

PD-AAU-925

48465

AUDIT OF
LOCAL CURRENCY GENERATED FROM
SOMALIA'S COMMODITY IMPORT
AND PL 480 PROGRAMS

AUDIT REPORT NO. 3-649-87-7
JANUARY 26, 1987

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
REGIONAL INSPECTOR GENERAL/AUDIT

UNITED STATES POSTAL ADDRESS
BOX 232
APO N.Y. 09675

INTERNATIONAL POSTAL ADDRESS
POST OFFICE BOX 30261
NAIROBI, KENYA

January 26, 1987

MEMORANDUM FOR DIRECTOR, USAID/SOMALIA, Louis A. Cohen

FROM: RIG/A/Nairobi, Richard C. Thabet

Subject: Audit of Local Currency Generated From Somalia's
Commodity Import and PL 480 Programs

This report presents the results of audit of the Local Currency Generated From Somalia's Commodity Import and PL 480 Programs. The objectives of this financial and compliance audit were to review USAID/Somalia's involvement in the programming of local currency proceeds and examine USAID/Somalia's accountability for the generation and expenditure of local currency proceeds.

The audit disclosed that USAID/Somalia and the Government of Somalia had established a system for programming local currency proceeds and that USAID/Somalia was actively engaged in the programming process. Although that system was functioning reasonably well, problems did exist in accounting for the generation and use of the local currency proceeds.

The audit disclosed that development activities could lose as much as \$7.1 million in local currency proceeds because the Title I agreements were not specific in defining the amounts to be deposited. In addition, the audit disclosed that the Government of Somalia was able to use some Title I proceeds for unauthorized purposes because USAID/Somalia had inadequate oversight control over the Government of Somalia bank account in which Title I funds were originally deposited.

To correct these deficiencies, the report contains recommendations requiring immediate deposit of arrearages, more specific Title I agreement language, a role for the Controller's office in reviewing Title I agreement financial provisions, and established procedures to monitor Title I local currency proceeds.

Please advise me within 30 days of any additional information relating to corrective actions planned or taken to implement the recommendations. We appreciate the cooperation and courtesy extended to our staff during the audit.

EXECUTIVE SUMMARY:

This report covers local currency generated from three Commodity Import Programs and four Public Law 480 (PL 480) programs during fiscal years 1982 through 1985. The total funds involved were \$122 million, consisting of \$61.5 million for Commodity Import Programs and \$60.5 million for PL 480 programs. The Commodity Import Programs were used to finance foreign exchange costs to import commodities needed to assist the Government of Somalia Democratic Republic (Government of Somalia) in the promoting economic development and stability. Foods imported under PL 480 programs were used to combat hunger and malnutrition in Somalia. Local currency proceeds generated from the sale of commodities imported under the two programs were used to help finance mutually agreed to development projects and activities in such areas as agriculture, health, and education.

The Office of the Regional Inspector General for Audit/Nairobi made a financial and compliance audit of USAID/Somalia's control over and use of local currency proceeds. The audit objectives were to review USAID/Somalia's involvement in the programming of local currency proceeds, and examine USAID/Somalia's accountability for the generation and expenditure of these proceeds. The audit found that USAID/Somalia and the Government of Somalia had established a system for programming the local currency proceeds for agreed to purposes and USAID/Somalia was actively engaged in the programming process. Although the system was functioning reasonably well, problems did exist in accounting for the proceeds generated and controls over the use of the proceeds.

The audit disclosed that development activities could lose as much as \$7.1 million in local currency proceeds because the Title I agreements were not specific in defining the amounts to be deposited. In addition, the audit disclosed that the Government of Somalia was able to use some Title I proceeds for unauthorized purposes because USAID/Somalia had inadequate oversight control over the Government of Somalia bank account in which Title I funds were originally deposited.

To correct these deficiencies, the report contains recommendations requiring immediate deposit of arrearages, more specific Title I agreement language, a role for the Controller's office in reviewing Title I agreement financial provisions, and established procedures to monitor Title I local currency proceeds.

