WORLD VISION RELIEF ORGANIZATION

AUDIT REPORT NO. 0-000-83-63

MAY 12, 1983

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WORLD VISION RELIEF ORGANIZATION

EXECUTIVE SUMMARY

Introduction

World Vision International (WVI) was incorporated in 1950 as a non-profit, Christian service organization to provide assistance to needy people overseas. The organization's worldwide outreach includes child and family development, community development, relief and rehabilitation, support of indigenous Christian churches and advancement of Christian leadership. To finance these activities, WVI depends on contributions from individuals, churches, corporations, foundations and governments throughout the world.

WVI currently provides assistance in about 85 countries. Their activities include projects of a sister organization, the World Vision Relief Organization (WVRO), which was founded in 1962. WVRO and WVI both work towards improving social and economic conditions, but WVRO specializes in emergency relief, community development, and social welfare. The board of directors expanded WVRO's charter in 1974 to implement development programs in a number of countries.

In response to a June 1979 proposal, AID awarded WVRO a $2.3 million, three-year matching grant (No. AID/SOD/PDC-G-0282) to support the organization's activities in the Far East. The programs were to be implemented in the Philippines, Thailand, Indonesia and India, but India was subsequently dropped from the program. Under the terms of the grant, which was effective September 28, 1979, WVRO agreed to match AID funds, dollar for dollar, from its own sources.

Purpose of Review

The purpose of our review was to evaluate WVRO's performance under Matching Grant No. AID/SOD/PDC-G-0282. We focused on the accomplishment of objectives, the propriety of expenditures, and the reliability of reporting. We visited the home office in Monrovia, California, and regional field offices in the Philippines, Thailand and Indonesia. We examined program documentation, progress reports, and accounting records; visited

selected project sites; and held discussions with home office and overseas personnel whose responsibilities included oversight of the matching grant activities.

Audit Findings and Recommendations

Although WVRO was successful in establishing eight Community Leadership Training Program (COLT) training centers, the organization fell far short in the initiation of new community development projects under the matching grant. WVRO records show that no more than 25 new projects were started, which was only 28 percent of the 90 projects planned. It is our opinion that the overall COLT program has not been effective. Community needs, as a whole, generally were not being met in the projects we visited. We believe the major roadblock to program success was the failure of the pyramid training concept to train the number of leaders necessary to effectively manage the projects. Furthermore, after training, only a few of the leaders received sufficient financial assistance to start a subproject, or the technical (advisory) assistance to help carry out their subprojects. The general lack of follow-up support prevented many from applying their newly-acquired skills. This combination of circumstances has resulted in a program of little measurable impact (page 4).

We found several instances where costs of religious activities were improperly included in charges to projects financed under the matching grant (page 7).

We found the organization's audit coverage of project activities, particularly those managed or co-managed by subgrantees, to be below acceptable standards (page 11).

WVRO's procedures for the selection, approval, and monitoring of overseas community development projects were satisfactory, but the reports to AID on project status contained little data that could be useful to AID officials having oversight responsibilities (page 13).

We have made four recommendations in this report to correct these deficiencies.

WORLD VISION RELIEF ORGANIZATION

BACKGROUND

World Vision International (WVI) was incorporated in 1950 as a non-profit, Christian service organization to provide assistance to needy people overseas. The organization's worldwide outreach includes child and family development, community development, relief and rehabilitation, support of indigenous Christian churches, and advancement of Christian leadership. To finance these activities, WVI depends on contributions from many donors, including individuals, churches, corporations, foundations and governments throughout the world.

WVI currently provides assistance to needy people and communities in about 85 countries. Their activities include projects of a sister organization, the World Vision Relief Organization (WVRO), which was founded in 1962. WVRO and WVI both work towards improving social and economic conditions in areas where needed, but WVRO specializes in emergency relief, community development, and social welfare. The two entities share home office facilities (in Monrovia, California) and have a common board of directors. Functions such as personnel, accounting, travel, data processing and internal audits are provided for both organizations by WVI.

From its beginning, WVRO has been heavily involved in assisting refugees and victims of hurricanes, typhoons, floods and earthquakes. Major relief efforts have taken place in 16 different countries around the world. AID awarded $6.4 million in six grants to WVRO for relief activities in India, Cambodia, Thailand, and Vietnam during the years 1974 through 1978.

