OFFICE OF INSPECTOR GENERAL

# AUDIT OF USAID/WEST AFRICA'S STAPLE CROPS AND BIOTECHNOLOGY PROGRAMS

AUDIT REPORT NO. 7-624-16-001-P
OCTOBER 15, 2015

DAKAR, SENEGAL

*Office of Inspector General*

October 15, 2015

**MEMORANDUM**

**TO:** USAID/West Africa Mission Director, Alexandre Deprez

**FROM:** Regional Inspector General/Dakar, Abdoulaye Gueye /s/

**SUBJECT:** Audit of USAID/West Africa's Staple Crops and Biotechnology Programs (Report No. 7-624-16-001-P)

This memorandum transmits our final report on the subject audit. We have considered your comments on the draft report and included them, without attachments, in Appendix II.

The final report contains five recommendations and seven suggestions to help USAID/West Africa strengthen any planned collaboration with Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles. In its comments on the draft report, USAID/West Africa agreed with all five recommendations. Having evaluated management comments, we acknowledge the mission's management decisions on all of them and final action on Recommendations 4 and 5.

Please coordinate final action on Recommendations 1, 2, and 3 with the Audit Performance and Compliance Division in the Office of the Chief Financial Officer.

Thank you for the cooperation and courtesy extended to the audit team during this audit.

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**Abbreviations**

The following abbreviations appear in this report:

| | |
|---|---|
| ADS | Automated Directives System |
| AOR | agreement officer's representative |
| CORAF | Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles |
| FTF | Feed the Future |
| FY | fiscal year |
| GFSR | Global Food Security Response |
| RIG/Dakar | Regional Inspector General/Dakar |

# SUMMARY OF RESULTS

Agriculture is the backbone of the West African economy. It employs about 60 percent of the workforce and accounts for 35 percent of the region's gross domestic product. However, vast amounts of arable land are underutilized and poorly managed. Agricultural yields and productivity are among the lowest in the world, and the quickly growing population depends on imported food to meet its needs. Roughly 16 percent of the people are undernourished, and the region suffers from high levels of poverty, unemployment, and food insecurity.

To address these ongoing concerns, USAID/West Africa[1] awarded a 5-year, $7 million cooperative agreement to Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles[2] (CORAF) in June 2009 for the Staple Crops and Biotechnology Programs. They had two components—institutional and supplemental support—and were to be carried out in two phases from 2009 to 2014.

In the first component, CORAF received $2.75 million for 5 years to carry out its mandate of coordinating agricultural programs in its 21 member states and to support its technical staff, particularly those in the Staple Crops and Biotechnology Programs. Under the second component, CORAF received $4.25 million for supplemental support to implement activities under the Staple Crops and Biotechnology Programs for approximately 18 months.

The programs' objectives complemented each other; Staple Crops' goal was to increase the amount and quality of staple crops, and the Biotechnology Program focused on promoting the adoption of agricultural biotechnology. USAID/West Africa planned to extend the programs through June 2015 and considered giving more money for the next phase. However, the mission ended the programs on March 31, 2015.

CORAF implemented the cooperative agreement through 12 projects, 6 each in the two phases. The first phase, the Global Food Security Response (GFSR) Initiative, ran from 2009 to 2012. Implementation of the second phase, the Feed the Future (FTF) Initiative, began in 2014. As of February 26, 2015, USAID/West Africa had obligated approximately $6.5 million and disbursed approximately $5.8 million.[3]

The Regional Inspector General/Dakar (RIG/Dakar) conducted this audit at the request of USAID/West Africa. Mission officials said CORAF did not maintain enough evidence to support the results it reported, and therefore the officials could not attribute the results to its funding. RIG/Dakar conducted this audit to determine whether the programs achieved their primary goals of (1) improving productivity in staple crops by promoting appropriate technologies, (2) creating

[1] The countries the mission works with include Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, the Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.
[2] West and Central African Council for Agricultural Research and Development.
[3] Amounts for obligations, expenditures, and advance funds used in this report come from the Agency's financial systems. On November 17, 2014, OIG issued *Audit of USAID's Financial Statements for Fiscal Years 2014 and 2013,* Report Number 0-000-15-001-C, disclaiming an opinion because of material unsupported adjustments USAID made to reconcile its general and subsidiary ledgers. We did not perform any additional tests during this audit to verify the accuracy of the reported amounts. In FY 2015, OIG anticipates testing USAID's adjustments to determine if they were accurate and appropriate. USAID intends to provide explanations and other support to demonstrate the adjustments' validity.

a positive environment for cooperation in the subregion between relevant actors for effective collaboration, and (3) promoting the adoption of agricultural biotechnology in West and Central Africa.

The audit found some positive outcomes in both phases. For example:

- CORAF trained beneficiaries to use improved planting practices and technologies. The beneficiaries we visited in Benin, Burkina Faso, Ghana, and Senegal were interested in applying these practices and technologies.

- Beneficiaries who participated in field tests under the programs' cassava, maize, rice, and sorghum projects said the new varieties of seeds and technologies introduced led to improved yields.

- Although USAID/West Africa stopped supporting CORAF's work on roots and tubers in 2012, financing from other donors allowed this work to continue. For instance, the World Bank has supported CORAF's work in this area since 2012.

However, the programs did not achieve their goals, as discussed below.

- USAID/West Africa did not incorporate program changes into the cooperative agreement (page 4). The mission and CORAF changed the programs' strategy and the projects to be implemented, and also extended the supplementary support component. However, USAID/West Africa did not modify the cooperative agreement to reflect these changes.

- USAID/West Africa entered into an unauthorized commitment (page 5). CORAF continued to spend money on the programs after USAID's agreement ended.

- CORAF did not manage its subaward funding properly (page 6). Subawardees did not return outstanding funds to USAID/West Africa. In addition, CORAF did not fund its FTF subawards in accordance with its agreements.

- USAID/West Africa did not establish clear salary guidelines for the programs' institutional support component (page 8). Five program-funded employees also worked on programs funded by other donors, yet only USAID/West Africa paid them.