AUDIT OF
LOCAL CURRENCY GENERATED FROM
SOMALIA'S COMMODITY IMPORT AND PL 480 PROGRAMS

TABLE OF CONTENTS

	<u>Page</u>
PART I - INTRODUCTION	
A. Background	1
B. Audit Objectives and Scope	2
PART II - RESULTS OF AUDIT	
A. Findings and Recommendations	4
1. Title I Agreement Provisions Need Strengthening	4
2. Control Over Title I Deposits Need Improvement	8
B. Compliance and Internal Controls	11
PART III - APPENDICES	
1. USAID/Somalia Comments on Draft Report	
2. List of Report Recipients	

AUDIT OF
LOCAL CURRENCY GENERATED FROM
SOMALIA'S COMMODITY IMPORT AND PL 480 PROGRAMS

PART I - INTRODUCTION

k. Background

Since 1982 the United States Government provided balance of payment support to the Government of Somalia Democratic Republic (Government of Somalia) through three Commodity Import Program grants and three concessional Title I sales agreements. In addition, a Title II emergency food program grant was provided to combat hunger and malnutrition in the country.

Commodity Import Program grants totalled \$61.5 during fiscal years 1982, 1983, and 1985. There was no such program in 1984. These programs were used to finance foreign exchange costs to import commodities needed to assist the Government of Somalia's economic development.

During fiscal years 1983, 1984, and 1985 the United States Government also provided the Government of Somalia with three Public Law (PL 480) sales programs totalling \$56.3 million. Under these programs, the Government of Somalia imported wheat, wheat flour, corn and other foodstuff needed to fill the food gap in Somalia. In addition, the United States gave the Government of Somalia additional food valued at \$4.2 million in 1984 to combat hunger and malnutrition in the country.

Both the PL 480 and Commodity Import Programs provided two immediate benefits to the Government of Somalia. First they provided much needed food, raw materials, and equipment on highly concessional sales terms or as grants. Second, the Government of Somalia was able to generate revenues by selling those products, in Somalia, to the private and public sectors. Funds generated from these sales were commonly referred to as "counterpart funds". They were host government owned and were used to help finance mutually agreed to development projects and activities in such areas as agriculture, health, and education. Within the Ministry of Finance was an office known as the "Domestic Development Department" (Development Department). This Department had responsibility for the control and use of local currency generations. Technical assistance to the Department was provided by a USAID/Somalia contract employee.

B. Audit Objectives and Scope

The Office of the Regional Inspector General for Audit/Nairobi made a financial and compliance audit of USAID/Somalia's control over and use of local currency proceeds. The audit objectives were to (1) review USAID/Somalia's involvement in the programming of local currency proceeds, and (2) examine USAID/Somalia's accountability for the generation and expenditure of local currency proceeds. The audit covered local currency proceeds generated under seven Commodity Import and PL 480 programs valued at \$122 million. The audit covered the period May 20, 1982 through September 30, 1986.

As part of the audit, Commodity Import Program and PL 480 agreements were reviewed. Selected USAID/Somalia and Government of Somalia records applicable to those agreements were reviewed. Interviews were conducted with responsible USAID/Somalia and Government of Somalia officials. Two projects were visited to review the accountability of project funds. Field work was done in Mogadishu, Somalia, during the period September 17 through October 12, 1986. The audit was made in accordance with generally accepted government auditing standards.

AUDIT OF
LOCAL CURRENCY GENERATED FROM
SOMALIA'S COMMODITY IMPORT AND PL 480 PROGRAMS

PART II - RESULTS OF AUDIT

USAID/Somalia and the Government of Somalia had established a system for programming local currency proceeds and USAID/Somalia was actively engaged in the programming process. Although that system was functioning reasonably well, problems did exist in accounting for the generation and use of the local currency proceeds.