The board of directors expanded WVRO's charter in 1974 to implement development programs in a number of countries. These programs were designed to raise the standard of living in impoverished communities. They centered around projects in many fields of activity, such as health, nutrition and family planning; agricultural production; land regeneration; and education and training. Many small, labor intensive subprojects were included in the plan for the purpose of generating income and increasing employment.

Inasmuch as the organization had little experience in development activities and few managers trained in this area, WVRO requested financial assistance from AID to increase and train its staff. AID responded with a $601,707, three-year (1975-1978) Development Program Grant (DPG). WVRO's final report to AID indicated that the objectives of the DPG were achieved.

The DPG enabled WVRO to add five middle management positions to their headquarter's staff and to increase field staff to the extent there were more than 30 middle management positions responsible for relief and development programs.

By Fiscal Year 1980, WVRO was actively involved in 2,284 projects throughout the world, as shown in the following table:

	Project Type		
	Relief	Community Development	Childcare
Africa	18	74	161
Asia	30	185	1,027
Latin America	4	57	647
Middle East	5	5	71
Total	57	321	1,906

World Vision's procedures in selecting projects begin at the community level, and end with approval by the organization's International Affairs Committee in Monrovia. The typical project is initiated jointly by a WVRO representative, usually an area supervisor, and village leaders. A working plan of action and a budget are then prepared; a checklist is followed to assure that all critical areas are considered. After the area supervisor approves the project, the working plan and project assessment are submitted to the country's field director with the recommendation that the project be formally written up and submitted to the regional office. Approval is obtained from the regional director before project documentation is finally submitted to the home office.

In response to a June 1979 proposal, AID awarded WVRO a $2.3 million, three-year matching grant (No. AID/SOD/PDC-G-0282) to support the organization's ongoing projects in the Far East. A new concept for development was promoted under the matching grant. The concept, which was designated the Community Leadership Training Program (COLT), focused on the training of

villagers to become managers. The training was intended to help the villagers participate more effectively in the identification of the needs of their respective communities and in the design, management, and evaluation of community projects to meet those needs. The following major objectives were targeted for WVRO under the grant:

1. Establish nine COLT training centers in the Philippines, Thailand and Indonesia; and

2. Initiate at least 30 new community development projects in each country.

A key element in the COLT concept is the pyramid training of villagers. Selected villagers, after training in a particular occupation (such as rice farming or furniture making), would return to their respective areas, and each in turn, teach five associates what they had learned. These five, in turn, were to train five others, etc. When sufficient villagers were trained in the various technical areas, WVRO planned to introduce community development projects in the areas.

AID made its contribution to the $2.3 million matching grant through a Federal Reserve Letter of Credit (FRLC). The programs were to be implemented in the Philippines, Thailand, Indonesia and India, but India was subsequently dropped from the program. Under the terms of the grant, which was effective September 28, 1979, WVRO agreed to match AID funds, dollar for dollar, from its own sources.

Purpose and Scope

The purpose of our review was to evaluate WVRO's performance under Matching Grant No. AID/SOD/PDC-G-0282. We focused on the accomplishment of objectives, the propriety of expenditures, and the reliability of reporting. We visited the home office in Monrovia, California, and regional field offices in the Philippines, Thailand and Indonesia. We examined program documentation, progress reports, and accounting records; visited selected project sites; and held discussions with home office and overseas personnel whose responsibilities included oversight of the matching grant activities.

At the time of our audit, WVRO's ongoing projects under the matching grant were eight COLT training centers and 49 community development projects in Indonesia, Thailand and the Philippines. We visited three training centers (one in each country), and

eight development projects (five in the Philippines and three in Thailand). At each of the villages (project sites), we observed various subprojects. Typical of these were fish ponds, backyard gardens, cooperative stores, a rattan cottage industry, dried fish processing, goat raising, upgrading of substandard houses, and medical assistance for villagers. At a large camp in Northern Thailand, we observed refugees in sewing, artisan and blacksmith activities supervised by WVRO. The number of on-site visits was limited because the projects were scattered over vast geographical areas and largely inaccessible by conventional means of transportation.