- CORAF reported poor quality data to USAID/West Africa (page 9).

In addition to these problems, the audit identified another matter.

- Subawards exceeded budgeted amounts and expired (page 12).

To address these issues, we recommend that USAID/West Africa:

1. Determine the allowability of $278,525 in ineligible questioned costs and recover from CORAF the amount determined to be unallowable (page 6).

2. Acknowledge in writing the unauthorized commitment that occurred under these programs and include language to ratify any payments determined to be allowable (page 6).

3. Implement procedures to verify that agreement officers approve modifications to extend awards before their end dates (page 6).

4. Determine the allowability of $77,749 in unsupported questioned costs related to the outstanding funds from the Global Food Security Response projects and $40,074 in funds that CORAF reimbursed into its own account, and recover from CORAF the amount determined to be unallowable (page 7).

5. Identify and determine the allowability of ineligible questioned costs related to the salaries paid for CORAF employees who worked on other donors' projects and recover from CORAF the amount determined to be unallowable (page 9).

Detailed findings follow. The audit scope and methodology are described in Appendix I. Our evaluation of management comments is on page 14, and the full text of management comments is in Appendix II.

# AUDIT FINDINGS

## USAID/West Africa Did Not Incorporate Program Changes Into Cooperative Agreement

According to USAID's Automated Directives System (ADS) 303.2.e, "Primary Responsibilities," the program description of a cooperative agreement should include clearly established, realistic, and measurable goals and the highest objective that the recipient can be expected to achieve and will be accountable for.

In addition, Title 2 Code of Federal Regulations 200.308.c, "Revision of budget and program plans," states that a recipient of a nonconstruction federal award must ask an agency to approve any changes in the scope or the objective of a project or program in advance.

The cooperative agreement between USAID/West Africa and CORAF outlined a two-component approach to implement the Staple Crops and Biotechnology Programs that would contribute to USAID's GFSR Initiative. In the first component, the mission would provide funding for institutional support for 5 years, and in the second, it would fund activities for supplemental program support for approximately 18 months. The agreement listed the proposed activities, project objectives, and expected deliverables for six projects that CORAF would implement before the supplemental program support component expired on December 30, 2010.

During implementation, USAID/West Africa made changes in strategy and the projects to be implemented under the programs, and extended the supplementary support, but did not incorporate the changes into the agreement.

**Change in Strategy.** USAID/West Africa approved its fiscal years 2011 to 2015 multiyear strategy for its FTF activities for West Africa in April 2011. In response, CORAF revised its strategy for the Staple Crops and Biotechnology Programs to align it with FTF and shift away from GFSR. Although CORAF updated its results framework—complete with revised objectives and planned results—for the projects in its fiscal year (FY) 2012 work plan, USAID/West Africa did not revise the agreement's program descriptions to reflect these changes.

**Change in Projects.** To align its projects with USAID/West Africa's FTF, CORAF terminated its six projects implemented under GFSR in September 2012 and developed six new ones. The mission approved the change and modified the cooperative agreement in March 2013. This modification included a table that provided a general description of expected activities. However, it did not update the goals, deliverables, or expected results for projects under this phase of the programs, in accordance with ADS 303.2.e.

**Extension of Supplementary Support.** USAID/West Africa allowed CORAF to implement projects under its supplemental support component for 2 years after the contract ended in December 2010. The mission did not modify the contract to cover this extension until March 2013. However, USAID/West Africa officials did not document the revised end date for this component.

Because program descriptions for the Staple Crops and Biotechnology Programs were outdated and did not reflect CORAF's current implementation strategy, Agency officials could not verify that the implementer spent program funds on the right activities. Furthermore, by not defining the goals, objectives, and expected achievements of the programs, USAID/West Africa could not track CORAF's progress to determine their overall success.

Since USAID/West Africa ended the programs in March 2015, we do not have any formal recommendations to address these issues. However, to avoid them in future programs, we suggest that the mission implement procedures to make timely modifications to award documents when material changes occur within a program.

## USAID/West Africa Entered Into Unauthorized Commitment

ADS 303.3.19.a, "Unauthorized Commitments and Expenditures Requiring Prior Approvals," explains that an unauthorized commitment occurs when a USAID official, without proper authority, acts in a way that leads a recipient "acting in good faith to believe that USAID has committed to make a specific award, change the amount of an existing award, or revise an existing award budget, program description, or terms and conditions of an existing award." It is against U.S. Government and USAID policy to enter into unauthorized commitments.

Despite this guidance, USAID/West Africa entered into an unauthorized commitment. Although the cooperative agreement expired on September 30, 2014, a USAID/West Africa official said he approved an extension in the Agency's award system on October 15, 2014, and he and CORAF's executive director signed and fully executed the modification on October 29, 2014.

Meanwhile, CORAF and many of its subawardees continued to implement projects under the programs. For example:

- Burkinabe and Ivoirian policy project partners held biotechnology workshops on October 2 and 3, 2014.

- The Beninese livestock project partner held a workshop to launch the project on October 6 and a training course on the production, transformation, and conservation of animal feed on October 7 and 8, 2014.

- Malian and Togolese milk project partners held workshops and training courses in late October. The Malian partner held a workshop to launch the project's innovation platform on October 22 and 23, 2014. The Togolese partner held a training course on good hygiene and transformation practices for milk product producers on October 21 and 23, 2014.

- A Nigerian maize project partner reported that it conducted community mobilization activities and maize variety evaluations on October 26 and 28, 2014.

In addition, USAID/West Africa continued to provide funds to CORAF after the agreement expired. According to reports from the Agency's financial reporting application, the mission advanced $176,863 to CORAF on October 22, 2014. Additionally, in November 2014, the mission liquidated funds of $101,662 related to activities implemented during October 2014.

According to a USAID/West Africa official, although the agreement officer's representative (AOR) asked to have the award extended in August 2014 and the agreement officer informally approved it early the next month, the agreement officer did not modify the award to approve its extension formally until October 29, 2014. The official said this occurred because it was likely unnoticed because of the increased end of the fiscal year workload. Consequently, program activities continued even though the program had ended.

