

PD-ANT-025
AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES A. I. D. MISSION TO BRAZIL

DOCRD

REPORT ON EXAMINATION

OF

CONTRACT No. AID/1a-147

THE UNIVERSITY OF WISCONSIN

PROJECT AGREEMENT No. 512-11-110-094

AGRICULTURAL EDUCATION

FOR THE PERIOD

APRIL 1, 1965 THROUGH AUGUST 31, 1967



OFFICE OF THE CONTROLLER



REPORT No. 12/68

COPY No. 4

DATE: DECEMBER 4, 1967

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AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES A.I.D. MISSION TO BRAZIL
Office of the Controller

December 4, 1967

TO The Director of Mission
Minister Stuart H. Van Dyke

The USAID/B Controller's Office, Audit Division, has completed an interim examination of the University of Wisconsin, Madison, Wisconsin, Contract No. AID/1a-147, "Agricultural Education - University of Rio Grande do Sul, Porto Alegre".

Under this contract, the University of Wisconsin agreed to furnish personnel to provide professional agricultural assistance to the University of Rio Grande do Sul. The Brazilian coordinator for the contract advised us that the Wisconsin technicians have made and are making significant contribution in the fields of graduate training, research, extension, and agricultural teacher training (pp.6-7). The major problem area has been in local currency funding, and the GOB's Council for Technical Coordination of the Alliance for Progress (CONTAP) had not lived up to its agreement to supply NCr\$230,000 to the University of Rio Grande do Sul. CONTAP had provided only NCr\$178,000, and this sum had been entirely expended by June 1966. Lack of funds has impeded project progress. The USAID/B Controller's Office has scheduled a system survey of CONTAP, and it is hoped that one of the periphoral benefits of this survey will be to determine why funds were not furnished this project as agreed (page 9).

Our report contains 4 recommendations relating to personnel and reporting actions. Contract provisions relative to short term consultants should be amended (page 5). Four members of the contract team did not complete their normal two-year tours of duty, and we are recommending that the AID/W Office of the Controller determine

if the shortened tours were adequately justified (page 6). We found that reports relating to the evaluation of the Contractor's reports and performance had not been filed as required under N.C. 1423.10, and AID/W had not taken appropriate follow-up action. Action offices on the recommendations relating to reporting procedures are (a) USAID's ARDC Contract Representative, and (b) AID/W's Latin American Management Division (page 8).



Robert B. Curtis

Controller

AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES A.I.D. MISSION TO BRAZIL

REPORT ON EXAMINATION
OF
CONTRACT No. AID/1a-147
THE UNIVERSITY OF WISCONSIN

SECTION I - GENERAL

A. PURPOSE OF EXAMINATION

The purpose of this examination was to provide a review and evaluation of Contract No. AID/1a-147 with the University of Wisconsin under Project Agreement No. 512-11-110-094 which provides for assistance in the field of Agricultural Education.

This audit was made as an assist audit to AID/W, and therefore we have gone into more detail than would ordinarily be the case in a Mission-originated audit. This is the second audit of this contract and covers the period April 1, 1965 through August 31, 1967. The initial audit of this contract covered the period December 27, 1963 through March 31, 1965. All recommendations contained in the first audit report (Nº 14/65 dated June 4, 1965) have been cleared.

B. SCOPE OF EXAMINATION

Our examination was made on a selective basis. We reviewed USAID/B records as appropriate, visited the Contractor's field operations, examined Contractor's records, and made tests of such records as they related to non-expendable property. Our examination was conducted in accordance with generally accepted auditing principles.

Prior to finalization, this report was reviewed by the Contract-

ting Officer (ADMG/MGSC) and by the Contract Representative, Agriculture and Rural Development Office (ARDO), and their comments have been considered in the final report.

SECTION II - FINDINGS AND RECOMMENDATIONS

A. BACKGROUND

The University of Wisconsin, Madison, Wisconsin, agreed to supply the services of personnel in providing professional agricultural assistance to the University of Rio Grande do Sul located at Porto Alegre in the State of Rio Grande do Sul.