FINDINGS AND RECOMMENDATIONS

The Community Leadership Training Program (COLT) Has Not Achieved Its Objectives

Although WVRO was successful in establishing eight of the planned nine COLT training centers, the organization fell far short in the initiation of new community development projects under the matching grant. WVRO records show that no more than 25 new projects were started, which was only 28 percent of the 90 projects planned. It is our opinion that the overall COLT program has not been effective. Community needs, as a whole, generally were not being met in the projects we visited. We believe the major roadblock to program success was the failure of the pyramid training concept to train the number of leaders necessary to effectively manage the projects. Furthermore, after training, only a few of the leaders received sufficient financial assistance to start a subproject, or the technical (advisory) assistance to help carry out their subprojects. The general lack of follow-up support prevented many from applying their newly-acquired skills. This combination of circumstances has resulted in a program of little measurable impact.

WVRO determined in 1979 that the success of community development projects would depend upon the involvement of village leaders in the design and implementation of the projects. To achieve this goal, the COLT program was developed to train managers of existing WVRO community development projects and selected villagers to participate in new projects. COLT training was

designed to make rural village leaders aware of the real opportunities which exist for development, and involve them in project selection and implementation. Although not explicit, WVRO's program proposal accepted by AID implies that projects funded under the matching grant would be responsive to total community needs, rather than directed towards individuals. However, we found just the opposite. In our visits, we saw many small, unrelated subprojects that benefitted relatively few families in the community. For example, in one village we observed subprojects funded under the matching grant which included fishnets for two fishermen, a dry fish processing business for one family, and upgrading of substandard housing for three families. Although it was apparent that the subprojects were benefitting needy people, only a small percentage of the population was being helped. It is our view that greater economic impact would result, without an increase in overall expenditures, from fewer projects oriented towards larger segments of the community. Furthermore, fewer large projects would be easier to control operationally and financially. Examples of projects that could benefit an entire community include roads, wells, irrigation systems, fish ponds, community centers, etc.

We are not saying that WVRO's program was completely lacking in benefits for a community. We visited several cooperative stores that benefitted a number of families in the village, although small fees were charged to gain access to the stores. In another village, a small pharmacy was built and sold medicine at very low cost to all interested local residents. However, this type of community-oriented project comprised only a small part of the total WVRO program.

Our observations regarding the orientation of subprojects (individual vs. community) were also noted by an AID-funded consultant who evaluated WVRO's activities in the Philippines, subsequent to our visit there. The June 1982 evaluation report states:

> "Barangay (village) councils seem concerned primarily with increasing individual incomes of community members, but many show little understanding of the need and technique for mobilizing some of that income, using it to finance community services, and governing their barangays for the benefit of all residents."

The COLT training centers that we visited in the Philippines, Thailand, and Indonesia were functionally designed. The typical training center had classrooms, workshops, offices, storerooms,

areas for agricultural demonstration and sports, and facilities for boarding students. All were apparently well maintained. We were also impressed by the assistance provided to various training programs by a number of agencies of the local governments in the three countries. Records maintained by the centers showed that hundreds of villagers had received training in a number of subjects that could be applied to bettering the villagers' lives. However, the pyramid training concept on which the COLT program is based had produced very few trained leaders who had succeeded in teaching others. A survey being conducted by WVRO's Manila Research Staff at the time of our visit confirmed this disappointing fact. Eighty-four percent of barangay scholars who had completed training and responded to questioning (176 of 210) said they had not transferred their training to a single associate or cooperator.

The WVRO survey also highlighted another flaw in project planning -- a general lack of support for trainees after completion of training. There were no provisions in the program proposal for any economic or technical assistance for students after graduation. The same holds true for the project papers related to COLT training, except for one project in the Philippines. As a result, 164 of 210 graduates from COLT centers (78 percent) were not given any financial assistance to start a subproject and 142 (68 percent) did not receive any advisory assistance to help carry out their subprojects. The individuals involved were selected from the poorest of the poor and were barely able to meet basic needs. Most lacked the capital and expertise to carry out even a simple subproject unassisted. In our opinion, this failure of WVRO to follow-through with financial and technical assistance when needed was short-sighted, and clearly indicates lack of planning.

The matching grant expired September 27, 1982, but the Office of Private and Voluntary Cooperation (FVA/PVC) is reviewing a proposal from WVRO for a new $3 million, three-year matching grant. It is our view that the proposal for the grant now ended suffered from poor planning and lacked specificity in the type of projects to be funded. Further, implementation of the projects was at variance with the proposal, and the COLT Program was substantially ineffective. If AID support is to be continued, the agreement should be specific on the type of projects to be funded and the procedures for implementing them. The agreement should also include controls to assure that WVRO will follow the program plan. COLT, as it is now structured, should be discontinued.

