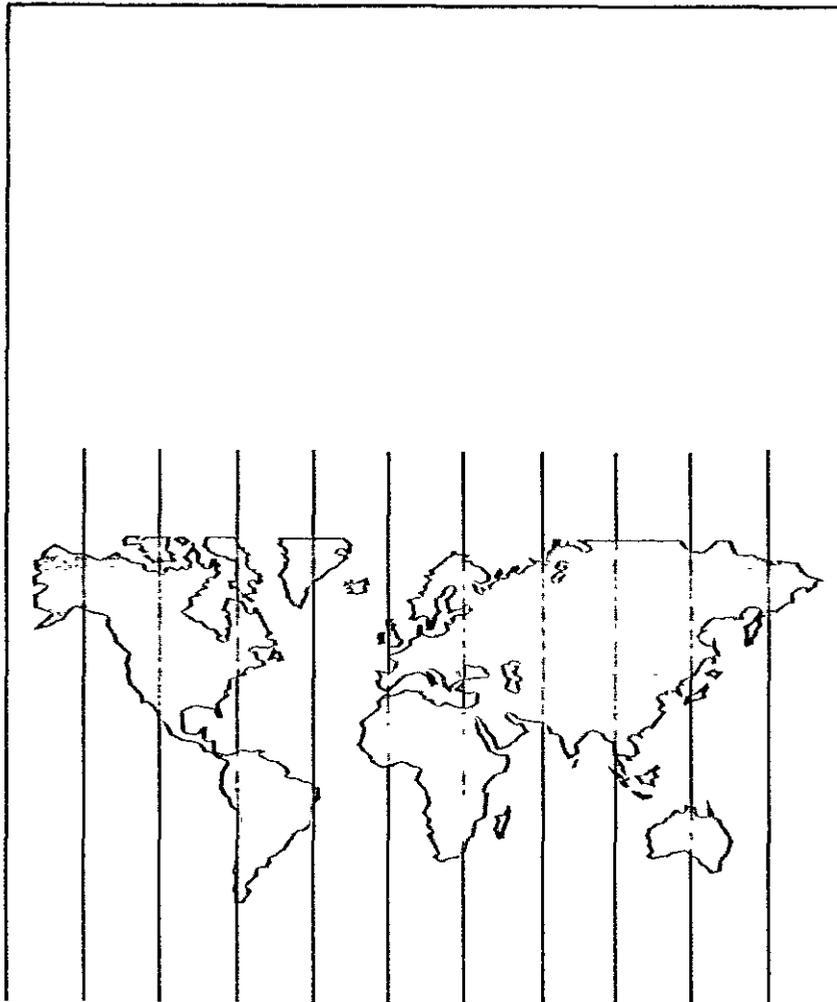


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UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE
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Regional Inspector General for Audit
NAIROBI

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THE PL 480 TITLE II PROGRAM
IN GHANA
NEEDS TO BE FOCUSED MORE
ON THE NEEDY

Audit Report No. 3-641-82-06
January 14, 1982

THE PL 480 TITLE II PROGRAM IN GHANA
NEEDS TO BE FOCUSED MORE ON THE NEEDY

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EXECUTIVE SUMMARY

Introduction

Situated in the center of the Gold-Ivory Coast of Africa, Ghana is roughly the size of Oregon. Ghana's population - almost 11 million people - is heterogeneous with a number of tribes speaking different languages. Although relatively well endowed in natural resources, the economy of Ghana has traditionally been dominated by the export of cocoa. Ghana ranks at the lower end of middle-income countries with one half of its population living at or near a subsistence level.

The U.S. has provided more than \$114 million in food aid to Ghana over the past 22 years. Since 1973, Catholic Relief Services (CRS) has been the sole program sponsor for U.S. food aid to Ghana. CRS tried to reach 260,000 recipients in both fiscal years (FYs) 1980 and 1981 under the PL 480 Title II program. The major objective of the program was to maintain the adequate growth of the children enrolled.

Purpose and Scope

Our review of the PL 480 Title II program in Ghana covered the commodities shipped in FYs 1980 and 81. The purpose of the examination was to: determine the effectiveness of management, verify compliance with applicable laws and regulations, and identify and report on any significant problem areas.

We reviewed USAID/Ghana and CRS/Ghana records, reports and correspondence, and held discussions with Government of Ghana (GOG), CRS/Ghana and USAID/Ghana officials. In addition, shipment, receipt and distribution records and related reporting requirements were examined. Three separate field trips were made and both ports of Title II food entry (Takoradi and Tema) were visited.

Summary of Findings

Accounting control over food from the time of arrival until distribution to the centers has greatly improved. The current CRS/Ghana director has made improvement of this area a priority because of criticism in prior audit reports and temporary suspension of the program as a result of the prior audit. The program is still weak and poorly controlled at the distribution centers, and this portion of the program needs considerable emphasis.

USAID/Ghana's participation in the program has been active and directed toward improving and controlling the distribution of food. Areas which we believe need additional attention by both CRS/Ghana and the Mission are digested in the following paragraphs.

Needy Recipients Were Not Fed On a Continual Basis
(pages 4 to 6)

A continuous supply of food was not provided to recipients at many Maternal Child Health centers because of sporadic receipt of food in Ghana, infrastructure problems which made delivery of food difficult, and recipient levels which often exceed authorized levels causing centers to run short of food or to distribute smaller quantities than authorized. Food was distributed to any recipient that qualified by age, registered and paid a small fee. The program was not providing continuity of feeding to the recipients who did not meet minimal weight to height or growth requirements.

The School Feeding Program Was Poorly Controlled
(pages 6 to 9)

CRS/Ghana had virtually no control over the number of students fed or the schools being provided food. There was no reporting system for the schools; therefore, CRS/Ghana had no record of how much food each school received or how many were fed. The food was distributed to distribution centers who controlled the program. As a result food was being distributed to unauthorized schools, to schools with student populations that greatly exceeded authorized levels, and to schools that had less need than others.