B. PROGRAM OBJECTIVES

The project agreement initiated in 1963 represents a 10 year program under which the University of Wisconsin, under contract to AID, is providing technical assistance to the state and the University of Rio Grande do Sul (URGS) toward the development of a coordinated system of agricultural and veterinary education, extension and research within the State of Rio Grande do Sul. Specific activities to be carried out by the contractor are (1) promotion of cooperative agreements between the University of Rio Grande do Sul and the State Secretariat of Agriculture to coordinate soil testing activities, (2) establishment of laboratories to conduct research, (3) aiding in the development of a graduate school, (4) assisting in the publication of manuscripts on current research projects, and (5) assisting in the selection of participants to receive advance training in the United States. Since the program's inception, dollar funding has been increased from \$903,000 to \$1,495,000, the contract has been extended through December 31, 1967, and the number of the Contractor's long term personnel has been increased from eight to ten; but the basic program objectives outlined in the preceding section remain unchanged.

C. CONTRACT STAFFING

1. Short Term Consultants

Ten short term consultants were employed at various times under the contract, as shown in Exhibit A.

Provision for utilization of short term consultants is contained in Article III - Personnel, of Appendix B. The language of Article III - Personnel, of Appendix B is not clear as it concerns short term consultants. In one place it states "two short term consultants" and in another place it states "short term staff members as requested". The use of the number "two" appears to restrict the number of short term consultants to either two at one time or two in one calendar year, depending upon the intent of the signatories to the contract.

From our examination, it appears that in 1966 and so far in 1967, no more than two short term consultants have been in Brazil at any one time. Since consultants' travel has been authorized by all parties concerned, it appears that the parties intend to use more than two consultants in each year.

RECOMMENDATION No. 1

That USAID/B ARDC initiate a PIC/T to amend the contract provisions relative to short term consultants contained in Article III - Personnel, of Appendix B to clarify the number of short term consultants that may be utilized in any one year.

2. Staff Members

Data on regular staff members is shown in Exhibit B.

The basic contract stated that the Contractor will employ eight regular staff members. By Amendment No. 1 dated December 16, 1964 this number was increased to nine. Amendment No. 3 dated November 5, 1965 increased the number to ten. The number of regular staff members on board has generally followed the contract provisions.

RECOMMENDATION No. 2

That AID/W Office of the Controller (C/AUD) in its audit of the home office books and records of the Contractor should (a) determine if there were adequate reasons why four of the Contractor's regular staff members noted in Exhibit B, Duncan, Blodel, Bostian and Buse did not complete a normal two year of duty, and (b) if adequate justification is lacking, make appropriate adjustments to contract costs.

D. PARTICIPANT TRAINING

From inception of the contract until August 1965, no participants had been sent to the United States for training. Although dollar funding had been provided in the basic contract for participants, problems of language and/or financial assistance had prevented otherwise eligible candidates from being sent to the United States.

In the last two years the Participant Training Program has considerably improved. Sixteen participants have been sent to the United States and an additional thirteen candidates have been enrolled for training and their papers are in various stages of being processed.

It is expected that the Participant Training phase of the Contractor's operations will continue on its present basis.

E. PROGRAM ACCOMPLISHMENTS

The detailed quarterly reports currently issued by the Contractor indicate for each segment of the contract work that certain activities are either on schedule or delayed and, if the latter, the reasons for the delay. A review of these detailed reports as well as the accompanying narrative reports indicates that the Contractor's program are generally on schedule.

Since the measurement of Contractor performance involves a subjective, professional evaluation of work achievement, we obtained

a letter of confirmation from the Brazilian professor/coordinator on the staff of the University of Rio Grande do Sul regarding such Contractor performance. This letter states that the Wisconsin personnel have made and are making significant contributions in the fields of graduate training, research, extension and agricultural teacher training.

F. PROGRAM NEEDS

Participant training outlined in Section II - E of this report had been a problem early in the contract but now appears to have been resolved.