In allowing the Staple Crops and Biotechnology Programs to continue after the agreement expired, USAID/West Africa let CORAF and its subawardees incur costs of nearly $300,000 for activities implemented that may be unallowable or ineligible. Therefore, we make the following recommendations.

> ***Recommendation 1.*** *We recommend that USAID/West Africa determine the allowability of $278,525 in ineligible questioned costs and recover from Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles the amount determined to be unallowable.*
>
> ***Recommendation 2.*** *We recommend that USAID/West Africa acknowledge in writing the unauthorized commitment that occurred under these programs and include language to ratify any payments determined to be allowable.*
>
> ***Recommendation 3.*** *We recommend that USAID/West Africa implement procedures to verify that agreement officers approve modifications to extend awards before their end dates.*

## Implementer Did Not Manage Its Subaward Funding Properly

According to the cooperative agreement, USAID/West Africa may require CORAF to refund any amount not spent in accordance with the terms and conditions of the award.

As previously explained, CORAF did not directly implement activities under the programs. Instead, it coordinated and managed the activities of the national agricultural research institutions that were its subawardees. At more than $3.98 million, subawards reflected a significant portion of the $4.25 million budget for the programs' supplementary support. Over the course of the programs, CORAF entered into 38 subawards—6 under GFSR and 32 under FTF.

Throughout both the GFSR and FTF phases of the programs, CORAF did not manage its subaward funding properly, and subawardees did not return outstanding funds under the GSFR projects. In addition, CORAF did not fund its FTF projects in accordance with its agreements, as explained below.

**GFSR Projects.** As shown in Table 1, according to USAID/West Africa's records, as of January 2015 subawardees did not fully justify the use of $78,000 they received for GFSR projects even though the projects ended in 2012. Nor did they return the funds to CORAF.

Nevertheless, some of these partners received additional funding under FTF projects. For example, according to USAID/West Africa's records, the Institut National de la Recherche Agronomique du Niger justified the use of only 67 percent of the approximately $20,000 it

received to participate in a GFSR project. Despite this, the institution received additional funding under three FTF projects.

**Table 1. Funds Transferred and Justified - GFSR (Unaudited)**

| Project Name | Transferred ($) | Justified ($) | Outstanding ($) |
|---|---|---|---|
| Cassava | 341,918 | 327,490 | 14,428 |
| Cowpeas | 90,341 | 90,191 | 150 |
| Post-harvest quality and packaging | 647,130 | 634,232 | 12,898 |
| Rice | 244,842 | 219,600 | 25,242 |
| Sorghum | 313,652 | 313,079 | 573 |
| Yams | 421,861 | 397,403 | 24,458 |
| **Total** | **2,059,744** | **1,981,995** | **77,749** |
| **Percent** | | **96** | **4** |

Moreover, annual financial audits noted that CORAF's subawardees under these projects did not account for the use of transferred funds within the 90-day time frame outlined in their agreements. In response, CORAF reimbursed $40,074 to its program account. However, it did not return these funds to USAID/West Africa, as required.

**FTF Projects**. The terms of CORAF's subawards under its FTF projects stipulated that implementing organizations would receive 50 percent of the budget as initial funding. However, 30 of 35 subawardees, or 86 percent, received 25 percent or less of the funding. Moreover, only 5 of 35 subawardees, or 14 percent, received additional funds after the first transfer. Subawardees we interviewed said the amounts they received were not enough to conduct planned activities, and organizations that used their own funds to conduct their activities had not yet received reimbursement from CORAF.

These problems happened for several reasons. Some of CORAF's partners did not understand the documentation requirements for justifying the use of funds. USAID/West Africa required CORAF to justify the use of at least 80 percent of its initial funds before it could get any more. However, CORAF staff said many subawardees were slow to or did not provide enough evidence that they had used the advanced funds. Some subawardees acknowledged it was a challenge to provide the required documentation.

Although CORAF asked its subawardees to return the unjustified funds, it could not collect these funds. Consequently, CORAF could not return them to the mission, and the mission could not use these funds for other aspects of the programs.

The subawardees that did not receive 50 percent of their FTF funds on time did not implement activities as planned and had to reduce the number of targeted beneficiaries and communities, and the length of training courses. As shown in Appendix III, CORAF did not meet any targets of tested indicators and had few results to show for its activities under its FTF projects. Therefore, to address these issues, we make the following recommendation.

> ***Recommendation 4.*** *We recommend that USAID/West Africa determine the allowability of $77,749 in unsupported questioned costs related to the outstanding funds from the Global Food Security Response projects and $40,074 in funds that Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles reimbursed into its*

*own account, and recover from Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles the amount determined to be unallowable.*

Since USAID/West Africa terminated this award in March 2015, we do not make any other recommendations related to the Staple Crops and Biotechnology Programs. However, if USAID/West Africa plans to consider CORAF for future programs, we suggest that it require the organization to teach its subawardees the document requirements needed to justify the use of USAID funds.

## USAID/West Africa Did Not Establish Clear Salary Guidelines

The cooperative agreement and a subsequent modification listed the following positions: director of programs, Staple Crops Program manager, Biotechnology Program manager, and technical specialist.

Although the agreement named those four positions, it did not clearly state the funding guidelines or program requirements for employees working on the programs. CORAF staff said they interpreted the support of technical staff to mean that employees whose salaries were paid by USAID/West Africa could work on programs for other donors. Some examples are discussed below.

- From April to July 2014 the programs' manager[4] attended planning, advisory, and other meetings in Addis Ababa, Ethiopia; Nairobi, Kenya; and Bamako, Mali, for programs funded by the European Union, Australia, Economic Community of West African States, and other international nongovernmental organizations.

- From November 2012 to March 2013, the programs' assistant participated in planning and evaluation meetings in Douala, Cameroon; Yamoussoukro, Côte d'Ivoire; and Accra, Ghana, for programs funded by the United Kingdom and the World Bank.

