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MEMORANDUM REPORT ON
International Statistical Institute
Grant No. AID/csd-3606

Audit Report No. 85-01
October 1, 1984

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MEMORANDUM

TO: M/SER/CM, - Hugh L. Dvelley
M/FM/ASD, Bruce Birnberg
B. Thabet

FROM: Acting RIG/A/W, Richard Thabet

SUBJECT: Audit of the International Statistical Institute,
Grant No. AID/csd-3606

Background

The International Statistical Institute (ISI) is a professional society devoted to developing and improving statistical methods and their application throughout the world. It is an independent, non-profit organization, founded in 1885, and incorporated under the laws of the Netherlands in 1974. Its permanent office is located in The Hague, Netherlands.

In 1972, AID entered into a grant agreement (No. AID/csd-3606) with ISI to promote participation of 50 to 60 countries in the World Fertility Survey (WFS), and provide technical assistance and support to approximately 40 developing countries. The United Nations Fund for Population Activities (UNFPA) is the other major source of funding for ISI/WFS. As of December 31, 1983, AID had obligated a total of \$26,324,698 to ISI to cover program costs through June 30, 1984. The grant will be extended to December 31, 1984 at no additional cost to allow ISI to complete all program activities.

In 1972, ISI established the World Fertility Survey (WFS) in London to carry out the scope of work stipulated in the grant agreement. WFS is an international population research organization. Its primary objective is to assist developing countries in carrying out surveys on human fertility behavior. The long-term objectives are:

1. to aid national governments in understanding their fertility problems and in formulating policies in the field of economic and social planning;
2. to aid international efforts to promote effective population policies; and

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3. to promote the development of demographic research and the scientific study of fertility, particularly in developing countries.

ISI staff is responsible for administrative services required by the WFS programs. These include negotiating and drafting of subgrant requests, accounting and fiscal services, publications, and conference assistance.

OBJECTIVES, SCOPE AND METHODOLOGY

The Office of the Regional Inspector General for Audit/Washington (RIG/A/W) performed an audit of General Support Grant No. AID/csd-3606 awarded to the International Statistical Institute (ISI). The audit covered the period January 1, 1981 through December 31, 1983. The field work was performed during the months of June and July, 1984.

The purpose of our review was to determine the propriety and allowability of costs claimed for the (1) general support of ISI and its project office in London, (2) subgrants for AID-financed country fertility surveys, and (3) subgrants for the subsequent analyses of survey results by individuals and institutions.

The review was made in accordance with the Controller General's Standards for Audit of Governmental Organizations, Programs, Activities and Functions and included such tests as we considered necessary in the circumstances. Contractor performance and effectiveness in carrying out the terms and conditions imposed by the grant were not reviewed or evaluated during our audit.

FINDINGS AND RECOMMENDATIONS

Grant Costs

Costs incurred by ISI during the period January 1, 1981 through December 31, 1983 totaled \$12,656,996, of which \$8,530,578 was funded by AID. As a result of our review, we are suspending \$970,134 of subgrant costs pending proper accountability by the subgrantees (see Exhibit A). The subgrants, and the amount suspended is summarized as follows:

Cameroon	\$451,934
Ivory Coast	351,200
Malaysia	7,000
Morocco	60,000
	<u>\$870,134</u>

During the period May 31, 1972 through December 31, 1983, ISI drew down \$24,248,000 under the AID Federal Reserve Letter of Credit (FRLC) to cover program costs. Under the FRLC procedures, a Grantee will request advance funding to cover their anticipated expenditures for the ensuing three day period. The requested funds are then transferred from the Federal Reserve Bank to the Grantee's regular checking account. ISI's drawdowns financed AID's portion of their home office activities (core costs) and the activities at their London office and in the field (project costs).

In support of their drawdowns, ISI reported they had incurred \$24,610,638 in allowable costs. If the Office of Contract Management sustains the suspended subgrant costs totaling \$870,134, ISI will have drawn down excess funds. The excess funds are calculated as follows:

Total Funds Drawn Down			\$24,248,000
Accepted Costs:			
Core Costs		\$20,066,485	
Project Costs	\$4,544,153		
Less: Suspended Costs	<u>870,134</u>	<u>3,674,019</u>	23,740,504
Excess Drawdowns Due AID			<u>\$ 507,496</u>

Recommendation No. 1

The Office of Contract Management (SER/CM) should take appropriate action to:

- a. Settle suspended subgrant costs totaling, \$820,134 and;
- b. If applicable, collect excess drawdowns.

ACCRUED INTEREST DUE AID

ISI earns interest on funds retained in their checking account. Funds drawn down under the Federal Reserve Letter of Credit are deposited into their checking account and earn interest until it is totally dispersed. During our review, ISI's financial accountant provided us with worksheets showing accrued interest totaling \$2,093 earned on AID funds. We reviewed the accountant's worksheets and concluded the \$2,093 of accrued interest earned on AID funds is correct. As of the date of our audit, ISI has not refunded the earned interest to AID.

Recommendation No. 2

The Office of Financial Management (M/FM/ASD) should take appropriate action to recover the accrued interest of \$2,093 due AID.

