

UNITED STATES GOVERNMENT

Memorandum

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PP-AAI-657

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TO : Mr. Jack M. Rose, AAG/LA, C/o USAID/Panama

FROM : Allan Fuman, Mission Director, USAID/Haiti

SUBJECT: Report on Outstanding Audit Recommendations
Audit Report No. 1-521-80-4 PL-480 Title II
Food Program - Haiti

DATE:

JUN 10 1980

We have received subject Audit Report, and have completed our review of the recommendations. We will start meeting with the voluntary agencies on them shortly. After they have had a chance to review the report we will work with them to develop mutually satisfactory solutions to the problems identified. As you know, the volags are independent agencies with their own objectives and goals. They also have limited administrative resources. Therefore, we are not able to dictate to them on how solutions to problems are to be implemented. Instead we must determine with them how they can best satisfy the recommendations within their limited resources. In addition, we are working with the Director of the World Food Program in Haiti to see how diversions of U.S. food supplied to the WFP here can be reduced, if not eliminated.

Our comments and/or proposed actions with respect to the individual recommendations follow:

Recommendation No. 1 - We will work with the volags to reinforce their procedures to assure that Title II commodities are not sold or exchanged by beneficiaries or project administrators. We do not define participants who have received commodities in return for their work in properly operated FFW projects as "beneficiaries" for purposes of this recommendation.

Recommendation No. 2 - We will repeat instructions on bi-weekly food distributions, and discuss with Volags the logistical difficulties that may have prevented them from following these guidelines in the past, and determine if the outreach grants, new procedures or other solutions can be found to lessen such logistical problems in the future.

Recommendation 3 - We will review with volags whether their present agreements with the CCI contain satisfactory language on seizure of Title II food in unauthorized locations, and request that they be



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strengthened or that such language be included as required.

Recommendation No. 4 - USAID agrees with the recommendation. The nutrition technical committee has been established and has started meeting. Such meetings will continue on a permanent basis. Other nutrition related recommendations will be reviewed and implemented. The Smucker report on FFW will be reviewed with the volags and its recommendations carefully considered, with implementation carried out as agreed upon with the volags.

Recommendation No. 5 - This requires AID/W action. We have received materials on Title II evaluations. The USAID is planning a major impact evaluation of school feeding in collaboration with the volags over the next year.

Recommendation No. 6 - With a recent change in staff in the FFP division the program assistant is now making field trips on a regular schedule. His trip reports are being reviewed for completeness and he has been instructed on the improvements required. A formal memorandum of instruction to him on all aspects of field trips and reports has been issued and a copy is attached hereto.

Recommendation No. 7 - Recommendation 7 is in part based on a misunderstanding of the USAID/Volag relationship. The volags are independent agencies with their own goals and objectives, some of which are different from those of the USAID's. Moreover, our objectives do not include only those set forth in our development priorities. Both the volags and the USAID must be prepared for emergency relief operations. In the past, these have involved expanded FFW programs. It is necessary to continue FFW projects in drought and disaster prone regions so that at least a limited infrastructure capable of quick response is intact in case it must be used and expanded rapidly. Not all of these projects can be expected to meet USAID development priorities. Yet they are an essential part of the FFW Program in Haiti. In addition, the volags have welfare goals that are outside of USAID's development priorities, but are not outside of the guidelines for Title II. We believe numerous FFW projects are properly undertaken for these purposes by the volags. We accept, however, that some FFW projects probably can be better coordinated with USAID development priorities and that a greater exchange of information will permit this to be done. The USAID will discuss with the volags how to improve review of proposed FFW projects and to provide progress and completion reports to the USAID. Given the limited administrative

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capacities of the volags, this must be done on an agency by agency basis to allow the USAID to receive the required information with a minimum burden on each volag.

Recommendation No. 8 - The USAID will work with the volags to request and to assure that the internal reviews required by AID regulations are prepared.

Recommendation No. 9 - The USAID agrees that greater publicity is required and will work with the volags to get information signs designed, printed and located, along with other measures on publicity.

Recommendation No. 10 - All volags are now aware of the requirement to secure USAID authorization to dispose of food not fit for human consumption. The USAID plans, however, to request FFP in AID/W to reconsider the order of priorities on disposition, so that donation of such commodities to proper local charitable agencies will have equal priority with sale, since, in many cases, this is a more practical solution for disposition of the food in Haiti.

With the exception of Recommendation No. 6, which we consider closed, we will in accordance with regular procedures, periodically report status of action on the other recommendations until they are closed.

Att: a/s

cc: CCNT (FIS-3-8/AAG No. 80-4)

OP

AID/W: ARA/CAR

PDC/FFP

IAC/DE/PO

CPA

DS/DIU/DI /

IAC/DR