Recommendation No. 1

If a new matching grant is awarded to WVRO in 1983, the Office of Private and Voluntary Cooperation (FVA/PVC) should require specificity in the workplan and include controls to assure adherence to the plan. The COLT Program should be restructured to maximize its social and economic impacts.

In response to the draft report, FVA/PVC included the following comments:

"We agree, as does WVRO, that the COLT Program needs to be substantially restructured. WVRO's new MG proposal, for which PVC is awaiting additional information before any further consideration, provides for:

". . . the discarding of the tier system for training;

". . . the provision of follow-on capital and technical assistance to the trainees;

". . . the assistance in the design and implementation of projects benefiting the entire community . . . .

"We also agree with the audit recommendation that more specificity should be required for their programs, both in terms of the type of projects to be funded and the procedures for implementing them."

Costs of Religious Activities Improperly Included in Charges to Projects Financed by the Matching Grant

AID's General Counsel has determined that the U.S. Government is prohibited from sponsorship, support, or active involvement in religious activities. An August 1979 Action Memorandum recommending approval of the matching grant stated that although World Vision was involved in evangelism and Christian leadership, the use of the matching grant funds would be limited strictly to

development activities. Nevertheless, we found several instances where costs of religious activities were improperly included in charges to projects financed under the matching grant. It was not possible to determine the total dollar amount of these charges to the matching grant because AID and WVRO funds were commingled, and in many cases, the items paid for could have both religious and development objectives.

During the early period of the grant, AID may not have been fully aware of the extent of religious activities built into the scope of work, especially in the Philippines. The annual budget submitted to AID by WVRO contained very concise project descriptions. Only a few of these capsulized comments made any reference to religious activities.

A typical example was Project Number PHL-31092, the San Antonio Community Development Project that was initiated prior to the grant, but approved for grant funding. According to the brief project description that AID had access to, the purpose was:

> "To produce enough food locally to meet the consumer demands of this poor community and bring self-sufficiency by September 1979, by providing water from a deep well, successfully harvesting six new species of fruit and vegetables, raising the production of existing crops 100 percent by August 1978, and 150 percent by August 1979, raising 100 farm animals for meat production, and raising the standard of living and health by August 1979."

The detailed project description in WVRO's files included the following objectives under the project goal:

> "To intensify Christian leadership and evangelism activities in the community through youth camps, home visitation, and Bible studies for 50 percent of the community by September 1981."

The Plan of Action for this project specifies certain tasks to further these objectives and provides a budget to carry them out. AID also may have been mislead on the issue of religious activities by evaluations made in 1981 and 1982 by contract

consultants. The consultants concluded that WVRO funds committed to any or all projects are more than adequate to support any religious activities without reference to AID funds. The 1981 report states:

> "The insurance WVRO can offer is that a reading of the correlation between the percentage of AID funds in any/all projects and the ratio of religious (10 percent) to development (90 percent) activities, verifies that WVRO funds committed to any/all projects are more than adequate to support any religious activities without reference to USAID funds."

The 1982 evaluation includes the following comments:

> ". . . identifiable religious activities remain separate from development and are not supported with AID money. This separation presented little difficulty, since AID funds are less than ten percent of World Vision's program in each country. . . .
>
> ". . . AID should rest easily on the religious issue. If whatever is observed in the Monrovia Office falls within acceptable limits, then activities of World Vision in the Philippines also present no problems. This report confirms findings of Charles Williams regarding World Vision's freedom from unacceptable (to AID) religious practices in AID-sponsored development activities."

A few examples of expenditures from the grant that were specifically for religious activities are as follows:

Project No.	Country	Project Budget	Item Description	Cost
31099	Philippines	$ 29,923	Register 5 students at Bible Baptist Church.	$ 43
			Bible school supplies.	$ 118
31036	Indonesia	$208,707	Cassette recorders and cassettes for Bible translation.	$2,470
31029	Philippines	$ 28,414	Allowance for Bible students.	$ 71
			Bible study, training, and distribution.	$ 70
			Transportation for Bible scholars.	$ 86

Although identifiable religious activities constituted only a small percentage of total project budgets, any amount is excessive, according to U.S. Government policy as stated by AID's General Counsel in an August 1980 memorandum:

> "As a general matter, the U.S. Government is prohibited from sponsorship, support, or active involvement in religious activity. Walz v. Tax Commission, 397 U.S. 664, 668 (1970); Lemon v. Kurtzman, 403 U.S. 602, 613 (1971). . . .
>
> "Since AID's contribution is support for the total "matching grant" program, religious activities cannot be included as part of the program, even if the PVO's contribution would be sufficient to cover the costs of such activities."