The audit disclosed that development activities could lose as much as \$7.1 million in local currency proceeds because the Title I agreements were not specific in defining the amounts to be deposited. In addition, the audit disclosed that the Government of Somalia was able to use some Title I proceeds for unauthorized purposes because USAID/Somalia had inadequate oversight control over the Government of Somalia bank account in which Title I funds were originally deposited.

To correct these deficiencies, the report contains recommendations requiring immediate deposit of arrearages, more specific Title I agreement language, a role for the Controller's office in reviewing Title I agreement financial provisions, and established procedures to monitor Title I local currency proceeds.

A. Findings and Recommendations

1. Title I Agreement Provisions Need Strengthening

Language contained in Title I agreements was inadequate to determine how much local currency proceeds should be deposited and made available for agreed to development purposes. The agreements were not specific in identifying what period in time the exchange rate was to be applied or when deposits were to be made. Prudent management should have dictated that appropriate provisions were incorporated in the agreements. The financial expertise available to USAID/Somalia, which may have detected the weakness in the agreements, was not used for this purpose for some unknown reason. Consequently, there were differences of opinion between the Government of Somalia and USAID/Somalia in interpreting Title I agreements provisions. As a result, there was a question about how much local currency should be deposited. This delayed deposits and could result in the loss of about \$7.1 million for development activities.

Recommendation No. 1

We recommend that USAID/Somalia:

- a. negotiate the amount of local currency proceeds owed by the Government of Somalia;
- b. request immediate deposit of the negotiated amount;
- c. assign a role to the Controller's office in the preparation and review of Title I agreements, especially those provisions relating to finance; and
- d. identify specific criteria in future Title I agreements for determining the amount of funds to be deposited into the Title I special bank account.

Discussion

The Government of Somalia was at least \$1.3 million (about Somalia Shilling 109 million), and potentially as much as \$8.4 million (about So. Sh.705 million) in arrears on deposits to the Title I special account. These arrearages related to FY 1984 and FY 1985 Title I programs. The audit was unable to determine the specific amount owed by the Government of Somalia because Title I agreement provisions were not specific enough to calculate the required deposit amounts. Accordingly, USAID/Somalia and the Government of Somalia used different methods for calculating the amounts with different results.

The Title I agreements relating to sales proceeds stated in part:

"The total amount of the proceeds accruing to the importing country from the sale of commodities financed under this agreements... shall be not less than the local currency equivalent of the dollar disbursement by the Government of the exporting country..."

It further stated:

"The exchange rate to be used in calculating this local currency equivalent shall be the rate at which the central monetary authority of the importing country, or its authorized agent, sell foreign exchange for local currency in connection with the commercial import of the same commodities."

The agreements however, were silent concerning the date deposits were required and the date (e.g., date of dollar disbursement, commodity arrival date, deposit date) to be used as the basis for calculating deposit requirements. Such a date was necessary because of the rapid changes occurring in the value of Somalia's currency. Because no date was specified, USAID/Somalia and the Government of Somalia interpreted this language differently and each to their own advantage.

For example, on April 21, 1985, USAID/Somalia prepared a statement on FY 1984 Title I local currency generations which highlighted Government of Somalia arrearages and deposit requirements. The statement compared both USAID/Somalia and the Government of Somalia methods for determining local currency generations and the amounts that should have been deposited into the Title I special account. USAID/Somalia's calculations were based on the U.S. dollar value of Title I commodities value multiplied by the exchange rate at the time the funds were deposited, whereas the Government of Somalia amount was based on an exchange rate at the time the commodities arrived in country. Due largely to declines in the value of the Somalia Shilling relative to the U.S. dollar, a sizable difference existed.

