

AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES A. I. D. MISSION TO BRAZIL

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REPORT ON EXAMINATION

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OF

GRANT PROJECT AGREEMENT No. 512-31-640-037.3

IMPROVEMENT OF EDUCATION IN THE STATE OF PARA

FOR THE PERIOD

JUNE 15, 1965 THROUGH JUNE 30, 1967



OFFICE OF THE CONTROLLER



REPORT No. 11/68

COPY No. 4

DATE: DECEMBER 1, 1967

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

TO The Director of Mission
Minister Stuart H. Van Dyke

December 1, 1967

The Office of the Controller, Audit Division, has completed an examination of the grant project, "Improvement of Education in the State of Pará", covering the period from June 15, 1965 to the time of the project's termination on June 30, 1967.

In 1965, it was estimated that 30 per cent of school age children in the State of Pará, which spreads over an area of 500,000 square miles and has a population of 2 million, were not served by schools. To help alleviate the school shortage, USAID/B extended a grant of NCr\$1 million for the construction of elementary school classrooms. Although not required under the project agreement, the State of Pará contributed NCr\$350,359 from its own resources to aid in the construction. The revised project agreement called for the construction of 134 classrooms, and 145 were eventually completed, many at remote spots throughout this vast state.

For the most part, the Auditors found that the project had been well run and supervised. It appeared to be a project in which the Alliance for Progress could take pride, despite considerable logistic difficulties encountered. School construction generally was sound, and no major difficulties were noted (pp. 6-7). However, none of the

indoor toilets in rural schools was operating, due either to a lack of well water or failure to supply pumps for the wells that did have water. As a practical suggestion, it would be better, where similar conditions prevail, to provide only outdoor toilets without running water in future school construction, with resultant monetary savings (p. 7). We recommended that the State of Pará be required to supply pumps to those schools where wells contained adequate water (p. 8).

The Auditors found that utilization of schools was excellent, with all running at least 2 sessions daily. Our inspection indicated an average utilization of 88 pupils per classroom (pp.8-9). However, teacher training looms as a major problem in the future although training was not a part of this project (p. 9). The State of Pará had economized and saved 50 per cent of estimated costs of school equipment by utilizing prison labor for building school equipment (p. 9). AID funds had been satisfactorily accounted for. Reporting and accounting procedures were timely and accurate (p.10).


Robert M. Curtis

Controller

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

REPORT ON EXAMINATION
OF
IMPROVEMENT OF EDUCATION GRANT PROJECT
STATE OF PARA

SECTION I - GENERAL

A. SCOPE AND PURPOSE

We have made an initial examination of the grant project, "Improvement of Education in the State of Pará", covering the period from June 15, 1965 to the time of the project's termination on June 30, 1967.

The principal objective of our examination was to review and evaluate the effectiveness of program implementation as compared with objectives outlined in the grant agreement. Other purposes were to determine the quality and effectiveness of financial and administrative management and the degree of compliance with AID policies, regulations, and procedures. Our examination was made in accordance with generally accepted auditing standards and included tests of financial records, inspections, and discussions with USAID/3 officials and with officials of the Ministry of Education and Culture of the State of Pará.

Before finalization, this report was reviewed with appropriate USAID/B officials who are in accord with its contents and with the 2 recommendations shown herein.

B. BACKGROUND

In 1967, the State of Pará had a population of approximately 2 million, spread over an area of 500,000 square miles, or about one-sixth the area of Brazil. Eighty per cent of the population lives in 1 per cent of the state, this being the northeast or coastal area at the mouth of the Amazon River. With 600,000 people, the City of Belém has nearly one-third of the State's population.

In 1965, it was estimated that 30 per cent of school age children, numbering 97,000 in Pará, were not served by schools. By 1967, some inroads had been made in this shortage, and only 56,000 children were without school facilities. Contributing to this improved situation had been the building of 144 new classrooms through combined USAID and State efforts. Additionally, the State allotted 48 per cent of its 1967 budget for educational purposes, indicating a strong desire to upgrade this important segment of economic development.

C. GRANT AGREEMENT

On June 15, 1965, USAID/B extended a NCr\$1,000,000 grant (No. 512-31-640-037.3) to the State of Pará for the improvement of its educational facilities. USAID/B funds were derived from the Fifth Sales Agreement of Public Law 480 Title I sales in the dollar equivalent of \$700,000, generated at an average exchange rate of

1,425 old cruzeiros to \$1. Construction of the entire program was completed prior to June 1967. Although not a requirement under the project agreement, the State of Pará contributed NCr\$350,359 from its own resources.