Recommendation No. 2

The Office of Private and Voluntary Cooperation (PVA/PVC) should require WVRO to submit complete project papers, including the plans of action and applicable budgets, to AID for development projects to be considered for funding under any new matching grant. Religious activities should not be a part of any development project approved as part of a matching grant program.

World Vision's Accounting System Does Not Segregate Costs for Religious Activities

World Vision's corporate accounting system is basically sound, but it is not adequate for AID grants because it does not identify and segregate costs associated with religious activities. These activities are not eligible for Government funding, as reported in preceding paragraphs.

Our findings relative to the financial practices are as follows. Standardized procedures had been established and were followed by the home and field offices, the regional offices reported all financial transactions to the home office on a regular basis, and the data was recorded in a manual system. In sample tests, field office records agreed with home office financial reports. In

other tests conducted in the Philippines, Thailand, and Indonesia field offices, project charges were appropriately supported by receipts and paid checks. WVRO's drawdowns under the FRLC were reasonably in line with program needs, and cash balances were held to a minimum.

World Vision apparently complied with special terms of the grant. Under terms of the 50/50 matching grant, individual expenditures on a project-by-project basis did not have to be matched, provided the total of all expenditures were matched. As of March 31, 1982, total program costs amounted to $4.9 million of which $2.1 million was contributed by AID. WVRO's share ($2.8 million) exceeded AID's contribution by $.7 million at that time. (Details are shown in Exhibit A of this report.) Total costs, however, include an undetermined amount of unallowable expenses associated with religious activities. Such costs should have been excluded, but were not, because the accounting system doesn't provide for it.

In response to the draft report, FVA/PVC stated:

> "In light of the audit findings and the GC memorandum quoted therein, we will be holding further discussions with the GC on this issue in consideration of any new MG to WVRO. We will insure that for any project to be funded, no religious activities are included as a part thereof."

Consequently, no audit recommendation is necessary.

Auditing Procedures Need to be Strengthened

We found the organization's audit coverage of project activities, particularily those managed or co-managed by subgrantees, to be below acceptable standards.

OMB and AID require that audits be conducted by qualified individuals on a continuing basis to test the fiscal integrity of financial transactions. OMB Circular No. A-110, dated July 1, 1976, included the standards for financial management systems applicable to grants to nonprofit organizations, and are incorporated verbatim in AID Handbook 13, Chapter 1. These are the financial management guidelines for grantees receiving assistance from AID. Examination of project expenditures by either World Vision's internal audit staff or public accountants under contract would satisfy these requirements.

Standard Provision 25(2) of the WVRO matching grant specified the following:

> "The Recipient shall ensure that, after each twelve months of a subagreement, an audit is conducted on the subrecipient's records by an independent public accountant with a national certification similar or equivalent to a certified public accountant. If the Recipient determines that an audit is not possible or feasible it shall submit to the AID Agreement Officer the reasons why such an audit is not possible or feasible, and present for the approval of the AID Agreement Officer, alternatives which will achieve the objectives, set forth in this provision. The Recipient shall include in each subagreement hereunder, a provision by which the Recipient asserts the right to audit if the independent audit does not take place or is unacceptable."

On December 10, 1980, WVRO, in a letter from their Manager of Internal Auditing to the Grant Officer in AID's Office of Contract Management, proposed an alternative audit plan as follows:

> "1. World Vision will perform internal audits of:
>
> "a. All projects (World Vision and subrecipient) with annual budgets of over $30,000.
>
> "b. Indonesia, Thailand, and Asia Regional Offices.
>
> "2. World Vision will engage independent certified public accountants to audit:
>
> "a. Philippines and Thailand field offices.
>
> "b. WVRO international offices."