One mission official said if a USAID/West Africa program fully funds an employee's salary, then that employee should work strictly for that program. However, another official said key personnel should be able to support CORAF as an organization and not be limited to working on only one USAID/West Africa program.

Since CORAF employees divided their time between the Staple Crops and Biotechnology Programs and those funded by other donors, they neglected certain tasks. As discussed in the following section, they did not monitor the implementation of the programs adequately or validate data that partners reported. Consequently, this may have contributed to the programs falling short of several targets, as shown in Appendix III.

Because USAID/West Africa terminated this award in March 2015, we do not make any recommendations for changes within the programs. However, we make the following recommendation for determining the allowability of ineligible questioned costs.

[4] Both programs ended up having the same manager.

***Recommendation 5.*** *We recommend that USAID/West Africa identify and determine the allowability of ineligible questioned costs related to the salaries paid for Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles employees who worked on other donors' projects and recover from Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles the amount determined to be unallowable.*

In addition, if USAID/West Africa plans to provide institutional support through future programs, we suggest that it implement procedures to verify that the program description of any future awards with an institutional support component (i.e., USAID funding salaries of CORAF staff) clearly indicate the percentage awardees expect its employees to spend on the project.

## Implementer Reported Poor Quality Data to USAID/West Africa

ADS 203.3.11, "Data Quality," states that high-quality data are essential for making decisions. Therefore, missions must be sure that data meets the standards for validity, integrity, precision, reliability, and timeliness.

CORAF reported largely inaccurate data for FTF projects in its FY 2014 annual report to USAID/West Africa. (Appendix III shows a comparison of reported and audited results for this period.) Furthermore, the data did not meet several of USAID's data quality standards, as described in the paragraphs below.

**Integrity.** In some instances, CORAF or its subawardees double- or triple-counted data in its performance indicator results. For example, CORAF reported a result of 275 for its Burkinabe partners for the sorghum project's indicator for the *Number of individuals who have received USG supported short-term trainings in agricultural productivity or food security*. However, the partners provided support for only 47 people. The monitoring and evaluation specialists from some of the partners said CORAF asked them to multiply the number of subjects or topics discussed in a training course by the number of attendees to report the result of this indicator. Therefore, if 25 people attended a workshop during which four topics were discussed, the partner would report a result of 100.

**Precision.** CORAF over- or under-reported results for many of its partners. Again, for *Number of individuals who have received USG supported short-term trainings in agricultural productivity or food security* for the sorghum project, CORAF reported a result of 65 for its Nigerien partner. However, this partner reported a result of zero and said no activities took place during the reporting period. In contrast, CORAF reported that the Ivorian partner in its rice project achieved a result of 17 for the indicator measuring the *Number of farmers and others who have applied new technologies or management practices as a result of U.S. government assistance*. The partner, however, provided support for 20 farmers.

**Reliability**. Many of CORAF's results reported expected results rather than actual ones. For example, it reported an overall result of 60 for the *Number of farmers and other who have applied new technologies or management practices as a result of U.S. government assistance* under its milk project. CORAF attributed a result of 15 to each of its 4 partners under the project, but none of them provided the associated training within the reporting period. In fact, the Senegalese and Beninese partners did not submit progress reports, and the Malian and Togolese partners provided training after the reporting period.

**Timeliness.** The FY 2014 annual report did not reflect the results of activities implemented only during that period. Instead, CORAF reported the results of many activities that took place after the end of the fiscal year. For its policy project, CORAF reported a result of 141 for the *Number of individuals who have received USG supported short-term trainings in agricultural productivity or food security*. However, the Burkinabe and Ivorian partners held the training sessions in October 2014, after the end of the reporting period.

Lack of site visits to verify data, a misunderstanding of monitoring and evaluation requirements, and the late distribution of funds to subawardees contributed to poor data.

**Lack of Site Visits.** Neither USAID/West Africa nor CORAF employees conducted frequent site visits to projects to verify reported data. The programs' AOR said he visited sites, typically near capital cities, when in a country for program-related meetings. However, he said he had not visited activity sites for most of the projects.

**Misunderstanding of Reporting Requirements.** After numerous poor data quality assessments on CORAF's reported results, USAID/West Africa officials trained employees of CORAF and its subawardees on monitoring and evaluation in August 2014. However, they did not understand the requirements. Furthermore, the employee responsible for collecting and initially reviewing partner data did not attend the training. Although CORAF had a monitoring and evaluation specialist, he had only limited responsibility for these programs.

**Funds Distributed Late.** Because of CORAF's lengthy internal project review process, the implementer did not advance its subawardees the funds they needed to start implementing the FY 2014 work plan until July 2014, leaving only 3 months to complete their activities. Therefore, they did not have enough time to achieve their FY 2014 expected results. CORAF staff explained that they did not want USAID/West Africa to think the organization and its subawardees did not implement activities. So they reported CORAF's partners' expected results instead of the actual ones. And they made it appear as though the Staple Crops and Biotechnology Programs performed much better than they did. As a result, USAID/West Africa may rely on these data for making decisions about the programs.

When we were doing our fieldwork, CORAF was developing a new Web-based monitoring and evaluation system that is supposed to be accessible to all partners. In addition, the staff said they planned to conduct a data quality assessment of data reported by partners before submitting the next progress report. This would help reduce reporting errors and ensure that better quality data are used when making decisions.

Because USAID/West Africa ended this award in March 2015, we do not make any recommendations for changes within the Staple Crops and Biotechnology Programs. However, if it plans to collaborate with CORAF on future programs, we make the following suggestions:

- Document that it has provided additional data quality training to the employees of CORAF and its partners.

- Require CORAF to implement a plan to verify reported results and to conduct data quality assessments before submitting its semiannual and annual reports to USAID/West Africa. This plan should include procedures to visit subpartners on a sample basis.

- Implement a plan for the AOR to conduct frequent site visits to verify data reported in CORAF's semiannual and annual reports.