The original project proposal submitted by the State, through its unofficial advisor, called for the construction of 250 classrooms. This number proved to be nearly double that of a realistic estimate with available funds. Before the project got under way, plans were revised downward to construct 134 classrooms, and 145 were eventually completed with combined State and AID funds. The additional construction was made in part possible by reducing the number of administrative personnel paid to run the program and by procuring at reduced prices furniture made by inmates of State prisons.

SECTION II - FINDINGS AND RECOMMENDATIONS

A. FUNDING

The following Statement of Sources and Application of Funds shows the receipts and disbursements made under the program.

Sources

A.I.D. Grant (including NCr\$752 of interest)	NCr\$1,000,000	
State contributions (including NCr\$359 of interest)		350,359
Total Sources		NCr\$1,350,359

Applications

Construction of 145 classrooms	1,132,720	
Purchase of school equipment	55,944	
Purchase of 2 vehicles	21,421	
Purchase of 91 identification plaques	5,340	
Digging and construction of 30 wells	76,000	
Office building maintenance and repairs	35,644	
Consultant's fee	25,343	
Sundry	19,657	
Total Applications		1,372,069
<u>Deficit</u> (to be financed by State of Pará)		(NCr\$ 21,710)

As required, USAID/B funds were deposited in a separate bank account. As of June 30, 1967, this account showed a balance of NCr\$3,126.98, which sum was not finally disbursed until October, 1967. Under Section 3.08 (B) of the grant agreement, "Any funds which have been deposited in the Special Account which have not been disbursed by Pará for the project as of such date (i.e., June 30, 1967) shall be returned to A.I.D."

RECOMMENDATION No. 1

That USAID/B ADCD should (a) request the refund of NCr\$3,126.98 improperly disbursed under the project agreement, or (b) issue a waiver extending the terminal date for disbursements.

B. PROJECT PROGRESS

As noted previously, the State had more than fulfilled its revised goals under the project by building 145 elementary classrooms rather than the planned 134. Out of the 145 classrooms constructed, we visited 42 located at 14 different sites. Size of the schools varied from one to 6 rooms, all of the latter type being located in Bolón. There were kitchens in each of the schools to provide lunches for pupils with some of the food being obtained from Public Law 480 Title II grants. Some of the schools, chiefly of one room type, had been built in remote and jungle areas under incredible difficult conditions entailing the movement of men and materials over long distances. Costs were naturally increased by transportation difficulties, but intangible, offsetting benefits and publicity for the Alliance for Progress probably more than justified the extra expenditures.

School construction generally was sound, and we noted no major deficiencies in the buildings. Some of the rural schools had no electricity, but this did not appear an important drawback to instructional efforts. It is our opinion that larger windows or grillwork apertures should have been provided to obtain better lighting although the breaking of windows by vandals as well as internal damage by tropical rainstorms constituted significant problems.

All schools were equipped with toilet facilities, most of which were located in the school building proper. Out of 11 rural schools inspected, two had outdoor toilets without running water. The remaining 9 schools had indoor toilets with provisions for running water, but none of these was operating. Five of the rural schools on the mainland had elaborate, deeply sunk, cement-lined wells-- which were dry. On Marajó Island, there was water in the wells at all 4 school sites inspected-- but there were no pumps. Thus, for all practical purposes, the installation of modern, indoor plumbing facilities in rural districts had been a needless expenditure of funds since the indoor toilets, where water shortages exist, will never be fully used. It therefore follows that, although the State of Pará exceeded its revised goals as to classroom construction, several more schools could have been financed had outdoor toilets of modest size and construction been built. Availability of adequate water is an important point to be kept in mind in planning future school construction projects. Another problem we noted was that spare parts to repair broken pumps and equipment were not always available, and that distances to rural schools

were so great as to make a trip for purposes of effecting repairs a major journey.

RECOMMENDATION No. 2

That USAID/B ENRO request the State of Pará to provide adequate water pumping facilities to 4 schools located at Cachoeira de Arari, Ponta de Pedras, and Muana on the Island of Marajó.

Funds for school maintenance loom as a future problem, although currently the schools are too new to require much maintenance. Maintenance could, of course, be partially provided by community action programs, but local tendencies appear to be to rely upon Government for action.

In some of the villages, whose inhabitants live in straw-thatched houses, the new school buildings stood out as conspicuously as the Washington monument in the U.S. capital. Such construction could be interpreted either as unnecessarily conspicuous consumption or as a meaningfully proud symbol to the villagers that the Alliance for Progress reaches grass roots levels. We held with the latter point of view; in partial substantiation, it should be noted that the presence of a new school in the community has given local inhabitants a desire to upgrade the quality of their own homes.