In support of their recommendation, WVRO noted that of the 65 projects then active, 30 were being managed by local village committees, church groups or mission agencies. They explained that independent audits of these 30 subrecipients were not feasible for the following reasons:

"1. Much of our development work is with ethnic minorities in remote areas far from our field offices and with very limited access. Often, public accounting firms cannot be found within a reasonably close proximity .

"2. The cost of engaging independent public accounting firms to audit these 30 projects, including charges for travel and travel time, would be prohibitive, in many cases amounting to as much as 50 percent of the subrecipient's funding."

According to WVRO, AID did not respond to the December 1980 letter. WVRO's proposed alternative audit plan apparently was placed on hold.

The coverage of projects in the Philippines was adequate -- 26 of 61 projects were audited by World Vision's local auditors. A well-qualified staff had conducted a number of project audits during the period October 1979 to April 1982. The audit reports indicate a thorough review was made of financial and internal control functions. The reports describe the deficiencies found and include recommendations to correct those deficiencies. However, none of the 26 projects in Indonesia were audited by World Vision personnel or public accountants. None of the 14 projects in Thailand were examined by World Vision staff. A public accounting firm, SGV-Thalong and Company, did make a limited review of the program in Thailand, but did not examine documentation in support of project costs or visit project sites. Overall, audit coverage was inadequate.

Recommendation No. 3

The Office of Private and Voluntary Cooperation (FVA/PVC) should require World Vision to establish an adequate audit program.

AID Monitoring of WVRO Activities Hindered by Poor Quality of Reports

WVRO's procedures for the selection, approval, and monitoring of overseas community development projects were satisfactory, but the reports to AID on project status contained little data that could be useful to AID officials having oversight responsibilities.

WVRO's system for selecting projects is explained in the Background section of this report, and was found to be logical. The system of approvals was also reasonable. Procedures require a complete review of data justifying the project, usually by the local community and a World Vision area supervisor. Subsequent reviews by field directors and regional (country) officers are required to assure a thorough study of each project before final approval is given by the International Affairs Committee at World Vision's headquarters. Regional conferences are held periodically to update WVRO personnel in project approval, accounting, and reporting procedures.

Projects are monitored through field visits and progress reports. Area supervisors at the field level monitor eight to twelve projects each, and maintain close liaison with their project managers. Regional office personnel assist project managers in problem solving, and home office personnel (Field Projects Division) make frequent visits to observe project progress.

Regional offices prepare quarterly progress reports for all projects in their areas of responsibility. These quarterly reports compare physical status with project milestones or plans of action, identify major problems encountered, and review expenditures to-date in relation to project budgets. These reports enable home office personnel to determine what follow-up actions are needed, by whom, to keep projects on course. The system breaks down in its reporting to AID. WVRO had submitted all reports required by the grant, but the description of report content in the matching grant agreement was vague. As a result, the annual reports submitted to AID's program office (FVA/PVC) lacked the information needed to determine how well WVRO was meeting program objectives. The absence of this information deprived FVA/PVC of an important tool in evaluating WVRO's performance.

WVRO issued two annual reports to AID in compliance with grant terms. The first, issued in July 1980, contained a summary of training courses and the number of participants. The report contained practically no information on the 60 ongoing community development projects in the first year under the grant. The second report, published in August 1981, contained short summaries of the COLT program in the Philippines, Thailand and Indonesia. Just a few lines in the report were devoted to the 32 community development projects in process during the second year

of the grant. There was no substantive information on any individual project, although these projects eventually accounted for 76 percent of total funds expended under the matching grant.

Outside consultants were engaged in 1980 and 1982 to assist FVA/PVC in the evaluation of WVRO activities. Except for isolated examples, these reports, too, contained little information on the progress of community development projects funded under the grant.

It is our view that more informative progress reports are necessary for effective monitoring by AID. The reports should describe project objectives in quantitative terms and measure progress in the same terms. The reports should also explain any significant differences between actual and planned performance. Major changes in project direction, if any, should be explained in the reports. Most of this information is already being accumulated by World Vision.

Recommendation No. 4

The Office of Private and Voluntary Cooperation (FVA/PVC) should require WVRO to design an accurate, more informative progress report to reflect accomplishments on projects funded by AID.