A continuing problem is that of local currency funding. As noted in Section III - B. 2 of this report, the matter will be the subject of a special study.

SECTION III - REPORTING, FINANCIAL, AND PROCEDURES

A. REPORTS

1. Contractor

The contract requires that the Contractor prepare a quarterly report and an annual report. Our examination indicated that the required reports have been prepared.

2. USAID/B and AID/W

W.C. 1423.10 requires the Contract Representative to file an evaluation of Contractor's Report U-510 in airgram format within 30 days after issuance of each Contractor's report. While the Contract Representative has submitted a U-510 report on the Contractor's annual reports we could find no evidence that the U-510 reports have been submitted for the quarters ending September 30, 1966; March 31, 1967 and June 30, 1967; nor could we find any evidence of follow up action on the part of the AID/W Contracting Officer.

W.C. 1423.10 also requires the Contract Representative to file an evaluation of Contractor's performance report, U-307 in airgram format no later than 60 days after each evaluation period of six

months of contract operations. The last U-307 report on this contract covered the period ended March 31, 1966. Again, there is no evidence of follow up action on the part of the AID/W Contracting Officer regarding the reports for subsequent periods.

RECOMMENDATION No. 3

That USAID/B ARDC request the USAID/B Contract Representative to (a) prepare a U-510 Report on the Contractor's latest quarterly report, and (b) prepare a current evaluation of the Contractor's performance report U-307, both as required by W.O. 1423.10 and to continue to file such reports when due.

RECOMMENDATION No. 4

That AID/W LA/NGT/STP review the reporting requirements contained in W.O. 1423.10 dated November 1, 1966 relating to U-510 and U-307 reports and either (a) provide appropriate follow up procedures for reports that have not been submitted, or (b) eliminate the reporting requirements.

B. FINANCIAL

1. Dollar Funding

The dollar funding provided for this contract through Amendment No. 7 is \$1,495,000. All dollar payments to the Contractor are made by AID/W and recorded on the Mission's accounting records by Advice of Charge. The status of the dollar funds as of August 31, 1967 as shown on the Mission's accounting records is as follows:

<u>PIG/T No.</u>	<u>SUB-OBLIGATION</u>	<u>PAYMENTS</u>	<u>UNLIQUIDATED OBLIGATIONS</u>
30224	\$ 903,000	\$903,000	-0-
60099	100,000	-0-	\$100,000
70293	492,000	-0-	492,000
TOTAL	<u>\$1,495,000</u>	<u>\$903,000</u>	<u>\$592,000</u>

Payments recorded against PIG/T 30224 are as follows:

Personnel services	\$595,847,37
Participants	22,000,00
Commodities	100,000,00
Other Costs	<u>185,152,63</u>
TOTAL	<u>\$903,000.00</u>

2. Local Currency Funding

As a major portion of the Cooperating Country Contribution, the project agreement provided that the Brazilian Government Council for the Technical Coordination of the Alliance for Progress (CONTAP) would provide the University of Rio Grande do Sul (URGS) with NCr\$. 230,000 for logistic support and to defray the cost of research projects.

CONTAP has only provided a total of NCr\$178,000 and those funds were all expended by the end of June 1966. We examined the expenditures on a test basis and found no discrepancies.

The USAID/B Office of the Controller, Audit Division, has scheduled a system survey of CONTAP. It is expected that one of the results of the survey will be to determine why funds were not furnished this project as agreed. Since the survey has been scheduled no recommendation relating to CONTAP funding is contained in this report.

Since CONTAP funding ceased, local currency expenditures for the contract have been paid through a dollar imprest fund maintained by the Contractor's Chief of Party. Authorization for the use of the dollar funds to pay local currency costs is contained in Amendment No. 5 Section I of the contract which states:

"To carry out and to expedite the authorized contract expenditures at the overseas locations, the University of Wisconsin is authorized to utilize an amount not to exceed \$6,000 of the contract funds to establish an imprest account at a bank or banks of its choosing".