Utilization of all schools was excellent. All were running at least 2 sessions daily while one in Belém was operating four 3 1/2 hours sessions, and in addition, was turning down applicants. In the 42 classrooms of the schools visited, we found that instruction was being

provided to 3,681 pupils, indicating an average utilization of 88 pupils per classroom.

We found that the number of teachers with normal school training (diplomadas) to be not more than 20 per cent of the number surveyed, and these were concentrated mainly in Bolóm. In rural areas, teaching chores were divided about evenly between women with some secondary education and those with no training beyond the third grade (leigas). Thus, the upgrading of teacher education seems as a considerable problem although training was not a part of this project.

C. CONTRACTING PROCEDURES

We found that public bids were solicited for all school construction. Seven contracts amounting to ₡1,049,500 were awarded to contractors in the State of Parí. All bids examined by us revealed that contracts were awarded to the lowest bidders; contract deadlines had been met. Provision had been made for retaining contract holdbacks as guarantees of good workmanship. Under the circumstances, no recommendation need be made.

D. EQUIPMENT

The State of Parí expended ₡55,944 of A.I.D. funds for classroom furniture. Our review of procurement procedures indicated that the lowest commercial bid for school furniture amounted to ₡102,510. This bid was considered too high, and procurement was therefore effected by having the furniture made by convicts and by individual workmen, thereby cutting costs by nearly 50 per cent. Our on-site observations indicated that the school furniture was of good

quality and properly distributed among the various schools.

The procurement of two vehicles cost NCr\$21,421, and these vehicles will be used in the future in school maintenance programs.

E. REPORTING AND ACCOUNTING PROCEDURES

Reporting on the financial progress of the project was generally adequate. We found that the State accounted properly for all expenditures of USAID/B funds. The engineers of the Program Executive's Office submitted periodic inspection reports as well as progress reports to the Chief Engineer. These reports appeared to contain accurate narrative information.

We examined the State's accounting procedures insofar as they related to control over USAID/B funds. It is our opinion that books and records were maintained in accordance with acceptable accounting principles and procedures. Accounting for A.I.D. funds was kept separate from other State accounts so that such funds can be identified independently. All payments made with AID funds were supported with proper documentation, and payment to contractors was conditioned on inspections performed by the Chief Engineer.

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

Engineering and Natural Resources Office (ENRO)

1. Fredoric M. Borgior To September 1965
2. Sylvio Pollis September 1965 to Present

Human Resources Office (HRO)

1. Ardwin J. Delic To August 1966
2. Monroe D. Cohen August 1966 to Present

Office of Capital Development and Industry (ADCD)

1. Maurico Prindevillo To October 1966
2. Gussio Daniels October to December 1966
3. John G. Ogilvie December 1966 to Present

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SUMMARY OF RECOMMENDATIONS

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1	That USAID/B ADCD should (a) request the refund of NCr\$3,126.98 improperly disbursed under the project agreement, or (b) issue a waiver extending the terminal date for disbursements.	6
2	That USAID/B ENRO request the State of Pará to provide adequate water pumping facilities to 4 schools located at Cachoeira de Arari, Ponta de Pedras, and Muandá on the Island of Marajó.	8

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DISTRIBUTION OF
REPORT ON EXAMINATION
No. 11/68

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Mr. Herman Kloino, Deputy Director (DDOM) - USAID/B	2
State Department - The Honorable J.K. Mansfield, Inspector General of Foreign Assistance (IGA)	3
State Department - Mr. Jack B. Kubish, Country Director, Office of Brazil Affairs (ARA/BR)	4
USAID/Panama - Mr. William F. Magee, Inspector in Charge - Inspections and Investigations Staff	5
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American Embassy, Rio de Janeiro, Mr. Frank C. Carlucci, Executive Officer (EXEC)	9
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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.



UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
AGÊNCIA NORTE-AMERICANA PARA O DESENVOLVIMENTO INTERNACIONAL

USAID/BRASIL



RUA MELVIN JONES N.º 5 - RIO DE JANEIRO - TEL.: 31-5820

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December 1, 1967

Mr. Jack B. Kubish
Country Director
Office of Brasil Affairs (ARA/BR)
Washington, D.C. 20520

Dear Mr. Kubish:

**Mission-Issued Audit & Survey Report Containing
Findings and Recommendations**

Attached, for your information, is Copy No. 4 of the following report:

<u>Report No.</u>	<u>Dated</u>	<u>Findings</u>
■ 11/68	12/1/67	The report contains 2 recommendations.
■ Report on Examination of Grant Project Agreement No. 512-31-640-037.3 - Improvement of Education in the State of Pará - for the period June 15, 1965 through June 30, 1967.		

Sincerely yours,
Original signed by
Robert B. Curtis
Robert B. Curtis
Controller

Encls: Audit Rep. No. 11/68
(Copy No. 4)

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