# OTHER MATTER

## Subawards Exceeded Budgeted Amounts and Expired

*Standard Provisions for Non-U.S. Nongovernmental Organizations* defines a subaward as "an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity." Therefore, the recipient must enter into a written subaward with the subrecipient that contains, among other requirements, a program description, budget, and period of performance.

The cooperative agreement's subaward budget for program and institutional support was approximately $3.98 million and $35,000, respectively—totaling more than $4 million. The Staple Crops and Biotechnology Programs would be implemented primarily through subawards, and CORAF entered into 38: 6 under the GFSR phase and 32 under the FTF phase.

As explained below, CORAF's subawards exceeded the budget outlined in the cooperative agreement. In addition, the awards issued under the FTF phase expired on September 30, 2014, and CORAF did not extend them; however, activities continued.

**Planned Funding Exceeded Line-Item Budget.** USAID/West Africa extended the supplementary support component because CORAF did not spend the $3.98 million budgeted for subawards under the GFSR phase of the programs. As shown below in Table 2, CORAF gave only $2 million or 54 percent of funds budgeted for its six GFSR subawards.

**Table 2. Budgeted and Transferred Funds for Subawards - GFSR (Unaudited)**

| Project Staple | Budget ($) | Transferred ($) | Percent of Budget (%) | Remaining Budget ($) |
|---|---|---|---|---|
| Cassava | 958,100 | 341,918 | 36 | 616,182 |
| Cowpeas | 365,000 | 90,341 | 25 | 274,659 |
| Post-harvest packaging | 780,000 | 647,130 | 83 | 132,870 |
| Rice | 699,000 | 244,842 | 35 | 454,158 |
| Sorghum | 500,000 | 313,652 | 63 | 186,348 |
| Yams | 500,000 | 421,861 | 84 | 78,139 |
| **Total** | **3,802,100** | **2,059,744** | **54** | **1,742,356** |

CORAF then planned to give out 32 new subawards worth more than $2.7 million to implement its 6 FTF projects—about $822,000 more than what was left over after the first group of subawards was made, as shown in Table 3 on the next page.[5]

[5] Although the agreement allotted $3.98 million for subawards for this component, CORAF issued subawards of only $3.8 million for its six GFSR projects. This leaves about $180,000 that was not included in these subaward budgets.

**Table 3. CORAF's Budgeted Funds for Subawards - FTF (Unaudited)**

| Project Staple | Budget ($) | Remaining Program Budget for Subawards ($) | Excess of Budget ($) |
|---|---|---|---|
| Livestock | 682,238 | | |
| Maize | 350,000 | | |
| Milk | 254,067 | | |
| Policy | 330,000 | | |
| Rice | 580,000 | | |
| Sorghum | 150,000 | | |
| Other Subawards | 398,000 | | |
| **Total** | **2,744,305** | **1,922,505** | **821,800** |

**FTF Subawards Expired**. CORAF's 32 subawards for its FTF projects expired on September 30, 2014, and it did not formally extend any of these subawards. However, subawardees implemented activities under these awards in October 2014 and beyond.

CORAF staff allowed subawards to exceed the budget and expire because they did not understand how to administer USAID funding through subawards.

They said they overbudgeted for subawards because they expected the mission would give them a time and cost extension to 2016 because USAID/West Africa's FTF Strategic Plan itself ended in 2016. However, USAID/West Africa officials said they only planned to extend the award, at no additional cost, through June 2015.

USAID/West Africa is not required to provide additional funding to CORAF if the funds transferred to its subawardees exceed the amount budgeted in the cooperative agreement. However, a lack of funding hinders subawardees' ability to implement their planned activities and contribute to CORAF's overall program results. In addition, when their subawards expired, CORAF's subrecipients implemented activities outside of the framework of an agreement.

Since USAID/West Africa terminated this award in March 2015, we do not make any recommendations related to the Staple Crops and Biotechnology Programs. However, if USAID/West Africa plans to consider CORAF for future programs, we suggest that USAID/West Africa train CORAF employees to properly administer and manage USAID funds.

# EVALUATION OF MANAGEMENT COMMENTS

In its response to the draft report, mission officials agreed with all five recommendations. The mission made management decisions on five recommendations and took final action on two.

**Recommendation 1.** USAID/West Africa officials agreed to determine the allowability of the $278,525 in ineligible questioned costs. They planned to make a determination by December 31, 2015. We acknowledge the mission's management decision.

**Recommendation 2.** Mission officials agreed and made a management decision to ratify and authorize costs in consultation with USAID's Office of Acquisition and Assistance and affirm that the expenditures incurred from October 1 to 28, 2014, were allowable. They planned to complete this action by December 31, 2015. We acknowledge the mission's management decision.

**Recommendation 3.** USAID/West Africa officials agreed and made a management decision to implement procedures to verify that agreement officers approve modifications to extend awards before their end dates. They plan to implement procedures to track progress of procurements at all stages, identify deadlines, and address potential hold-ups by December 31, 2015. We acknowledge the mission's management decision.

**Recommendation 4.** Mission officials determined that $77,749 in unsupported questioned costs and $40,074 in funds that CORAF reimbursed into its own account were the same questioned costs identified in financial audits conducted in 2011 and 2012, previously determined to be unallowable, and either collected or liquidated. Accordingly, we acknowledge the mission's management decision and final action.

**Recommendation 5.** USAID/West Africa officials determined that any ineligible questioned costs related to the salaries paid to CORAF employees who worked on other donors' projects were allowable. Accordingly, USAID/West Africa has taken final action on this recommendation. We acknowledge the mission's management decision and final action.

# SCOPE AND METHODOLOGY

## Scope

We conducted this performance audit in accordance with generally accepted government auditing standards. They require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, in accordance with our audit objective. We believe that the evidence obtained provides that reasonable basis.