Lack of Port Security Increased Commodity Losses
(pages 9 to 12)

CRS/Ghana was unable to determine accurate arrival times, was hampered by unavailability of trucks, and had to cope with multiple entry of ships. These were not serious problems except they delayed unloading which caused significant port losses due to theft. Each delay increased the number of bags broken into increasing the losses. On some ships over 6,000 bags were broken during unloading because of poor port security.

Quantities of Port Losses Were Not Being Identified
(pages 12 to 13)

Bags damaged during unloading or temporary storage at the port were not being identified as port losses in the Commodity Status Reports, and were not being properly recorded in the warehouse inventory records. The damaged or partially empty bags were treated as full bags which overstated the food available for distribution and resulted in unrecorded losses.

Control Over Allocation of Food to Centers Needed To Be Improved (pages 13 to 16)

The allocation system did not provide current information on how much food had been delivered to the centers and did not show what additional quantities needed to be delivered to provide the agreed to food allocations.

All Inland Losses Were Not Being Identified and Billed
(page 16)

Some lost food and damage occurring during delivery to the centers was not being billed to the transportation companies, because the centers did not provide detailed enough information on which to make a claim. As a result these losses were not being recorded or billed.

Periodic Warehouse Inventories Were Not Being Made
(page 17)

Periodic physical inventories were not being made to verify that the perpetual inventory records were correct. This is an important management control to determine that the records are accurate and to identify the volume of warehouse losses.

Other weaknesses captioned in the report are as follows:

CRS/Ghana Inventory Control System Although Adequate Was Unwieldy (pages 17 to 18).

Inland Claims Records Needed To Be Corrected (pages 18 to 19).

More Durable Oil Containers Were Needed (page 19).

CRS/Ghana Had Not Provided Data on Number of Recipients Fed (page 20).

Donor Publicity was Not Provided To The Recipients (pages 20 to 21).

Conclusions and Recommendations

This report identifies areas which need to be improved so that food gets to those recipients that really need it on a continuous basis. It also identifies areas which need additional control. We have made recommendations to focus the program on the needy and to bring other areas such as the school feeding program under control. We have made other recommendations designed to correct each of the weaknesses identified.

Summary of Management Comments

The audit findings were discussed with USAID/Ghana and CRS/Ghana, and a draft report was provided to them for written comments. USAID officials and the CRS director were generally in agreement with our findings and recommendations. Their written comments have been included in the report where appropriate.

BACKGROUND

Introduction

Formerly known as the Gold Coast, the West African country of Ghana is partly tropical, partly savannah and, in the north, arid semi-desert. Located just north of the Equator with a 334 mile coastline on the Gulf of Guinea, Ghana is bordered on the west by the Ivory Coast, the north by Upper Volta and the east by Togo.

Roughly the size of Oregon (almost 92,000 square miles), Ghana contains approximately 11 million people with an annual growth rate of 3%. Ghana's population consists of about 50 tribes which can be divided into five distinct tribal groups that share common customs, folkways and religion.

Ghana's economy is mainly agricultural with farmers making up about 60% of the four million workforce. Cocoa is the main cash crop accounting for over two-thirds of the country's export earnings and a large part of the Government of Ghana's (GOG) revenue. Although relatively well endowed in natural resources, Ghana at \$380 per capita GNP (1978) ranks at the lower end of middle income countries. Although cocoa is its dominant product, timber abounds, coffee is grown, and industrial diamonds, gold, bauxite and manganese dioxide are mined.

A greatly over-valued exchange rate, rapid inflation, mismanagement and corruption have resulted in nil or negative GNP growth for many years. There is hoarding, panic-buying and illegal profiteering in everything from milk to soap. Raw materials and spare parts imports have been restricted -- forcing Ghana's industries to operate at a fraction of capacity. Further, the rural sector has faced a deteriorating road transportation system and an inadequate level of inputs.

One half of Ghana's population lives at or near a subsistence level and most have little or no access to health and sanitary facilities. The GOG estimates that at least 50% of the population suffers from preventable parasitic and water-borne diseases; and that some 130,000 Ghanaians, mostly women and children, die each year from preventable causes such as malaria, pneumonia, birth-related injuries, dysentery and malnutrition. In some parts of Ghana, up to 40% of the children die before they reach school age. Life expectancy is 47 for the country as a whole, 42 in the rural areas, and 56 in

the urban areas. Nutritional deficiencies seriously exacerbate the poor degree of health, and include protein and caloric malnutrition, vitamin A blindness, anemia, and goiter.

Almost one-third of all aid provided to Ghana by the U.S. were food shipments under the Food for Peace program. PL 480 was initially intended as a temporary measure to help nations alleviate foreign exchange shortages and to allow the disposal of U.S. agricultural surpluses. Over the years, however, the U.S. Congress has periodically extended and amended the Act, and today several distinct programs with differing objectives are conducted under PL 480.

Title II of PL 480 authorizes the donation of U.S. Government food commodities to voluntary relief agencies, international organizations, and friendly governments for free distribution abroad. The program's legislative objectives include (a) reaching poor people in less developed countries, especially children, and (b) contributing to the overall development process in those nations.

Initial Food for Peace aid to Ghana was approved in 1958, with the first commodities arriving in 1959. Except for one brief suspension, food aid (totalling more than \$114 million) has been provided for more than 22 years. During the early years, several voluntary agencies were utilized for the distribution of commodities. This was later reduced to two agencies, and in 1973 the program was turned over to Catholic Relief Services (CRS/Ghana).

CRS is the official overseas aid and development agency of the U.S. Catholic Conference, representing the American Catholic Bishops, Clergy, and Laity. Conducting assistance programs in 85 countries throughout Africa, Asia, the Middle East and Latin America, CRS programs benefit an estimated 18 million men, women and children of all races and religions. Its main financial support is received from its annual nationwide fund-raising campaign in U.S. Catholic Churches, traditionally conducted during Lent.

