Implication*

Prima facia, ECR have over billed costs incurred under the contract.

We believe that the difference of US\$19,025 relating to training delivery days represents an ineligible questioned cost, as defined in Article IV, Section B, Part 1 of the Delivery Order No 13

The amount of US\$26,490, which represents non-training costs cannot be adequately supported and represents an unsupported questioned cost, as defined in Article IV, Section B, Part 1 of the Delivery Order No 13.

We have discussed this finding with the management of ECR who have provided the following written response:

Your report stated an amount of \$26,490 as unsupported costs and that these costs relate exclusively to "non training delivery" activities. This amount apportioned between consultants is as follows:

Name	Number of days	Amount (\$)
Charles Aie	4	1,200
Alain Hiba	124	20,460
Liliane Sebatigita	20	2,400
Moussa Traore	4	400
Mariam Dao	20	2,000
	Difference	26,460

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, 16 November 1993 to 28 February 1995

### Mr. Charles Aie

Mr. Aie served as the overall supervisor of the project and was actively involved in all the activities relevant to the organisation and coordination of the contract.

Thus Mr. Aie spent time in organising and arranging media coverage for all the project activities (negotiations with the radio, the press and television).

For the organisation of the post-training action for women held at Hotel du Golfe he was engaged in the negotiations concerning the lodging cost and also, participated personally in the running of the course which lasted for 2 days.

These 2 examples cited, adequately explain the 4 days queried by the auditors as charged but not justified.

### Mr. Alain Hiba

Mr. Hiba, co-worker of Mr. Achi, was entirely responsible for the program, Enterprise Creation.

Like Mr. Achi, Mr. Hiba is not an employee of ECR. The days and amounts billed to the project, corresponds with the time spent in executing his part of the project.

### Mrs Liliane Sebatigita and Mrs Mariam Dao

The Women specific program was sub-contracted to the two mentioned above as they are renowned for their competence and expertise. They are known by international bodies like USAID and PNUD. Mrs. Sebatigita, within the bounds of the project, spent 5 days a week on average in Abidjan which is about 35 days. Out of the 35 days, 12 days were for running the course and the rest of the days were used for preparing her programs with Mrs. Dao and a collaborator of hers, Miss Soumahoro.

In this light, we estimate that the 45 days billed to the project as "non training delivery" are fully justified as well as the payments we've made to the ladies above. Thus you cannot contest the validity of our billing to the project.

### Mr. Moussa Traore

The days billed to the project correspond to the days used in preparing his paper, based on the time effectively worked with Mr. Achi during the latter's mission in Bamako.

# United States Agency for International Development

## **Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, 16 November 1993 to 28 February 1995**

### *Recommendations*

We recommend that USAID should either:

- 1) recover an amount of US\$19,025 being an ineligible questioned cost under the contract, and an amount of US\$26,490, being an unsupported questioned cost under the contract.
- 2) amend the contact to a fixed value being the reasonable value of the services provided under the contract by ECR. The balance paid to ECR above the revised value should be recovered by USAID.

### *Management comment*

None

### *Auditors comment*

We recommend that USAID amend the contact to a fixed value being the reasonable value of the services provided under the contract by ECR. The balance paid to ECR above the revised value should be recovered by USAID.

# United States Agency for International Development

## Audit of USAID's Contract with ECR International Under the Human Resources Development Assistance Project (No. 698-0463) in Cote d'Ivoire, 16 November 1993 to 28 February 1995

### 4.2.3 Apparent advances from USAID

#### *Observation*

We observed that in the course of reimbursements being made, there was evidence to suggest that reimbursements made by USAID were not preceded by the actual settlement of the expenses by ECR. This occurred for the following reasons:

- ECR has a 60 day credit period with some of its suppliers;
- ECR has a policy of payment on account, and does not pay on specific invoice. Where there have been expenses incurred that are common to both USAID related and non USAID related activities, then that expense will not be paid until normal settlement terms dictate;
- USAID have accepted apparently unpaid invoices and in one instance a proforma only as evidence sufficient for reimbursement.