The audit objective was to determine whether USAID/West Africa's Staple Crops and Biotechnology Programs achieved their primary goals to (1) improve productivity in staple crops by promoting appropriate technologies, (2) create a positive environment for cooperation in the subregion between relevant actors for effective collaboration, and (3) promote the adoption of agricultural biotechnology in West and Central Africa.

The audit covered project activities under the programs from their inception in June 2009 until the end of audit fieldwork. The audit validated performance results through FY 2014. The total estimated cost of the program was $7 million. As of February 26, 2015, USAID/West Africa had obligated approximately $6.5 million and disbursed approximately $5.8 million under the programs. This represents the amount tested.

In planning and performing the audit, we evaluated internal control processes related to USAID/West Africa's oversight of the programs. We assessed the following significant controls: assistance mechanisms, program management, monitoring and evaluation of program activities, financial monitoring, and site visits. This included reviewing the programs' cooperative agreement and subsequent modifications, AOR designation letters, annual work plans, financial reports, partner progress reports, and trip reports. We also reviewed the mission's FY 2014 annual self-assessment of management required by the Federal Managers' Financial Integrity Act of 1982.

We conducted our audit fieldwork from January 20 to February 26, 2015, at USAID/West Africa in Accra, Ghana, implementing partner offices in Dakar, Senegal, and at project sites in Benin, Burkina Faso, Ghana, and Senegal. In Benin, we conducted site visits in and around the cities of Allada, Cotonou, Dassa-Zoume, Djakotomey, Djidja, Kétou, and Porto Novo. In Burkina Faso, we conducted site visits in and around the cities of Bama, Karaba, Korsimoro, Koupela, Lena, Ouagadougou, Tapoko, and Wakara. In Ghana, we conducted site visits in and around the cities of Kintampo, Kumasi, and New Edubiase. In Senegal, we conducted site visits in and around the cities of Bambey, Dagana, Dakar, Kourty, Pambal, Pont Gendarme, and Thille Boubacar. During these visits, the audit team met with beneficiaries, and when possible, the country or regional coordinators of projects implemented under the GFSR and FTF phases of the programs.

## Methodology

To answer the audit objective, we obtained an understanding of the programs and their activities through a review of program documentation, including the cooperative agreements and modifications between USAID and CORAF, annual work plans, and data quality assessments

performed by USAID/West Africa. We determined the status of the programs' activities by reviewing CORAF's periodic progress reports and by interviewing beneficiaries. We also interviewed officials from USAID/West Africa and implementing partner staff.

To solicit feedback on the program's activities and status, we judgmentally selected projects that CORAF implemented under both phases of the programs and performed site visits to interview beneficiaries. The results and overall conclusions are limited to the selected projects and cannot be projected to the entire universe. We visited sites for each commodity in two countries, when possible. We selected sites based on location and accessibility.

To answer the audit objective, we did not rely on the computer-processed data contained in Microsoft Excel that was maintained by CORAF because the results of our work indicated significant errors and incompleteness in some of the key data elements and using the data would probably lead to an incorrect conclusion given the intended use of the data. We obtained a reasonable level of assurance with actual data by seeking evidence from other sources, including original data in other forms such as site visit observations, beneficiary interviews, and training attendance sheets.

# MANAGEMENT COMMENTS

USAID | WEST AFRICA
FROM THE AMERICAN PEOPLE

## MEMORANDUM

**To:** Abdoulaye Gueye, Acting Regional Inspector General/Dakar

**From:** Alexandre Deprez, Mission Director, USAID /West Africa /s/

**Through:** Wijesooriya Nimalka, Controller, Regional Office of Financial Management

**Date:** September 25, 2015

**Subject:** Revised Management Decision on the draft Audit report of USAID/West Africa's Staple Crops and Biotechnology Programs (Report No. 7-624-15-00X-P)

This memorandum transmits USAID/West Africa's management comments to the recommendations contained in the subject Audit draft report. We take this opportunity to thank you for sharing the draft and giving us the opportunity to offer clarifications and the Mission's response. We also wish to extend our sincere appreciation for the professionalism of your audit team during the entire audit process including the field work. The exercise has provided USAID/West Africa with essential lessons that will result in significant program improvements. We greatly appreciate this opportunity to learn and share experiences to improve our CORAF/WECARD project.

**Discussions**

***Recommendation #.1:***

*We recommend that USAID West Africa determine the allowability of $278,522 in ineligible questioned costs and recover from CORAF the amount determined to be unallowable.*

Management Decision: Sustained

Status: Facts and circumstance stated below indicate that the recipient was not grossly negligent and did not intend to circumvent USAID requirements fundamentally because of:

1. Available records of evidence demonstrate that discussion for extending the Period of Performance commenced as early as August 8, 2014 where a formal request was submitted to the Mission seeking a THREE Months extension.

2. To demonstrate acceptance of the request per No. 1 above, and subsequent willingness to extend the period of performance, USAID initiated an Action Memo

for the Agreement Officer's approval of Extension. A copy attached indicating that the action memo to that effect was approved by the Agreement Officer on September 09, 2014

3. The Pre-GLAAS approval process was prepared and went through the clearances and approved on September 3, 2014, a demonstration that the Mission had the intention of extending the period of performance and approving in GLAAS as requested.

4. As indicated above, there was a clear indication and intention to execute the modification before the Agreement end date. However due to the late receipt of the request for extension, the administrative lapse occurred in the midst of end-of -Fiscal year rush and the departure of key staff.

5. Costs incurred during the "gap" did not exceed the obligated amount of the Agreement.

The glitch which led to the "gap where there was no authorized award" was occasioned by various factors which included the abrupt exist of a long serving and experienced Senior A & A who was managing the portfolio and coupled with the fact that it was end of fiscal year where staff were focused on FY sensitive actions; along with operating on lean staff, the action was picked up by a Close Out Assistant who acted to save the situation by preparing Modification No. 05, after the award had expired on September 30, 2014.

As discussed under Recommendation 2, below the Mission is initiating ratification or other appropriate authorization procedures to correct the anomaly based on the background information provide as per item 1.1 through 1.5 above.