The Title II program in Ghana is trying to reach 260,000 recipients -- 176,000 maternal child health (MCH), 68,000 school feeding, 11,000 other child feeding and 5,000 food for work. The major objective of the program is to maintain the adequate growth of the children enrolled. The program is country-wide with special consideration given to areas shown to have a higher incidence of malnutrition.

The MCH and other child feeding programs are for children under age six. The school feeding program is for primary school age children.

Listed below is a summary of the commodities shipped under the PL 480 Title II Program to Ghana in FY's 1980 - 81:

PL 480 Title II Program in Ghana Commodity Shipments

<u>FY</u>	<u>Recipients Per Year</u>	<u>Commodity In Metric Tons</u>			
		<u>SFSG</u> ^{1/}	<u>WSB</u> ^{2/}	<u>Oil</u> ^{3/}	<u>Bulgur</u>
1980	260,000	4,825.3	4,708.5	1,031.4	
1981	260,000	5,264.6	3,843.2	1,538.9	142.8
	Total	10,089.9	8,551.7	2,570.3	142.8

- 1/ Soy Fortified Sorghum Grits
- 2/ Wheat Soy Blend
- 3/ Vegetable Oil

Purpose and Scope

Our review of the PL 480 Title II program in Ghana covered the commodities shipped in Fiscal Years (FYs) 1980 and 81. The purpose of the examination was to:

- Determine the effectiveness of management.
- Verify compliance with applicable laws and regulations.
- Identify and report on any significant problem areas.

We reviewed USAID/Ghana and CRS/Ghana records, reports and correspondence, and held discussions with GOG, CRS/Ghana and USAID/Ghana officials. In addition, shipment, receipt and distribution records and related reporting requirements were examined. Three separate field trips were made, and both ports of food entry (located at Takoradi and Tema) were visited.

Prior Audit Reports

There were two prior audits -- Audit Report No's 3-641-78-6 dated December 9, 1977, and 3-641-78-25 dated July 7, 1978. The first audit reported that almost \$3 million of commodities were diverted, stolen or otherwise unaccounted for.

The second report was a follow up on the first. This report points out that \$2.17 million was still not accounted for, but noted that some progress had been made in controlling the commodities.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Needy Recipients Were Not Fed On a Continual Basis

A continuous supply of food was not provided to recipients at many centers because of sporadic receipt of food into Ghana, infrastructure problems which made it difficult to deliver food to many centers, and recipient levels at many centers exceeded the authorized levels.

Sporadic receipt of food into Ghana reduced the food available for distribution. From April through July, a significant portion of the FY 1981 requirement was received. This resulted in an overstocked warehouse and cancellation of the fourth quarter call forward; and reduced CRS/Ghana's ability to supply food continuously to the centers during the early months of the fiscal year.

Infrastructure problems also hindered CRS/Ghana's ability to provide food to many centers on a continuous basis. These problems included lack of availability of trucks, lack of gasoline, impassable roads, weather conditions, and truckers who were unwilling to go into certain areas because of security problems and wear and tear on their trucks. A lack of spare parts and tires also reduced the number of operational trucks.

The availability of trucks fluctuated depending on other country priorities. During cocoa harvest most of the trucks were commandeered for hauling cocoa, thus reducing the number of trucks available to CRS/Ghana. During this period CRS/Ghana was unable to supply adequate quantities of food to the centers. CRS/Ghana was unable to compensate for this by providing the centers increased commodities when trucks were available because the centers did not have adequate storage space.

Even if CRS/Ghana had been able to deliver the full allocation of food, prevailing conditions at the centers made it impossible to systematically feed the number of recipients planned. Shortly after the arrival of food, large numbers of recipients were fed, often exceeding planned levels. Consequently, food was consumed at a greater rate than planned resulting in periods when nobody was fed. During the latter

periods, those that were undernourished received no food -- the same as other recipients. We found that the centers were feeding anyone aged five months to five years who was able to pay one cedi and register in the program. (A cedi is the Ghanaian local currency equivalent of 37 cents.) The eligible recipients in the centers generally greatly exceeded the authorized level. Examples of centers with differences are as follows:

<u>Center</u>	<u>Recipients</u>	
	<u>Approved</u>	<u>Eligible</u>
Salaga	800	3,920
Tamale	4,000	17,387
Yende	1,000	3,679

We observed that distributed food was on a first come first served basis regardless of need. Our analysis of master weight charts showed that in general more than 50% of the recipients being fed had an acceptable weight for their age. In some centers over 70% of the recipients had acceptable levels of weight for age. Recipient levels could be reduced by 50% or more if the program were focused on those that do not meet acceptable weight levels. (Acceptable body weight for age levels are those that exceed 80 percent on the CRS/Ghana Master Weight Chart designed by Father Capone of CRS.)

CRS/Ghana had taken steps to eliminate certain groups of children previously being fed that showed growth at normal rate. Children aged 6 months or less, and children above 42 months that show normal growth, were not to be fed by the centers. We believe this could be extended to all children with normal weights.

In our opinion, recipients that fall below the 80 percent level on the Master Weight Chart should be targeted for continuous feeding. This could be done in two ways. One would be to target by individual, feeding only those that fall below the 80% weight to age level. Another would be to target by center, supplying enough food to those centers showing a high incidence of recipients under the acceptable weight standard. The key to meeting the goal of maintaining the growth of the children enrolled is continuous feeding -- which is currently not being done.

Conclusion, Recommendation and USAID/Ghana Comments

The food distribution to recipients was sporadic because CRS/Ghana was unable to supply the food on a continuous basis to feed the approved recipient levels. Even if the quantities

of food were supplied to meet approved levels, the food would not have been enough because the actual recipients far exceeded the approved levels at most centers. In addition the centers were feeding on a first come first served basis without regard to approved recipient levels. In our opinion, the program should be focused to feed the undernourished on a continuous basis.

Recommendation No. 1

USAID/Ghana, in conjunction with CRS/Ghana, develop a program that will target the undernourished and feed those targeted on a continuous basis.