A summary of how these different methods affected the amounts owed to the Title I special account as of September 2, 1986, is summarized below:

	<u>Amounts Owed</u>	
	<u>Per USAID/Somalia (US \$000)</u>	<u>Per Government of Somalia (US \$000)</u>
<u>FY 1984 Generations</u>	5,002	3,343
Less: Deposits to DDD a/c No. 8537	3,044	3,044
Balance due on FY 84 program	<u>1,958</u>	<u>299</u>
<u>FY 1985 Generations</u>		
Private sector sales	4,201	3,833
Public sector sales	<u>13,201</u>	<u>8,134</u>
	17,402	11,967
Less: Deposits to DDD a/c No. 8537	<u>10,964</u>	<u>10,964</u>
Balance due on FY 85 program	<u>6,438</u>	<u>1,003</u>
Total due on FY 84 & 85 programs as of September 2, 1986	<u>\$8,396</u>	<u>\$ 1,302</u>

NOTE: Somalia Shillings converted to U.S. dollars
at rate of So. Sh. 84 to U.S. \$1.

Thus, the Government of Somalia owed the Title I special account as much as \$8.4 million and at least \$1.3 million depending on one's interpretation of the Title I agreements.

This situation may not have come about had USAID/Somalia's Controller's Office been consulted and given an active role in the preparation of the Title I agreements, especially in those areas relating to finance. According to responsible Mission officials, the Controller's office had no role in designing procedures or agreement provisions related to local currency accountability. However, we were unable to determine why no role had been assigned to the Controller's office. Regardless, as much as \$7.1 million could be lost to the development program due to inadequate criteria in the Title I agreements for calculating Government of Somalia deposits.

Management Comments

USAID/Somalia officials did not dispute the findings presented. The officials did express reservations about some draft recommendations.

Office of Regional Inspector General Comments

Some recommendations were modified based on USAID/Somalia comments.

2. Control Over Title I Deposits Need Improvement

USAID/Somalia had inadequate oversight and control over the deposit of Title I sales proceeds. Such visibility and controls were needed to ensure that the local currency proceeds were properly accounted for and used for agreed to development purposes. Because oversight was limited, the Government of Somalia was able to use Title I proceeds for unauthorized purposes. While we were unable to determine why adequate controls were not instituted, we did note that the Controller's office had no role in designing accounting systems for monitoring and controlling local currency proceeds.

Recommendation No.2.

We recommend that USAID/Somalia:

- a. require the Controller's office to review Government of Somalia's accounting systems, controls and practices relative to local currency proceeds.
- b. assign a continuing role to the Controller's office to monitor the collection, deposit and use of local currency proceeds.
- c. based on input from the Controller's office, require as a condition to future assistance that agreement provisions ensure adequate provisions for USAID/Somalia oversight and control of local currency proceeds.

Discussion

Generally, USAID/Somalia had done much work with some success in encouraging the Government of Somalia to establish control and accountability over the use of local currency proceeds. With USAID/Somalia input, the Government of Somalia in 1982 established a unit within the Ministry of Finance currently known as the Domestic Development Department (Development Department). A major function of that Department was to administer and monitor local currency proceeds used for mutually agreed to development purposes.

Two bank accounts, controlled by the Development Department, were established through which Commodity Import Program and PL 480 local currency generations flowed. USAID/Somalia had visibility over these accounts which facilitated monitoring disbursements and fund usage.

USAID/Somalia and Ministry of Finance approvals were required prior to disbursements. This part of the system was functioning reasonably well. However, the audit found that prior to the Title I local currency proceeds flowing into the bank account maintained by the Development Department, the Title I local currency proceeds were deposited into another Government of Somalia bank account over which USAID/Somalia did not have oversight or control. As a result, the Government of Somalia was able to direct Title I proceeds to unauthorized purposes prior to the time USAID/Somalia gained oversight of the funds.

For example, in December 1985, the Government of Somalia withdrew Somalia Shilling 641 million (about \$8 million) from a Government of Somalia bank account, used for accumulating Title I proceeds, to repay debts owed several international development banks. According to USAID officials, this was only one of several diversions made by the Government of Somalia. While the Government of Somalia had reportedly always reimbursed these accounts for diverted amounts, we were unable to verify this because Ministry of Finance officials refused us permission to examine the bank statements related to that account. A Ministry of Finance official told us that the account also contained funds belonging to other donors to which we were not entitled access. As a result, we were unable to determine whether all proceeds had been collected and deposited as required.