INTERNATIONAL STATISTICAL INSTITUTE

Grant No. AID/csd-3606
Summary of Grant Costs Claimed and Funds Drawn Down
for the Period May 31, 1972 through December 31, 1983

<u>Cost Categories</u>	<u>Prior audit</u> <u>Period</u>	<u>Current Audit Period</u>			<u>Total</u> <u>Costs</u>	<u>Costs</u> <u>Suspended</u>
	<u>5/31/72 to</u> <u>12/31/80</u>	<u>1/1/81 to</u> <u>12/31/81</u>	<u>1/1/82 to</u> <u>12/31/82</u>	<u>1/1/83 to</u> <u>12/31/83</u>	<u>5/31/72 to</u> <u>12/31/83</u>	
<u>Projects</u>						
Country Fertility Surveys	\$ 3,207,339	\$ 92,000	\$ (16,813)	\$ 63,314	\$ 3,345,840 <u>1/</u>	\$ 870,134 <u>2/</u>
Second Stage Analyses	469,108	230,123	202,624	172,147	1,074,002	-
Comparative Analyses	-	34,707	17,131	(894)	50,944	-
Illustrative Analyses	49,536	-	-	9,892	59,428	-
Data Processing (CELADE)	-	-	13,007	932	13,939	-
Total Projects	<u>\$ 3,725,983</u>	<u>\$ 356,830</u>	<u>\$ 215,949</u>	<u>\$ 245,391</u>	<u>\$ 4,544,153</u>	<u>\$ 870,134</u>
<u>Core Operating Costs</u>						
Staff Salaries & Consultants	\$ 6,827,170	\$ 1,741,908	\$ 1,694,473	\$ 1,495,521	\$ 11,759,072	\$ -
Travel	1,035,290	128,274	280,315	220,640	1,664,519	-
Honorariums	20,283	450	380	380	21,493	-
Conferences/Meetings	581,180	51,156	19,003	43,039	694,378	-

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for the Period May 31, 1972 through December 31, 1983

	Prior Audit	Current Audit Period			Total	Costs
	Period				Costs	
<u>Core Operating Costs</u>	<u>5/31/72 to</u> <u>12/31/80</u>	<u>1/1/81 to</u> <u>12/31/81</u>	<u>1/1/82 to</u> <u>12/31/82</u>	<u>1/1/83 to</u> <u>12/31/83</u>	<u>5/31/72 to</u> <u>12/31/83</u>	<u>Costs</u> <u>Suspended</u>
Contracts	\$ 219,939	\$ -	\$ 3,765	\$ 10,354	\$ 234,058	\$ -
Publications	515,390	11,765	69,055	82,394	678,604	-
Computer Services	1,155,547	31,294	72,796	35,981	1,295,618	-
Office Requirements	1,407,080	408,155	422,548	310,878	2,548,661	-
Other Costs	795,981	284,861	180,445	163,476	1,424,763	-
Less Recoveries <u>3/</u>	<u>(203,783)</u>	<u>(50,898)</u>	<u>-</u>	<u>-</u>	<u>(254,681)</u>	<u>-</u>
Total Core Costs	<u>\$12,354,077</u>	<u>\$2,606,965</u>	<u>\$2,742,780</u>	<u>\$2,362,663</u>	<u>\$20,066,485</u>	<u>\$ -</u>
Total Costs	\$16,080,060	\$2,963,795	\$2,958,729	\$2,608,054	\$24,610,638	<u>\$870,134</u>
FRLC Drawdowns	16,113,000	2,815,000	2,875,000	2,445,000	24,248,000	
Drawdowns Over (Under) Costs	<u>\$ 32,940</u>	<u>\$ (148,795)</u>	<u>\$ (83,729)</u>	<u>\$ (163,054)</u>	<u>\$ (362,638)</u>	

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Grant No. AID/csd-3606
Summary of Grant Costs Claimed and Funds Drawn Down
for the Period May 31, 1972 through December 31, 1983

Explanatory Notes:

1/ The audit covered the period May 31, 1972 through December 31, 1983. We made the audit to determine if all subgrant costs had been audited by independent accounting firms.

2/ Represents the following suspended costs:

(a) Costs claimed for the fertility survey in Cameroon. The ISI contract officer is awaiting the final external financial audit report for the costs claimed.	\$451,934
(b) Costs claimed for the fertility survey in the Ivory Coast. The final external financial audit has not been received.	351,200
(c) ISI provided \$7,000 to the National Family Planning Board in Kuala Lumpur, Malaysia for a national meeting of policy makers. An accounting of the expenditures has not been received.	7,000
(d) The final advance of \$60,000 to the Ministry in Rabat, Morocco has not been accounted for and audited.	60,000
Total	<u>\$870,134</u>

3/ ISI receives unrestricted donations from various international agencies. During the period May 1972 through December 1983, these donations totaled \$254,681. It was ISI policy to reduce their vouchers to AID by the amount of the donations. Therefore, net costs to AID during this period was \$24,610,638.

INTERNATIONAL STATISTICAL INSTITUTE

List of Report Recipients

Associate Assistant to the Administrator for Services, M/AAA/SER	1
Senior Assistant Administrator, Bureau of Science and Technology, SAA/S&T	5
Director, Office of Population, S&T/POP	2
Audit Liaison Office, M/AAA/SER	1
Audit Liaison Office, SAA/S&T	1
Director, Office of Contract Management, M/SER/CM	2
Office of Contract Management, CM/COD/PE	1
Office of Financial Management, M/FM/ASD	2
Assistant Administrator, Bureau for Program and Policy Coordination, AA/PPC	1
Office of Policy Development and Program Review, PPC/PDPR	1
Center for Development Information and Evaluation, PPC/CDIE	1
Office of General Counsel, GC	1
Bureau for External Affairs, XA	1
Office of Inspector General, IG	1
RIG/A/Cairo	1
RIG/A/Manila	1
RIG/A/Karachi	1
RIG/A/Nairobi	1
RIG/A/LA	1
IG/PPP	1
IG/II	1
AIG/A	1
IG/EMS/C&R	16

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