In response to our draft report, USAID/Ghana advised us that as the result of an evaluation of the PL 480 Title II program (in mid 1981), the mission has initiated in depth discussions with CRS/Ghana to more closely target and redirect this Title II program to nutritionally vulnerable pre-schoolers in areas of greatest risk, and to assure that continuous feeding be available to them. This will likely entail substantial redirection of efforts toward groups which are difficult to reach in Northern Ghana, and reduction of recipients in other than pre-school categories. USAID/Ghana sees FY 1982 as a transition year to define with CRS/Ghana acceptable goals, objectives and courses of action for future year activities.

We have retained our recommendation pending final agreement between CRS and the USAID on how the program will be targeted and controlled.

The School Feeding Program Was Poorly Controlled

CRS/Ghana had virtually no control over the number of students being fed, and there was no reporting control for the school feeding program. CRS/Ghana did not know how many recipients were being fed, at which schools, how often, or how much. In addition, students were not weighed at most schools at the beginning and end of the school year to determine if they needed to be fed.

Most schools were supplied food from a distribution center located in the area. CRS/Ghana supplied the food to these centers and required them to report how much food was distributed in total to the schools. The centers controlled which schools would be provided food. There was no reporting from the schools to the centers or to CRS.

Most school distribution centers showed significantly more students enrolled and fed than was authorized. This was caused by centers feeding more schools than authorized, or by the schools having in total more students than the centers were authorized. For example one school which applied to feed 9 schools ended up supplying food to 36 schools. For some centers the number of schools fluctuated. An example is the Walewale center:

	<u>Number of Schools Fed</u>	
(The Walewale center applied to supply 18 schools)	Oct. 80	24
	Feb. 81	31
	Jun. 81	25

At many schools the enrolled students exceeded the approved level. Examples of such schools are as follows:

<u>School</u>	<u>Recipient Levels</u>	
	<u>Approved</u>	<u>Enrollment</u>
Bolgatanga	400	855
Nasia	250	330
Walewale	1,100	2,800

Although the school feeding program restricted the recipient level to 68,000 recipients, many more than this were being fed.

Some of the school distribution centers were also supplying food to unauthorized schools and to programs not authorized. We noted one center distributing food to two nurseries and another center to two middle schools. The school distribution centers distributed food as they wished -- without CRS knowledge or control.

CRS/Ghana indicated the approved levels were generally less than the enrolled levels because program limits prevented feeding the number of students in most areas.

At some centers we found poor inventory records. The priests indicated they could not control and account for food, because their other church duties were too pressing. They also indicated that it was very difficult for them to police the other schools because it conflicted with their position as a priest.

Although students were to be fed daily, the frequency of feeding and the method of feeding was uncontrolled. The following example shows the frequency of feeding:

<u>Name of School</u>	<u>Frequency of Feeding (per week)</u>
Jilo Primary	3
Presbyterian Preparatory	5
Salaga	3

At some schools the students were fed at school and at others they took the food home. At some schools we observed that the poorer students could not bring bowls and were therefore not fed. We saw where fairly prosperous schools were receiving food from a distribution center, and poor schools in the same area were not receiving any food because there was no way to get the food from the center to the poor schools.'

For the approximately 30 schools that had weight charts prepared for them, the results were significant. Some of the schools being fed had 80 percent or more of the students having acceptable height to weight levels. On the other hand some schools had less than 50 percent with acceptable levels. These schools were all treated the same. If food was short they all shared in the shortage. In our opinion, schools found to have a large number of students at normal levels should be taken out of the program.

CRS/Ghana's FY 1981 operational program plan (included in the FY 1981 Annual Budget Submission) indicated that progress toward achievement of adequate growth of enrolled children would be determined twice a year by measuring and weighing the students. This procedure was not being followed at most schools, but is important to establish which schools should be supplied food.

The lack of control over the distribution centers and schools and the lack of adequate food to feed the vast numbers of students which far exceeds the 68,000 planned recipient level, supports the need to focus the program on the needy schools so students can be properly fed -- rather than trying to partially feed all students with inadequate supplies of food.

The only control over this program was periodic visits by the area supervisors. These visits were sporadic and provided little or no information on whether the students were being fed proper rations, or whether the number of students being fed was within approved levels.

Conclusions, Recommendation and CRS/Ghana Comments

The level of students being fed by the individual schools was not being controlled; neither was CRS/Ghana controlling the program. In our opinion the school feeding program should be controlled. Continued participation of a school should be based on need and providing monthly reports of food used -- the same as CRS/Ghana requires from MCH centers. Schools with a high percentage of students with acceptable weight to height ratios should be deleted from the program.

Recommendation No. 2

USAID/Ghana require CRS/Ghana to (a) develop monthly reporting controls over the schools, (b) base a school's participation on a predetermined level of need, and (c) control which schools are fed.

The CRS/Ghana Director indicated that schools will be required to submit monthly reports, and that no schools will be enrolled that exceeds CRS's program level. The continued participation of a school in the program will be based on a demonstrated need. Consignments of food to the distribution centers will be preallocated to the subcenters, removing the discretion of reallocation from the distribution centers. Finally, CRS has begun to hold seminars to train the teachers to provide the required weighing and measuring at the participating schools.

The actions being taken by CRS/Ghana are responsive to our recommendation; however, we have retained the recommendation pending USAID/Ghana's review and our notification that reported actions have been implemented.

Lack of Port Security Increased Commodity Losses

CRS/Ghana was unable to determine accurate arrival times for ships, was hampered by availability of trucks, and could not effectively cope with multiple arrivals of ships with large quantities on board. These problems by themselves were not significant because, at most they would cause delay in unloading and increased demurrage charges; but the lack of port security makes them critical. For each delay in unloading, significant losses from pilferage resulted. For example, one ship with few delays had loss and damage of 899 bags; whereas another ship with less commodities (12,570 bags less) that was delayed, had loss and damage of 4,935 bags. (See Exhibit A for losses during FY 1980 and 1981).