Based on discussions at USAID/Somalia and a review of available files, the audit revealed that USAID/Somalia had no system for tracking the collection and deposit of Title I local currency proceeds. In addition, no evidence was found to indicate that expenditures were ever reconciled to total generations to determine the balance of funds which should be available for disbursements. Consequently, USAID/Somalia was only able to tell how much was eventually expended.

The audit was unable to determine why USAID/Somalia's oversight system and the operations of the Government of Somalia's internal controls allowed such a weakness. Various officials responsible for designing and implementing the system were no longer available. The audit did note, however, that USAID/Somalia's Controller's office played no role in designing, reviewing or approving such systems. The Office of the Regional Inspector General believes the participation of the Controller's office in this process could have prevented or detected such internal control weaknesses.

Management Comments

USAID/Somalia officials generally agreed with the finding and commented "There is no effective environment for control within the Ministry/.... The DDD Director has on occasion concealed financial activity which he clearly knows is unacceptable to the USAID."

Office of Regional Inspector General Comments

Recognizing the less than cooperative attitude of some Government of Somalia officials and their historical practice of diverting local currency proceeds to unauthorized uses, the recommendations were strengthened to ensure USAID/Somalia oversight and control of local currency proceeds.

B. Compliance and Internal Controls

Compliance

The audit identified Government of Somalia non-compliance with Title I agreement provisions related to the deposit and use of local currency proceeds (see finding 2). USAID/Somalia and the Government of Somalia interpreted the Title I agreements differently which resulted in millions of Somalia Shillings not being deposited into the Domestic Development Department (DDD) Title I bank account.

Nothing else came to our attention that would indicate that untested items did not conform to applicable laws, regulations, and agreements.

Internal Controls

Internal controls were not established to account for proceeds generated from Title I sales (see finding 1 and 2). USAID/Somalia had no system for tracking local currency proceeds from point of sale through ultimate disbursement for agreed to development purposes. Thus, USAID/Somalia was unable to determine if all Title I sales proceeds were being properly collected, deposited and used for authorized purposes.

AUDIT OF
LOCAL CURRENCY GENERATED FROM
SOMALIA'S COMMODITY IMPORT AND PL 480 PROGRAMS

PART III - APPENDICES

OFFICIAL FILE ^{K-R}
DEC-80

VZCZCNA0320
RR RUEBNR
DE RUEBMG #3033/01 355255E
ZNR 00000 22B
R 210507Z DEC 86
FM AMEMBASSY MOGADISHU
TO RUEBNR/AMEMBASSY NAIROBI 7180
INFO RUEHC/SECSTATE WASHDC 4956
BT
UNCLAS SECTION 01 OF 02 MCGADISBU 13033

AIDAC

FOR RIG/A/N - R. THABET; NAIROBI FOR REDSO/ESA

E.O. 12356: N/A
SUBJECT: MISSION RESPONSE TO DRAFT AUDIT OF LOCAL CURRENCY GENERATED FROM SOMALIA'S COMMODITY IMPORT AND PL 480 PROGRAMS

BELOW PLEASE FIND USAID COMMENTS ON THE SUBJECT DRAFT AUDIT:

1) RECOMMENDATION 1.B. (PAGE 6) SEEMS TO QUOTE ENSURE THAT DEPOSITS ARE PROMPTLY MADE TO THE TITLE I SPECIAL ACCOUNT NO. 8537 WITH THE CENTRAL BANK UNQUOTE. THIS RECOMMENDATION WOULD ELIMINATE THE CURRENT QUOTE TWO TIERED UNQUOTE SYSTEM OF DEPOSITS (A SYSTEM THAT WORKS WELL UNDER CIP) WHICH THE USAID THINKS WOULD BE A MISTAKE FOR THREE REASONS:

- A) THE DDD FUNCTIONS AS THE STAFF ARM OF THE GSF COMMITTEE, PERFORMING AN ADMINISTRATIVE RATHER THAN A DECISION-MAKING FUNCTION. EVEN IN ITS ADMINISTRATIVE CAPACITY, THE DDD STILL LACKS THE TECHNICAL AND ANALYTICAL SKILLS NECESSARY TO PROPERLY MONITOR AND CONTROL THE VOLUME OF LOCAL CURRENCY TRANSACTIONS. THE DDD HAS NEVER EXERCISED OVERSIGHT (QUOTE VISIBILITY UNQUOTE) RESPONSIBILITY FOR COUNTERPART FUNDS, AS SUGGESTED IN PARAGRAPH 2, PAGE 12.

- B) THERE IS NO EFFECTIVE ENVIRONMENT FOR CONTROL WITHIN THE MINISTRY; CULTURAL PRACTICES ARE DIFFERENT IN SOMALIA AND USAID ASSUMPTIONS ABOUT APPROPRIATE CONTROLS MAY NOT BE EFFECTIVE. THE DDD DIRECTOR HAS ON OCCASION CONCEALED FINANCIAL ACTIVITY WHICH BE CLEARLY UNLAWFUL IS UNACCEPTABLE TO THE USAID. HE OPERATES UNDER THE DIRECTION OF SENIOR MINISTRY OFFICIALS AND HAS NOT DISPLAYED ANY SENSE OF INDEPENDENCE OR OBJECTIVITY IN ROUTINE OPERATIONS. THEREFORE, THE SUGGESTION THAT BANKING TRANSACTIONS BE CONSOLIDATED INTO ONE ACCOUNT PER PROGRAM WILL NOT ALTER FINANCIAL OPERATIONS IN A POSITIVE DIRECTION. ON THE CONTRARY, IT IS TO USAID'S ADVANTAGE TO BE ABLE TO SEGREGATE ROUTINE PROJECT-ORIENTED DISBURSEMENT TRANSACTIONS FROM OTHER TRANSACTIONS REFLECTING DEPOSITS AND TRANSFERS OF LOCAL

CURRENCY GENERATIONS. IT ALSO SHOULD BE BORNE IN MIND THAT THE DDD NOW ADMINISTERS OTHER DCONR FUNDING STREAMS TO WHICH WE HAVE NO ACCESS. THERE IS LESS CHANCE OF COMMINGLING FUNDING STREAMS UNDER A TWO-TIERED APPROACH.

- C) AS NEGOTIATIONS OF PROGRAM AGREEMENTS TAKE PLACE AND SHOULD REMAIN AT A HIGHER LEVEL THAN THE DDD, THE INSTRUMENT WHICH REFLECTS THE FIRST STAGES OF PROGRAM ACTIVITY, THE BANK ACCOUNT SHOULD REMAIN IN THE HANDS OF SENIOR OFFICIALS.

OUR SUGGESTED WORDING FOR RECOMMENDATION 1.E. WOULD BE QUOTE ENSURE THAT DEPOSITS ARE PROMPTLY AND COMPLETELY MADE TO A TITLE I MINISTERIAL ACCOUNT AT THE CENTRAL BANK FOR WHICH USAID WOULD RECEIVE MONTHLY BANK STATEMENTS AND FROM WHICH TRANSFERS WOULD REQUIRE FORMAL, WRITTEN PERMISSION OF THE USAID DIRECTOR AND THE MINISTER OF FINANCE UNQUOTE.