FVA/PVC included the following comments relative to their oversight activities:

> "Beyond the actual reporting done by WVRO, PVC was well informed as to the progress under the grant and the problems pertaining thereto. During the life of the grant, independent consultant evaluations were carried out the end of 1980 and in mid-1982. In addition, the Director and Deputy Director of PVC, as well as the PVC project officer responsible for the grant, carried out field visits to the WVRO program which encompassed all three MG countries. These evaluation reports and on-site inspections provided PVC with a good sampling of information on WVRO project implementation. Nevertheless, . . . we plan to require a more comprehensive reporting on project activity for any new grant."

EXHIBIT A

WORLD VISION RELIEF ORGANIZATION
Summary of Matching Grant Costs
September 28, 1979 to March 31, 1982

	Development Support Services	Direct Project Costs	Total
Indonesia	$ 387,273	$1,188,884	$1,576,157
Philippines	162,121	782,413	944,534
Thailand	267,079	1,857,286	2,124,365
Asia Regional Office	117,619	-	117,619
WVRO Headquarters	68,815 *	-	68,815
Total	$1,002,907	$3,828,583	$4,831,490
WVRO Adjustments			63,614
Total Program Costs Reported to AID as of March 31, 1982			$4,895,104
Total FRLC Drawdowns as of March 31, 1982			$2,090,000
WVRO Contributions			$2,805,104
Ratio of WVRO Private Funds to AID Funds			$134/$100

* Fiscal Year 1980 only.

WORLD VISION RELIEF ORGANIZATION

List of Report Recommendations

Recommendation No. 1

If a new matching grant is awarded to WVRO in 1983, the Office of Private and Voluntary Cooperation (FVA/PVC) should require specificity in the workplan and include controls to assure adherence to the plan. The COLT Program should be restructured to maximize its social and economic impacts.

Recommendation No. 2

The Office of Private and Voluntary Cooperation (FVA/PVC) should require WVRO to submit complete project papers, including the plans of action and applicable budgets, to AID for development projects to be considered for funding under any new matching grant. Religious activities should not be a part of any development project approved as part of a matching grant program.

Recommendation No. 3

The Office of Private and Voluntary Cooperation (FVA/PVC) should require World Vision to establish an adequate audit program.

Recommendation No. 4

The Office of Private and Voluntary Cooperation (FVA/PVC) should require WVRO to design an accurate, more informative progress report to reflect accomplishments on projects funded by AID.

WORLD VISION RELIEF ORGANIZATION
List of Report Recipients

Assistant to the Administrator for Management, AA/M	1
Associate Assistant to the Administrator for Management Services, M/AAA/SER	1
Office of Executive and Overseas Management Service, M/SER/EOMS/OD	1
Audit Liaison Office, M/AAA/SER	1
Assistant Administrator, Bureau for Asia, AA/ASIA	2
Director, Office of Technical Resources, ASIA/TR	1
Audit Liaison Office, ASIA/EMS	1
Assistant Administrator, Bureau for Food for Peace and Voluntary Assistance, AA/FVA	2
Office of Private and Voluntary Assistance, FVA/PVC	1
Audit Liaison Office, AA/FVA	1
Senior Assistant Administrator, Bureau for Science & Technology, SAA/S&T	2
Director, Office of Technical Review and Information, S&T/TRI	1
Development Information and Utilization Service, S&T/DIU	1
Audit Liaison Office, S&T/PO	1
Office of Financial Management, M/FM/ASD	2
Director, Office of Contract Management, M/SER/CM	1
Office of Contract Management, M/SER/CM/ROD/ASIA	1
Office of Contract Management, M/SER/CM/COD/PE	1
Office of Contract Management, M/SER/CM/SOD/PDC	1
Office of Public Affairs, OPA	1
Office of Legislative Affairs, LEG	1
Mission Director, USAID/Jakarta	1
Mission Director, USAID/Manila	1
Mission Director, USAID/Thailand	1
Office of the Inspector General, IG	1

RIG/A/Abidjan	(1)	RIG/II/Manila	(1)
RIG/A/Cairo	(1)	RIG/II/Panama	(1)
RIG/A/Karachi	(1)	RIG/II/Karachi	(1)
RIG/A/Latin America	(1)	RIG/II/Africa/W	(1)
RIG/A/Manila	(1)	RIG/II/Cairo	(1)
RIG/A/Nairobi	(1)		
AAP/New Delhi	(1)		
AIG/II	(1)		
IG/PPP	(1)		
IG/EMS/C&R	(16)		