The terms of the Agreement do not permit an advance to be made by USAID.

#### *Implication*

The terms of the agreement may be breached if USAID advances rather than reimburses expenses.

#### *Recommendations*

- ECR should ensure that the cost reimbursement principle is followed and requests for reimbursements are not made until the cost has been incurred.
- USAID should ensure that there is satisfactory evidence that the cost has been incurred and payment has been made prior to reimbursement.

#### *Management comment*

None

Charles O. AIE  
Expert Comptable Diplômé  
Commissaire aux Comptes

Monsieur JOAN LARCOM  
HRD Officier  
REDSO/WCA  
Ambassade des Etats-Unis  
d'Amérique  
ABIDJAN

Le 16 août 1995

Cher Monsieur,

Pour faire suite à notre entretien du 10 août 1995 relatif aux points soulevés par les auditeurs externes lors de l'examen des comptes du contrat n° 624 9999-I-00 2024 00, nous vous prions de trouver ci-après nos observations sur les points de divergence qui semblent persister après les premières explications qui vous ont été fournies.

**1. COUTS NON ELIGIBLES (60622 US \$)**

Les coûts non éligibles ont été splités par les auditeurs en deux.

**1.1 Ecart entre les salaires facturés au projet et ceux déterminés à partir des times sheets**

Au titre de la rubrique salaires il a été facturé au projet les salaires pour 64050 US \$ représentant la participation au projet des personnes suivantes :

<u>Nom</u>	<u>Durée</u>	<u>Taux journaliers</u>	<u>Montants facturés</u>
Charles AIE	110 j	300	33 000
Patrick ACHI	111 j	250	27 750
J.M AKRE	20 j	165	3 300
	-----	---	-----
	241 j	715	64 050
	-----	---	-----

La reconstitution de cette facturation à partir des times sheets par les auditeurs externes les amène à un montant de 24453 US dollars.

Cette reconstitution appelle les commentaires suivants :

.../...

- Il manque dans le tableau établi par les auditeurs externes les jours de Messieurs ACHI et AKRE dont les auditeurs n'ont pas obtenu les times sheets. Ceux-ci vous sont fournis en annexe.
- Les taux journaliers de facturation calculés par les auditeurs externes ne sont pas cohérents. Ainsi, ils trouvent des taux journaliers de 83 et 68 dollars par jour pour Mesdames Hélène N'GUESSAN et Marie-José DAINGUI et 77 et 66 dollars par jour pour Messieurs BAMBA et ALOCO alors que le salaire mensuel brut des ces derniers sont presque le double des salaires perçus par Mesdames N'GUESSAN et DAINGUI (ci-joint à titre d'exemple une copie des bulletins de paie des personnes concernées).
- Pour notre part nous estimons à 110 US \$ par jour le taux applicable pour les temps de Messieurs ALOCO et BAMBA.
- Enfin, aucune estimation de taux n'a été fournie pour Messieurs LOBA et ARCHER. Nous estimons, compte tenu de l'indemnité de 150 000 FCFA soit à peu près la moitié du salaire mensuel de Madame DAINGUI, un taux journalier de 34 US \$ doit leur être affecté.

Sur la base de ces considérations la reconstitution donne d'après nous les résultats suivants :

<u>Nom</u>	<u>Durée au jour</u>	<u>Taux journaliers (US \$)</u>	<u>Montant</u>
✓ Charles AIE	19	300	5 700
✓ Patrick ACHI (1)	48	250	12 000
✓ J.M AKRE (1)	72 X	165	11 880
Alain HIBA	80	165	13 200
✓ Pascal KONAN	49	125	6 125
✓ Kouassi ALOCO (2)	26	110	2 860
✓ Fahan BAMBA (2)	33	110	3 630
✓ Francis ARCHER	6	34	204
✓ Dieudonné LOBA	22	34	748
✓ Hélène N'GUESSAN	40	83	3 320
✓ Marie-José DAINGUI	46	68	3 128
			-----
			62 795
			(64 050)
			-----
			1 255
			=====

(1) Time sheet non pris en compte

(2) Taux journalier corrigé