2) SECTION II.A.2. THE REPORT AT PRESENT FOCUSES ON PL 480 TITLE I GENERATIONS AND DEPOSITS AND SEEMS TO GLANCE OVER PROGRAMMING AND END USE OF FUNDS. WE ASSUME THIS MEANS THAT NO PARTICULAR PROBLEMS OR CONCERNS WERE FOUND WITH PROGRAMMING OR END USE. HOWEVER, WE ARE CONCERNED THAT A CLEAR DISTINCTION BE MADE BETWEEN GENERATIONS AND DEPOSITS ON THE ONE HAND AND PROGRAMMING AND END USE ON THE OTHER. AS THE TITLE OF II.A.2 SUGGESTS, THIS SECTION FOCUSES ON TITLE I DEPOSITS AND THE PROBLEMS THAT EXIST IN THIS AREA; HOWEVER, THE DISCUSSION IN THIS SECTION SEEMS TO IMPLY THAT THERE ARE PROBLEMS WITH PROGRAMMING AND END USE AS A RESULT OF PROBLEMS WITH DEPOSITS. FOR EXAMPLE, ON PAGE 11 WE FIND THE STATEMENT: QUOTE USAID/SOMALIA HAD LIMITED, IF ANY, VISIBILITY OVER ONE ACCOUNT WHICH ENABLED THE GOVERNMENT OF SOMALIA TO DIRECT FUNDS TO UNAUTHORIZED USES. AGAIN, THE CONTROLLER'S OFFICE HAD NO ROLE IN DESIGNING OR EVALUATING THE ACCOUNTING SYSTEMS RELATED TO CONTROLLING LOCAL CURRENCY AND ENSURING THEIR USE FOR AGREED TO PURPOSES UNQUOTE. THE ENSUING DISCUSSION CONCERNS THE DOMESTIC DEVELOPMENT DEPARTMENT (DDD) WHICH DEALS ONLY WITH THE PROGRAMMING AND END USE OF LOCAL CURRENCY AND NOT WITH GENERATIONS OR DEPOSITS (SEE DISCUSSION OF THE DDD'S ROLE IN PARAS 1A, 1B, AND 1C ABOVE). IN USAID'S VIEW, THE REPORT WOULD BENEFIT FROM A CLEARER DISTINCTION BETWEEN THE PROGRESSIVE STAGES THROUGH WHICH

LOCAL CURRENCY PASSES; FROM OUR PERSPECTIVE, WITH THIS GREATER FOCUS ON GENERATIONS/DEPOSITS AS DISTINCT FROM PROGRAMMING/END USE, SOME OF THE RECOMMENDATIONS WOULD BECOME MORE SPECIFIC/CLEARER.

3) OF A LESS SUBSTANTIVE NATURE, WE WOULD RECOMMEND SUBSTITUTION OF THE WORD QUOTE OVERSIGHT UNQUOTE FOR THE REPEATED USE OF QUOTE VISIBILITY UNQUOTE REGARDING KNOWLEDGE OF USE OF FUNDS IN ANY GIVEN ACCOUNT. WE ALSO WOULD RECOMMEND DELETION OF THE EXAMPLE USED AT THE TOP OF PAGE 13 OF THE DRAFT REPORT AS INAPPROPRIATE TO THE PARTICULAR POINT BEING MADE. RAWSON

BT
#3033

NNNN

UNCLASSIFIED MOGADISHU 213033/02

List of Report Recipients

	<u>No. of Copies</u>
Mission Director, USAID/Somalia	5
AA/AFR	2
REDSO/ESA	2
AFR/EA	1
AFR/EA/KS	1
AA/FVA	1
FVA/FFP	1
AA/M	2
LEG	1
GC	1
AA/XA	1
XA/PR	1
M/SER/MO	1
M/SER/EOMS	1
M/SER/CM/SD/SS	1
M/FM/ASD	2
PPC/CDIE	3
SAA/S&T	1
IG	1
DIG	1
IG/PPO	2
AIG/LC	1
IG/II	1
IG/EMS/C&R	12
IG/PSA	1
RIG/A/C	1
RIG/A/D	1
RIG/A/S	1
RIG/A/M	1
RIG/A/T	1
RIG/A/W	1
RIG/II/N	1