As allowability of questioned costs is dependent upon approval of ratification, final determination of allowability of the questioned costs of $278,522, and action to collect any unallowable costs will be completed upon satisfaction of ratification procedures.

See ref. #01 attached.

Target Date: December 31, 2015

***Recommendation #.2:***

*We recommend that USAID/West African acknowledge in writing the unauthorized commitment that occurred under these programs and include language to ratify any prepayments determined to be allowable***.**

Management Decision: Sustained

Status: Taking into consideration that the AOR and the Agreement Officer had completed documented approval of the extension at no cost prior to the completion date of the activity, and costs incurred during the gap were allocable to valid USAID activities, USAID West Africa wishes to ratify or otherwise authorize gap period costs in consultation with OAA/Evaluation and

affirm that the expenditure incurred during the period October 01, 2014 through October 28, 2014 are allowable. The ratification language signifies further agreement to the changes and notes that, aside from those changes, the original agreement is not affected.

Target Date: December 31, 2015

***Recommendation #3***

*Implement procedures to verify that agreement officers approve modifications to extend awards before their end dates.*

Management Decision: Sustained

Status: USAID/West Africa sustains this recommendation. Improving planning of all procurement actions (new awards, extensions, incremental funding, etc.) has increasingly been a key Mission priority. Under the direct guidance of the Mission Director, USAID/West Africa has developed a systematic process to track progress of procurements, at all stages, in order to identify looming deadlines well in advance and take immediate action to address potential bottlenecks. The Mission Director, Office Directors, and Team Leaders are all actively involved in monthly meetings that focus on tracking all procurement actions to ensure that timelines are adhered to. These practices are helping to ensure that, for example, time and cost extensions to Awards are approved safely before their original expiration.

Target Date: December 31, 2015

***Recommendation #4***

*We recommend that USAID/West Africa determine the allowability of $77,749 in unsupported questioned costs related to the outstanding funds from the Global Food Security Response projects and $40,074 in funds that CORAF reimbursed into its own account, and recover from CORAF the amount determined to be unallowable.*

Management Decision: Not sustained

Status: This Mission understands that these costs are the same questioned costs per previous financial audits (2011 and 2012, for which Mission has already requested be closed, see below), and that all advanced funds to CORAF have either been 1) already expended and justified, or 2) already been returned.

Table 1 in the draft Audit Report was not compiled from the most complete or up-to-date figures. The Mission requests a short period time to work with CORAF to obtain all of the relevant financial records that can verify that all advanced funds have been already accounted for. The Mission intends to complete this investigation and prepare final response by November 30, 2015.

Further, to address the more general question of CORAF's financial management capacity, the Mission organized two training sessions on financial management and sub-grants management for staff of CORAF and some of its sub-grantees (in Dakar and Ouagadougou) in July 2015; additional training sessions may be organized if needed.

Below is a summary of actions that the Mission had already initiated in response to the 2011 and 2012 financial audits:

1. RIG Memorandum from September 30, 2013 regarding: "Recipient Contracted Audit of USAID Resources managed by the West and Central African Council for Agriculture Research and Development (CORAF/WECRAD) (Grant Agreement No. 624-A-00-07-0037-00) for the period January 1, 2011 to December 31, 2011" (Report No. 7-624-14-009-R) stated:

   *Recommendation # 2:*

   *We recommend that USAID/West Africa make final determination on the allowability of the ineligible question costs of $81,679 related to outstanding advances identified in page 22 of the audit report and recover from recipient any amount determined to be unallowable*.

   a) This was subsequently addressed by the Mission, as shown in the Action Memorandum from USAID/West Africa dated April 28, 2014, requesting for closure of Audit report No. 7-624-13-009-R, Recommendations 1,2 and 3.
   See Ref #02 attached.

2. Likewise, the RIG Memorandum from September 4, 2014 regarding: "Recipient Contract Audit of USAID Resources managed by West and Central Africa Council for Agriculture Research and Development (CORAF/WECARD) ( Grant Agreement No, 624-A-00-07-0037-00) for the period January 2, 2012 to December 31, 2012" (Report No. 7-624-14-007-R) stated:

   *Recommendation No. 2:*

   *We recommend that USAID/West Africa require that CORAF/WECARD correct the two non-compliance instances reported on pages 17-20 of the audit report.*

   b) This was also addressed by the Mission, as shown in the Action Memo, dated October 2, 2014. CORAF had no outstanding advances during this period.

   See Ref# 4.1 attached.

***Recommendation #5***

*Identify and determine the allowability of ineligible questioned costs related to the salaries paid for CORAF employees who worked on other donors' projects and recover from CORAF the amount determined to be unallowable.*

Management Decision: Not Sustained

Status: The Mission has determined that there are no unallowable costs, owing to the purpose of an Assistance award, and the specific provisions within the Staple Crops Cooperative

Agreement. The Mission will, however, take actions to ensure that any future awards to CORAF clearly define USAID's expectations for use of staff time.

USAID/West Africa's interest in CORAF extends far beyond the specific USAID-funded projects that CORAF may implement. The Mission has a long-term commitment to strengthening CORAF as an institution, recognizing its key and unique role as West Africa's regional agricultural research organization. USAID/West Africa's Regional Development Cooperation Strategy (RDCS) has the overarching Goal of "Social and Economic Well-being Advanced by West Africans," and the RDCS's Development Objective 2 is "Broad-Based Economic Growth and Advanced Through West African Partners." USAID Assistance to CORAF has the primary purpose of enabling CORAF to better implement and achieve its own vision and purpose. For this reason, the implementation mechanism for the Staple Crops program was an Assistance mechanism, not a Contract. The overarching purpose of an Assistance award is to enable the recipient to carry out its own programs to fulfill a public good.