Advance notification of arrival is critical because CRS/Ghana then has time to arrange for the correct number of trucks and can get advance port clearance. Lack of notice was caused by ships' captains who failed to radio ahead, and by the port radio system which did not always work. Lack of ability to communicate between the port and the CRS/Ghana office in Accra caused problems because the CRS/Ghana warehouse could not notify the CRS/Ghana director of the arrival. CRS/Ghana felt a radio network between the warehouse and Accra would help.

Sometimes CRS/Ghana was notified that a ship was to arrive on a certain day. The trucks were arranged for and sent to the port. If the ship didn't arrive for several days, the result was the truckers eventually left and CRS/Ghana paid large demurrage charges for the time the truckers stayed. CRS/Ghana then had problems getting trucks when the ship did arrive.

Availability of trucks was a problem even with advance notice, because the government at times established other priorities for their use -- such as hauling cocoa during harvest.

Ships that arrived at the same time resulted in tremendous losses because the commodities had to be temporarily stored in the port sheds. Also ships that had too large a cargo of food sometimes had their cargos temporarily stored in the sheds. All of these problems increased pilferage, which the GOG was unable to control.

Pilferage not only took place on the wharves and in the port sheds, but on the ship itself. Several captains closed their hatches and threatened to leave because of unauthorized people that were on board stealing. The captains also registered protests which made the filing and collection of ocean claims impossible because the ocean loss could not be determined.

Pilferage was high and security difficult because a small bag of food was worth several months salaries for many of the workers. The losses were high because a bag split open for a small quantity may be totally lost when it is moved.

CRS/Ghana and USAID/Ghana registered complaints with the GOG and received assurances that security will be increased. A written request to the GOG by the Acting Mission Director, and a follow up by the Director, for concrete steps to remedy the port security problems has been made. The GOG indicated it is looking into the problem, but specific steps have not been provided to USAID/Ghana.

There was some evidence that port security was being strengthened. At the Tema port we found that unauthorized vehicles were not allowed to enter without a pass. We did not find this, however, at the port CRS/Ghana normally uses -- Takoradi. Losses sustained at Takoradi on commodities received from November 1980 through July 1981 totalled almost 37,500 bags -- enough to feed almost 17,000 recipients under the MCH program for a full year.

Port delays can be reduced by advanced notice and proper scheduling of ships. CRS/Ghana recently requested CRS/New York to keep cargoes to 50,000 bags or less, and to schedule the ships so that their arrivals are far enough apart so they can be unloaded quickly. Also a contemplated outreach grant to provide radio communications between the port and CRS/Ghana should help CRS/Ghana to react quicker to ships that arrive without notice. None of these delays are significant if security is enforced.

Conclusion, Recommendation, and USAID/Ghana and CRS/Ghana Comments

Logistical problems exacerbated by poor port security resulted in significant losses of food at the port. Lack of security enforcement by the GOG should be grounds for suspending the program.

Recommendation No. 3

USAID/Ghana reemphasize the need for adequate port security for PL 480 commodities with the new government of Ghana.

In response to our draft report, USAID/Ghana stated:

"We are convinced that the GOG has indeed been responsive to PL 480 Title II port security concerns. While primary responsibility for dialogue with GOG is vested in CRS as cooperating sponsor, this mission, has and, will continue to collaterally support CRS efforts by interventions at the ministerial level to underscore the importance of port security for continued PL 480 Title II deliveries and other commodity assistance activities. We do not believe, given the excellent personal rapport of CRS/Ghana with the highest levels of the GOG, that it will serve any useful purpose to insist in writing that GOG outline specific steps on port security. We feel the GOG performance and actions evidence the serious effort being made by the GOG in port security. We do not see any merit to request a

written plan; measures will be taken ad-hoc to meet the particular security situation needs at the time commodities arrive at port."

In response to our draft report, CRS/Ghana stated:

"Efforts in conjunction with the Office of the President, the National Bottle Neck Committee, the Ministries of the Interior and Defense, and the Inspector General of Police have resulted in substantial improvements in port security at Takoradi. For example, during the discharge of the most recent arrival vessel Thassos Island, the Navy and the local Police were jointly responsible for the security of that vessel and the off-loading process. We are pleased to note that this effective and well-coordinated effort enabled CRS/Ghana to off-load the vessel at a record rate of 410 metric tonnes average per day, and that port losses from pilferage or theft amounted to a single bag."

In view of the improved security on the recent unloading and the continued attention being given to security by USAID/Ghana and CRS/Ghana, we deleted our original recommendation; however, with the recent change in government, we have recommended that port security be reemphasized to the new government.

Quantities of Port Losses Were Not Being Identified

Bags damaged during unloading or temporary storage at the port were not being identified as port losses in the Commodity Status Reports, and were not being properly recorded in the warehouse inventory records. This placed in the book inventory quantities of food that did not exist, and understated losses prior to CRS/Ghana receipt and control. The magnitude of these losses was significant.

From November 1980 through July 1981, 9,034 bags of soy-fortified sorghum grits (SFSG) and wheat soy blend (WSB) were identified as being damaged in the surveyor's reports when unloading took place. The bags ranged from empty to an estimated 3/4 full. From the surveyor's reports, we calculate that 6,051 bags were lost. The damage to bags was generally caused by pilferers.

Lack of identification of losses prior to warehouse receipt made CRS/Ghana responsible for quantities it had not received. Damaged bags should not be put into inventory as full bags -- only the quantity rebagged. The difference between number of bags damaged and rebagged should be reported as ocean or short landing losses.

These shortages were sometimes being transferred to the centers. Our review of waybills on one ship showed over 467 broken bags being sent to the centers. Some of the centers complained that the bags were from half full to empty. A trucker with broken bags identified on the waybill could take more out of the bags without detection.

Conclusion, Recommendation and CRS/Ghana Comments

Significant food losses were not being properly identified at the time of arrival. These losses reduced warehouse control because the responsibility for loss could not be fixed. Some centers were having to absorb these losses in their programs.

Recommendation No. 4

USAID/Ghana require CRS/Ghana to develop procedures for identifying and recording losses as they occur.