Originals of the supporting documents of expenditures made through the imprest fund are sent to the Contractor's home office. However, a review was made of copies of documents which showed that expenditures have been made for personal services, supplies, fuel, etc.

C. PROCEDURES

1. Leave Records

The Contractor maintains records showing the annual and sick leave taken by each of the staff members. Our examination of the leave records disclosed that leave taken has not been in excess of leave earned. The Contractor's records are considered adequate.

Home leave has been taken by two regular staff members. John Murdock was authorized early home leave by TOAID 1214 dated December 6, 1965 which also noted that he would return as Chief of Party. Murdock was on home leave December 20, 1965 to February 15, 1966. Bernard Ervon was granted early home leave by TOAID A-2104 dated June 29, 1967 based upon an agreement that Ervon would return for an additional two year tour. Ervon departed on home leave July 5, 1967 and returned September 1, 1967.

2. Non-Expendable Property

The Contractor maintains an informal record of non-expendable property. This record consists of a typed listing of all property showing quantity, description, serial number where applicable, location, and value. We made substantial tests of the property record and found no major discrepancies.

During our tests of the Contractor's property records, we noted that a few items were not marked with the AID or Alliance for Progress emblems. The items in question were labeled during our examination.

Reviwing the records relating to household furnishings, we found that not all of the staff members had signed the statement of responsibility for the reasonable care of the property. We called this matter to the attention of the Chief of Party who promised to take prompt corrective action. Hence, we are making no recommendation.

3. Publicity

Under the terms of the project agreement, the parties agreed to make every effort to publicize the project in newspapers and by other means and identifying it as a part of the Alliance for Progress.

During our field trip to Porto Alegre, we noted that the local newspapers had published stories regarding the work of the University of Wisconsin team members, identifying their work with the Alliance for Progress. Also, the annual report for 1966 of the State of Rio Grande do Sul Department of Agriculture gave credit for the assistance of the Alliance for Progress and showed photographs of University of Wisconsin persennol and gave credit for their assistance.

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EXHIBIT ACONTRACT STAFFING
SHORT TERM CONSULTANTS

<u>YEAR</u>	<u>NAME</u>	<u>SPECIALIZED FIELD</u>	<u>DATE OF ARRIVAL</u>	<u>DATE OF DEPARTURE</u>
1965	Richard Corey	Soils	4/19/65	No info available
	Hazel Shands	Agronomy	11/ 4/65	12/ 4/65
1966	Georgo Klingboll	Fruit	1/ 6/66	3/12/66
	Archibald Holler	Rural Sociology	3/ 3/66	3/19/66
	Lincoln Engolbert	Soils	10/12/66	11/12/66
	John Schmidt	Economics	10/17/66	10/26/66
1967	Oscar Allon	Bacteriology	1/ 3/67	1/29/67
	Robert Riock	Economics	1/17/67	2/15/67
	Robert Nodemoir	Dairy	2/ 2/67	2/25/67
	Walter Bjeraker	Education	3/15/67	4/ 7/67

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REGULAR STAFF MEMBERS

<u>NAME</u>	<u>POSITION</u>	<u>DATE ARRIVED</u>	<u>DATE DEPARTED</u>	
Herbert Bird	Chief of Party	3/ 8/64	3/15/66	
James Duncan	General Agriculturist	3/ 8/64	1/23/66	1/
Hans Bledol	Veterinarian	3/ 8/64	9/15/65	1/
Norman Rask	Agriculture Economist	4/ 1/64	11/30/65	2/
John Murdock	Soils Adviser, Chief of Party	6/14/64		3/
Lloyd Bestian	Communications	8/ 2/64	7/15/66	1/
Roubon Buso	Economist	9/20/64	8/ 1/66	1/
Paul Drolson	Agronomist	10/ 4/64	10/ 4/66	
Howard Larson	Dairy Scientist	12/19/64	7/ 4/67	4/
Regor Johnson	Sociology Specialist	7/ 3/65	6/28/67	
Bernard Ervon	Project Associate	9/10/65		
Wayne Kussow	Project Associate	9/ 2/65		
Harold Matteson	Extension Specialist	1/ 4/66		
Bruce Muggenborg	Veterinarian	6/ 3/66		5/
Albert Ludwick	Soils Adviser	10/ 6/66		
Marvin Beatty	Professor of Soils	12/15/66		
Donald Johnson	Sociology Specialist	1/31/67		
Dwayne Redwoder	Agency Adviser	1/25/67		
John Fott	Agricultural Adviser	7/ 2/67		