Within this context of Assistance, the Staple Crops and Biotechnology program was designed with an Institutional Strengthening component, which, among other things, fully funded the salaries of specific CORAF staff. The Cooperative Agreement did not include an explicit requirement that all of these staff spend 100% of their time solely on the Staple Crops program. Furthermore, the Agreement did not include a NICRA or indirect cost rate that would normally cover organizational/management costs. Because this was an Assistance award, it was always understood by USAID/West Africa that the CORAF staff would occasionally spend time on other activities that were central to CORAF's operations. The activities referred to in the Draft Audit Report appear to be commensurate with the Mission's understanding and expectations. Therefore the Mission determines that there are not any unallowable costs that need to be repaid.

Nevertheless, looking forward, the Mission also feels it is crucial that CORAF ensure that any USAID-funded project that it oversees is managed and implemented effectively. USAID/West Africa has already taken a number of corrective actions, including: 1) The trainings on financial and procurement management for CORAF staff and sub-grantees that were conducted in Dakar and Ouagadougou in July 2015; 2) A 2-day consultation held at CORAF headquarters in June 2015, organized and facilitated by USAID/West Africa staff, to discuss in detail CORAF's staffing, budgeting, operations, and organizational structure; and 3) Worked with CORAF to develop an indirect cost rate that they can apply to donor-funded activities to more appropriately account for and offset overhead costs. The training was attended in full by CORAF's Acting Executive Director and the majority of CORAF senior staff, and provided the opportunity to clarify many questions on implementation of CORAF programs, donor-funded projects, and usage of staff time, as well as consult on how CORAF could better ensure its financial and operational sustainability in the long term.

Further, in the event of any future USAID assistance to CORAF that includes funding in part or in whole the salaries of specific CORAF staff, the Award will spell out in detail the percentage of time each staff is required to spend on that project, and what percentage of time (if any) they are allowed to spend on other activities, so that there is no ambiguity or misunderstanding in this regard.

**Table I-1. Audited Results of Reported Data for FY 2014**

| **Project Theme** | **Policy** | | | **Maize** | | |
|---|---|---|---|---|---|---|
| Indicator | Location | CORAF Reported Result | Audited Result | Location | CORAF Reported Result | Audited Result |
| *Number of hectares/animals under improved technologies or management practices as a result of USG assistance* | | | | Burkina Faso | 14.5 | 0 |
| | | | | Benin | 10.8 | 0 |
| | | | | Nigeria | 27 | 0 |
| | | | | Ghana | 0 | 0 |
| | | | | **TOTAL** | **52.3** | **0** |
| *Number of farmers and others who have applied new technologies or management practices as a result of USG assistance* | | | | Burkina Faso | 60 | 55 |
| | | | | Ghana | 50 | 0 |
| | | | | Benin | 42 | 0 |
| | | | | Nigeria | 539 | 0 |
| | | | | **TOTAL** | **691** | **55** |
| *Number of individuals who have received USG supported short-term trainings in agricultural productivity or food security* | Burkina Faso | 100 | 0 | Burkina Faso | 60 | 0 |
| | Côte d'Ivoire | 41 | 0 | Ghana | 218 | 0 |
| | Mali | 0 | 0 | Benin | 51 | 0 |
| | | | | Nigeria | 510 | 204 |
| | **TOTAL** | **141** | **0** | **TOTAL** | **839** | **204** |

**Table I-1 (continued). Audited Results of Reported Data for FY 2014**

| **Project Theme** | **Sorghum** | | | **Rice** | | |
|---|---|---|---|---|---|---|
| Indicator | Location | CORAF Reported Result | Audited Result | Location | CORAF Reported Result | Audited Result |
| *Number of hectares/animals under improved technologies or management practices as a result of USG assistance* | Burkina Faso | 5 | 2.5 | Burkina Faso | 12.5 | 5 |
| | Senegal | 7 | 0 | Ghana | 10.5 | 0 |
| | Mali | 45 | 0 | Côte d'Ivoire | 10 | 12.45 |
| | Niger | 0 | 0 | Niger | 5.9 | 5.9 |
| | | | | Nigeria | 12.5 | 0 |
| | | | | Sierra Leone | 9.3 | 8.8 |
| | **TOTAL** | **57** | **2.5** | **TOTAL** | **60.7** | **32.15** |
| *Number of farmers and others who have applied new technologies or management practices as a result of USG assistance* | Burkina Faso | 250 | 47 | Ghana | 50 | 21 |
| | Mali | 180 | 0 | Nigeria | 50 | 46 |
| | Niger | 0 | 0 | Côte d'Ivoire | 17 | 20 |
| | Senegal | 0 | 0 | | | |
| | **TOTAL** | **430** | **47** | **TOTAL** | **117** | **87** |
| *Number of individuals who have received USG supported short-term trainings in agricultural productivity or food security* | Burkina Faso | 275 | 47 | Nigeria | 50 | 46 |
| | Senegal | 45 | 15 | Niger | 40 | 0 |
| | Mali | 140 | 0 | | | |
| | Niger | 65 | 0 | | | |
| | **TOTAL** | **525** | **62** | **TOTAL** | **90** | **46** |

**Table I-1 (continued). Audited Results of Reported Data for FY 2014**

| **Project Theme** | **Milk** | | | **Meat** | | |
|---|---|---|---|---|---|---|
| Indicator | Location | CORAF Reported Result | Audited Result | Location | CORAF Reported Result | Audited Result |
| *Number of hectares/animals under improved technologies or management practices as a result of USG assistance* | | | | | | |
| *Number of farmers and others who have applied new technologies or management practices as a result of USG assistance* | Senegal | 15 | 0 | | | |
| | Benin | 15 | 0 | | | |
| | Mali | 15 | 0 | | | |
| | Togo | 15 | 0 | | | |
| | **TOTAL** | **60** | **0** | | | |
| *Number of individuals who have received USG supported short-term trainings in agricultural productivity or food security* | Senegal | 25 | 0 | Benin | 250 | 0 |
| | Benin | 25 | 0 | Niger | 60 | 0 |
| | Mali | 25 | 0 | | | |
| | Togo | 25 | 0 | | | |
| | **TOTAL** | **100** | **0** | **TOTAL** | **310** | **0** |

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