In response to our draft report, CRS/Ghana indicated that steps are being taken to obtain more detailed discharge surveys. A scale and clerk have been added to the warehouse to weigh, mark and recondition the damaged bags.

We have retained the recommendation pending notification that USAID/Ghana has reviewed the procedures and finds them in place and acceptable.

Control Over Allocation of Food to Centers Needed to be Improved

CRS/Ghana did not know on a current basis which centers had been shipped food or how much had been shipped.

A master card was prepared for each center which was intended to show the recipient level, the ration level and the quantity of food that must be supplied to the center. Many of the cards for FY 81 did not show this information.

As ships arrived the food was allocated to the centers. A distribution list was made up for each ship which told the warehouse how much to ship to each center. These allocations from the distribution lists were recorded on the master card. At the end of a program year, theoretically, the total allocated amount should equal the amount calculated for the approved recipient level.

The problem with this system was that the cards did not show when the food was shipped. The cards only showed if the food had been received by the center -- based on receipt of a copy of the waybill (shipping document) from the center. It sometimes took months for these waybills to come back to CRS/Ghana. As a result it was not known which centers had been shipped food until it was too late to do anything about it.

We suggested to CRS that the cards be redesigned to show the amount of each commodity that the center is to receive for the year. Each allocation would be deducted from this amount so that at any given time CRS/Ghana will know how much the center needs to be allotted. The commodities shipped should then be recorded on the card. Short shipments can be supplemented from future shipments. (Losses often reduce the quantity available on a given ship, so that the amount shown on the distribution list can not be shipped to the center).

Changes in allocations to centers because of increased or decreased recipients, non-compliance, lack of food etc., can also be noted on the card to support deviations from the programmed level. This will provide CRS/Ghana with a current record of food shipped to the centers and will support deviations from planned amounts.

Our test of food allocated to distribution centers showed uneven distribution in the Accra and Northern Regions. The MCH centers were to receive equal amounts of WSB and SFSG. Some received equal amounts, others received 1/4 more of WSB than SFSG. One center received two times more WSB. Vegetable oil was also not allocated consistently. Several centers received extra allocations of oil above their authorized level.

Schools in general got a full allocation of food for FY 1981 (including extra bulgar wheat), while virtually none of the MCH centers were given a full allocation of food or bulgar wheat. Not enough food was available for full allocations. Since the MCH program is considered to be the priority program, this program should have been given more food.

The school feeding program competed directly with the MCH program even though the MCH program was the priority program. When food supplies were short, the MCH centers received a reduced allocation of food -- the same as the schools. In FY 1981, however, we found that most schools were given a full ration, and a few schools more than a full ration, when at the same time the MCH program was given less than a full ration. In our view the MCH program should be given preference when food is short.

We were told that the MCH centers in the Northern Region were given less food because they were feeding less recipients than were planned, therefore, they did not need the full ration. However, in these centers none were allotted enough food to distribute. This greatly reduces the recipient levels, because the mothers will not usually bring their children if there is no food being distributed. In either case, the schools were given a full ration or more, even though CRS/Ghana did not know what the actual recipient levels were.

Conclusion, Recommendation and CRS/Ghana Comments

CRS/Ghana was not adequately recording and controlling shipments of food to the centers. A system, which shows (a) the approved recipient levels, (b) the quantity of food needed to feed the approved levels and (c) the shipments being made to provide the food, is needed to ensure that the centers are allocated and shipped the quantity of food required to feed the approved recipient level. Deviations from the approved levels should be noted, justified and approved by the CRS director.

Recommendation No. 5

USAID/Ghana ensure that CRS/Ghana develops and implements an adequate system to control food allocations to centers.

CRS/Ghana indicated that in order to avoid problems in allocating and shipping food to centers, the following measures had been recently taken:

- "a) Food shipments from the U.S. to Ghana are now being made on a more reasonable and timely basis. The sizes of the shipments have been scaled down to meet the realities of Ghana's port capabilities and transport facilities.
- b) Our agreements with the centers will be renewed on a calendar year basis. This will avoid the confusion and management problems caused by the arrival of the fourth quarter call forward consignments approximately three months after the quarter has begun. All food arriving for the fourth quarter, which is generally landed in Ghana at the beginning of the next calendar year, will be allocated for the first quarter of the following calendar year.
- c) Advance notices have been eliminated. Instead CRS/Ghana will provide each center with its quarterly allocation irrespective of vessel, and will cancel such allocations should food not become available. In addition,

each shipment to a center will be covered by a shipping notice so that each center will eventually receive independent confirmation of quantities shipped from Takoradi.

d) The entire internal control system is currently being revised so that the entire data base, from allocation through consumption in any particular quarter, is centrally kept. To this end, CRS/Ghana is reorganizing its staff so that this entire function is manned by a Central Reporting Unit as opposed to several distinct units."

We have retained our recommendation pending USAID/Ghana review and notification that the changes are satisfactory and in place.

All Inland Losses Were Not Being Identified and Billed

Inland losses were not being properly documented and billed. We made a limited review of waybill receipts (approximately 125) to identify possible losses that were not billed for shipments to centers. We found 17 potential losses of which two were billed by CRS/Ghana.

The centers were not identifying inland losses with enough precision for CRS/Ghana to process a claim against the transportation companies. For example, the centers indicated six bags broken, or a five bag discrepancy without detailing the actual shortages, thus making it difficult for CRS/Ghana to know what to bill. Of the 15 potential losses that were not billed, we found two instances where the waybills provided enough detail. Bills should have been submitted against the trucker in these two instances. These were pointed out to CRS/Ghana and claims were billed.

Conclusion, Recommendation and CRS/Ghana Comments

The centers were not properly identifying inland losses.

Recommendation No. 6

USAID/Ghana ensure that CRS/Ghana establishes a system that will result in all inland claims being identified and billed.

CRS/Ghana indicated that it will heretofore print on the back of the waybills, a check-list providing space for a description of the quantities and condition of commodities received. We have retained our recommendation until USAID/Ghana reviews the procedure and notifies us that it is working.