- 1/ No information is available as to why Duncan, Bledol, Bestian, and Buso did not complete a two year tour of duty which is called for by Article II of Appendix A, Standard Provisions of the contract.
- 2/ Rask arrived in Brazil on November 1, 1962 under University of Wisconsin contract AID/REPAS-3. Transferred to this contract on April 1, 1964. Reference AIDTC A-113 dated July 20, 1964.
- 3/ Murdock took over as Chief of Party on February 16, 1966 when he returned from home leave. Extended tour as Chief of Party to June 1968 recommended by TOAID A-1612 dated April 27, 1967.
- 4/ Mission approved Contractor's request for extension of tour for an additional six months. Reference TOAID A-398 dated September 2, 1966.
- 5/ Mission authorized medical evacuation of employee's wife with reimbursement under contract for travel costs. Reference TOAID A-1639 dated May 3, 1967.

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RESPONSIBLE A.I.D. OFFICIALS - USAID/Brazil

Chief, Agriculture and Rural Development (ARDO)

Richard R. Nowborg April 1, 1965 to the present

Contract Representative

Howard W. Roam April 1, 1965 to October 13, 1966
Byrd T. Whittle October 14, 1966 to March 5, 1967
Kernit C. King March 6, 1967 to the present

Contracting Officer, USAID/B

Charles Crabb April 1, 1965 to August 28, 1966
William Rhodos August 29, 1966 to the present
James McAvoy April 25, 1967 to the present
 } Joint
 } Incumbency

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SUMMARY OF RECOMMENDATIONS

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1	That USAID/B ARDC initiate a PIO/T to amend the contract provisions relative to short term consultants contained in Article III - Personnel, of Appendix B to clarify the number of short term consultants that may be utilized in any one year.	5
2	That AID/W Office of the Controller (C/AUD) in its audit of the home office books and records of the Contractor should (a) determine if there were adequate reasons why four of the Contractor's regular staff members noted in Exhibit B, Duncan, Bledol, Bestian and Buso did not complete a normal two year of duty, and (b) if adequate justification is lacking, make appropriate adjustments to contract costs.	6
3	That USAID/B ARDC request the USAID/B Contract Representative to (a) prepare a U-510 Report on the Contractor's latest quarterly report, and (b) prepare a current evaluation of the Contractor's performance report U-307, both as required by M.O. 1423.10 and to continue to file such reports when due.	8
4	That AID/W LA/REG/CTR review the reporting requirements contained in M.O. 1423.10 dated November 1, 1960 relating to U-510 and U-307 reports and either (a) provide appropriate follow up procedures for reports that have not been submitted, or (b) eliminate the reporting requirements.	8

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DISTRIBUTION OF
REPORT ON EXAMINATION
No. 12/68

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State Department - Mr. Jack B. Kubish, Country Director - Office of Brazil Affairs (ARA/BR)	4
AID/W - Executive Director (ARA-LA/MGT/EX)	5 - 6
AID/W - Office of the Controller, Audit Division (C/AUD)	7 - 11
AID/W - Management Support Staff (CTR/MGT)	12
USAID/Panama - Mr. William F. Magee, Inspector in Charge, Inspections and Investigations Staff	13
American Embassy, Rio de Janeiro, Mr. Frank C. Carlucci, Executive Officer (EXEC)	14
USAID/B - Office of Technical Cooperation (ADTC)	15
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NOTE: All audit work papers are attached to Copy No. 26 which is on file in the Office of the Controller, Audit Division (COAD), USAID/B.

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