Periodic Warehouse Inventories Were Not Being Made

The CRS/Ghana central warehouse in Takoradi had not taken periodic physical inventories to determine whether the perpetual records agreed with physical quantities on hand. The congestion of the warehouse and the storage practices made it impossible to take a physical inventory at the time of our visit.

Periodic physical inventories are an important management control. In Ghana, physical inventories have a greater significance because of the high value of the donated food on the local market. For example, a gallon of oil is estimated to be two month's salary for an unskilled worker.

In the future food should be stacked in such a way as to facilitate physical inventories and such inventories should be taken at least quarterly. Adjustments resulting from differences between the physical inventory and the perpetual records should be reviewed and approved by the CRS/Ghana Director.

Conclusion and Recommendation

CRS/Ghana was not taking periodic physical inventories of their central warehouse. Physical inventories should be taken to determine the accuracy of the perpetual records and warehouse shortages.

Recommendation No. 7

USAID/Ghana request a physical inventory plan from CRS/Ghana, and follow up to see that the plan is implemented.

CRS/Ghana Inventory Control System Although Adequate Was Unwieldy

Numerous improvements in record keeping and commodity control were made by the current CRS/Ghana Director in response to prior audits, a recent evaluation, and his concern for improving commodity control.

These improvements were made piecemeal -- as the problems were identified and resolved. Although the system of control had been greatly improved, duplicate information was being recorded and maintained. The current system can be greatly streamlined and can provide better control.

For example, the perpetual records at the warehouse included, among other things, the waybill number, the trucking company name, the center name and address, plus the quantity shipped. This same information was also on the waybill copy retained in the waybill book. The perpetual records could show only the waybill number and amount shipped. Reference to the copy of the waybill in the waybill book would provide the detailed information. The waybill book could also be used to post shipments to other records -- eliminating the waybill register prepared weekly by the warehouse.

Another questionable procedure was maintaining the warehouse inventory records by ship. Once the commodities are unloaded into the warehouse, the control by ship has no value; while the procedure causes considerable problems in record keeping, warehouse segregation and distribution.

Under the current procedure each ship's cargo must be allocated to the centers individually -- resulting in numerous distribution lists and their continued revisions when shortages occur. Separate perpetual records must also be kept for each ship. Keeping records by ship provides a false sense of security because shortages from one ship can be covered by other ship's stock. Shortages in this way can be hidden until a complete physical inventory is taken.

Conclusion

The CRS/Ghana inventory and other control systems can be integrated to eliminate duplicate record keeping. We believe it would be worthwhile to have a review made to develop a unified system. We are not making a recommendation because the unwieldy procedures are on internal CRS/Ghana problems, and do not affect the implementation of the program or reporting to AID. However, we feel USAID/Ghana should encourage CRS/Ghana to review its system to eliminate records and procedures that provide no control but do require employee time that might be used more productively elsewhere.

Inland Claims Records Needed to be Corrected

CRS/Ghana did not properly record claim payments to its detailed records. One claim was marked paid when it had not been paid. Another showed a balance due that was over C4,700 (\$1,710) more than owed.

CRS/Ghana recorded all inland claims on individual ledger cards for each transportation company. When the claims were collected, the amount was entered on the card showing the

balance due. The differences noted were apparently due to careless posting to the cards.

The amount of claims owed as of 9/30/81 was approximately ø154,000.00 (\$56,000). Of this amount, ø109,000 was owed by the State Transport Corporation (STC) -- a GOG agency. The CRS/Ghana director indicated he was holding back payments to STC totalling ø303,000 until the claim was settled. The balance of the claims were from FY 1981. CRS/Ghana had remitted amounts collected totalling ø95,902 (approximately \$35,000) to the U.S. Embassy.

Conclusion and Follow Up action taken

Inland claims records should be corrected for payments not recorded properly. Collection efforts by CRS/Ghana appeared to be adequate, and indicated a significant improvement over prior years. CRS/Ghana subsequently reconciled and brought its records into balance. Therefore no recommendation is being made.

More Durable Oil Containers Were Needed

On four shipments of oil, there were losses of about 7,918 cartons (approximately 47,000 gallons). Undetermined amounts of losses were also noted on waybills detailing the shipment to centers of more than 466 cartons of leaking oil. Some centers found the cans empty. An undetermined amount of these losses were caused by cans splitting open and tops popping off due to storage heat and rough handling.

We were told that current containers were not as strong as previous ones. We were also told the oil could be shipped in sturdy plastic containers.

Conclusion and Recommendation

Loss of oil because of container breakage was excessive. Better and stronger containers are needed.

Recommendation No. 8

AID/Washington, EVA/FFP investigate the use of stronger containers or the use of prepalleted packaging for oil shipments.

CRS/Ghana Had Not Provided Data on Number of Recipients Fed

The Quarterly Recipient Status Report did not contain the actual number of recipients fed. In lieu thereof, CRS/Ghana provided numbers of recipients programmed.

The actual levels of recipients can be provided for the MCH program because the centers are required to report this information. CRS/Ghana, however, did not have the information on a current basis because of the time it took to receive the reports through the mail.

Actual feeding levels for the school feeding and the other child feeding programs were not available because there were no monthly reports from the schools. We recommend elsewhere in this report that CRS/Ghana require monthly reports from the schools and other child feeding centers the same as for the MCH centers. If this is done, statistics will become available and can be provided on the same basis as MCH.

Conclusion and Recommendation

Actual recipient levels were not being reported as required by AID. Data was available for the MCH program, and similar data should be obtained for the school and other child feeding programs. We suggest that CRS/Ghana accumulate and report the data for the last three available months.

Recommendation No. 9

USAID/Ghana require CRS/Ghana to develop a system to accumulate and report actual recipient levels being fed.

Donor Publicity was Not Provided To The Recipients

Although CRS and the people of the U.S. had gotten publicity in the Accra newspapers for the donated food, we found that most recipients were unaware of the source of the food.

AID Handbook 9 states that the publicity objective for the PL 480 program is to assure recipients know commodities received have been donated by the people of the United States. Program information, which may be released by the Mission, public and private entities of the host country, and the cooperating sponsor, should stress the following kinds of information:

- The commodities are furnished by the people of the United States.

- The distribution is a result of the cooperation between the U.S. Government and all parties concerned.
- Eligible recipients receive commodities without restriction or discrimination as to nationality, race or political or religious beliefs.

The U.S. Department of Agriculture arranges for the labeling of the commodity containers. Such labeling, in addition to specific identification, includes the statement in English and, as far as practicable, in the language of the country of destination, "Furnished by the people of the United States of America, not to be sold or exchanged." The labeling used contains several of the world's major languages. It is impractical, however, to put on the label each of the local Ghanaian languages. Therefore some other form of publicity is needed.

Although the Ghana newspapers had five articles about the CRS program which indicated the food was donated by the people of the United States, our discussions with personnel at the distribution centers, and with the recipients, indicated they did not know the source of the food. During our field trips in Ghana, we visited more than 22 distribution centers. We did not observe a single banner, poster or similar display that indicated where the food came from. The recipient's individual identification cards also did not contain such information. As food is given to recipients in smaller quantities than is included in the shipping containers, most recipients did not see the original labeled containers which show the source of the food.

Few of the personnel working at the distribution centers (who generally see the original labeled containers) knew that the food was donated by the people of the United States. Most thought it came from CRS, the cooperating sponsor, or the local priest.

Conclusion and Recommendation

Almost none of the recipients we talked to knew the source of the donated commodities.

Recommendation No. 10

USAID/Ghana require CRS/Ghana to develop various methods to publicize the PL 480 programs at the distribution points.

Funds Collected by CRS/Ghana Were Adequately Controlled

Many distribution centers were selling the empty commodity containers (bags and tins) to either the food recipients or other individuals. Although some variations were found, most bags and tins were sold for the approved amount. Such sales are permitted by AID regulations, and the proceeds may be used by the distribution centers to offset part of the transportation and handling charges on delivered commodities.

AID Regulation 11 states that cooperating sponsors may dispose of containers in which commodities are received in countries having approved PL 480 Title II programs, by sale or exchange, or distribute the containers free of charge to eligible food recipients,

CRS/Ghana charged the centers ¢1.00 (37 cents) for each tin and ¢.50 (18 cents) for each bag delivered (recently raised to ¢4.00 (\$1.45) and ¢2.00 (73 cents), respectively). CRS/Ghana determined the amount of commodity containers used from the monthly reports submitted by each center. An account was then set up for the number of containers used by each center against which payments were deducted. Payments forwarded by the distribution centers were deposited into a special account titled "Empty Containers' Fund".

During our audit, we reviewed the system of accounts set up by CRS/Ghana to control funds received from both empty container sales and recipient feeding charges (¢1.00 (37 cents) per person per feeding period). We found the accounting system used by CRS/Ghana adequate to: (a) determine the proper amount owed by each center, (b) account for each center's payments, and (c) document expenditures made.

CRS/Ghana collected over \$130,000 annually from empty container sales and recipient feeding charges. These funds were used for salaries, per diem, transportation and allowable CRS/Ghana office expenses.

Conclusion

CRS/Ghana had established an adequate system to control funds collected from recipients and from empty container sales.

The Current CRS/Ghana Director Made Improvements To The Title II Program

The major area of concentration of the current CRS/Ghana director was commodity control. Significant progress has been made in this and other areas.

An individual country agreement was negotiated in 1980 to replace the prior blanket agreement under which CRS/Ghana had operated since 1959. Among other provisions, the new agreement permitted the duty-free importation of all foodstuffs and program commodities by CRS/Ghana, and ensured that all costs of discharge, handling, port charges, transport and storage of the goods were financed by the GOG. It also established a much firmer basis for continued operations by CRS in Ghana.

A system of custom clearance was negotiated which allowed CRS/Ghana to clear shipments through customs on short notice -- even without the original bill of lading. This eliminated the need to hold food in the port sheds until clearance was obtained, and should reduce port losses.

A control system was developed that will better ensure that commodities shipped to the centers are received. The system is flexible and permits using waybill receipts from the centers, the center's monthly reports, or the notice of shipment to verify the receipt of food and check discrepancies.

More importantly, central warehouse and distribution control was placed under CRS/Ghana authority rather than a GOG agency. This significantly improved CRS/Ghana accounting, distribution to centers, and warehouse control.

The improvements made allowed CRS/Ghana to account for the food from receipt in port to the distribution centers. This corrected the condition noted in IG audit report No. 3-641-78-6, dated December 9, 1977, that CRS/Ghana could not account for significant quantities of food. This prior audit report resulted in the temporary suspension of the program.

PL 480 Title II - GhanaSchedule of Ocean and Port Losses
FY 1980 and 1981

<u>FY 1980</u>	<u>AER4/</u> <u>Total Bags</u>	<u>Manifested</u> <u>(Percent</u> <u>of AER)</u>	<u>Losses</u> <u>(Percent of</u> <u>Manifested)</u>	<u>Received</u> <u>(Percent</u> <u>of AER)</u>
SFSG	248,094	212,313 (85.6%)	40,795 (19.2%)	171,518 (69.1%)
WSB	278,930	207,172 (74.3%)	21,357 (10.3%)	185,815 (66.6%)
Oil	49,181	49,099 (99.8%)	948 ^{2/} (1.9%)	48,151 (97.9%)
<u>FY 1981</u>				
SFSG	343,934	231,789 (67.4%)	17,795 ^{1/} (7.7%)	213,994 (62.2%)
WSB	243,152	169,072 (69.5%)	12,288 ^{1/} (7.3%)	156,784 (64.5%)
Oil	95,168	72,640 (76.3%)	7,345 ^{3/} (10.1%)	65,295 (68.6%)

1/ Includes 4880 bags estimated to be lost when rebagging damaged bags.

2/ Losses not available for two ships.

3/ Includes 285 damaged cases.

4/ Annual Estimated Requirement (AER)

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