REPORT ON THE FINANCIAL MANAGEMENT ASSESSMENT OF EAST AND SOUTHERN AFRICA

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EXECUTIVE SUMMARY

To meet the expanding financial management workload in East and Southern Africa we propose:

(1) the provision of five more Controller personnel in the two sub-regions,

(2) a tilt toward decentralization of services where appropos,

(3) not to establish an RFMC for Southern Africa at this time, and

(4) refinement of RFMC organizational structure in line with USAID/Kenya needs.

We have made nine recommendations as a result of this assessment.

Background

We have reviewed the financial management requirements for East and Southern Africa and the effectiveness of the Regional Financial Management Center (RFMC/Nairobi) in its role as a principal financial management advisor for the region. RFMC was established in 1982 with automation equipment for operating the Agency' new Mission Accounting and Control System (MACS). RFMC is responible for providing the full range of controller services to Kenya and six major non-controller posts, services as necessary to seven other non-controller posts presently with very small programs and recording and reporting of accounting transactions for five controller posts.

The Office of the Regional Inspector General in Nairobi conducted an audit of RFMC earlier in 1984. They found that although RFMC has the system to provide the financial management services needed, they lack the resources to fully meet their obligations. The RFMC workload has expanded since 1982 by (1) a 35% increase in fiscal activity, (2) new programs in Madgascar, Mozambique, S. Africa, and most recently in Ethiopia and (3) expansion of financial analysis requirements to meet government-wide directives.

Current Situation

Our discussions with the AID principal officers and their staffs throughout East and Southern Africa, and examination and analysis of available statistics, substantiated that RFMC does not presently have the capacity to meet all of the financial management requirements of their clients. At the same time the persons interviewed considered RFMC leadership to be qualified and to have demonstrated a sustained high level of effort. Numerous operational and staffing problems, in addition to the workload expansion, contribute to this disparity between effort and results. However, we believe the major problems are:

-Generally programs of the magnitude and complexity to require five or so USDH personnel on-site generate almost daily operational financial management issues. Sometimes the non-controller personnel may not be aware problems exist.

-Communications even in East and Southern Africa can have serious lapses, particularly if one must to some degree rely on the State Department pouch system. For example, we estimate that more than 50% of the elapsed time for voucher processing and payment of invoices involves transit time.

-RFMC does not have AID-experienced FSN accountants to handle their regional client's accounts and they are constrained by the Ambassador from recruiting TCNs, who would perform mid-level supervisory functions and from contracting for a long term PSC AID experienced trainer for upgrading the FSN staff. The average AID experience of the FSN accountants is only two years.

We found that the eight resident Controller Offices have the necessary resources and as far as we could determine are meeting the existing financial management responsibilities in their respective countries. However, the RFMC/Nairobi support capacity for their programs should be improved.

Automation

The Kenya Complex is the second largest automation field site in the Agency with one Office Information System (OIS), fifteen Personal Computers (PC), one VS-100 minicomputer and one Word Processor (WP-25). At nine other field sites in East and Southern Africa there are one OIS, 26 PC and three WP-5. In addition the sub-regions have on order two VS-100 minicomputers for Sudan and 30 other pieces of automation equipment.

Present usage of this automation equipment include word processing, the Mission Accounting and Control System, Participant

Training System, Disbursement Authorization (DATEL), Project Reporting System, Glossaries, Paytrack System and a Personnel Management System. On the basis of equipment and system performance during heavy end-of-year processing, we observed that additional applications could be installed on the equipment at the Kenya Complex without seriously degrading performance. There are many more automation opportunities that could be undertaken to more fully utilize extant word processing, data processing and tele-processing capabilities as well as the potential exists for de-scoping MACS to facilitate installation at Missions. These possibilities will continue to be a part of the on-going dialogue between IRM, the Bureau, RFMC, FM and the Missions.

Conclusions

Our assessment does not support another RFMC for Southern Africa. Rather we propose that the four additional Controller personnel required for establishing another RFMC could be better deployed at three posts without USDH Controllers in residence but with sizeable programs requiring frequent Controller support, i.e., Malawi, Rwanda and Zambia. A financial analyst and an accountant are also required for RFMC/Nairobi.

The Bureau and RFMC should assure that the FSN training requirements are met expeditiously through an institutional contract as the PSC approach foundered.

We have recommended that the RFMC Deputy Director position and appropriate staff responsible for financial management for USAID/Kenya be officially reassigned and the incumbent report to the USAID Director. In making this organizational refinement the joint servicing of voucher certification and data processing of accounting transactions should not be forfieted. It provides for an economy of scale.

The Bureau should be alert to the dynamics of programs in East and Southern Africa as it pertains to on-site financial management needs, particularly as the programs build up in Mozambique and possibly Ethiopia and Namibia.

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I. BACKGROUND

The Regional Financial Management Center (RFMC) was established in 1982 as a major expansion of the East Africa Accounting Center (EAAC). EAAC was established in 1971 and initially provided accounting services to six AID programs in eastern Africa, i.e., Kenya, Uganda, Tanzania and Ethiopia as well as the residual activities at that time of AID in Somalia and Rwanda. The financial management responsibilities for EAAC were in addition to the regular controller responsibilites for USAID/Kenya and included maintaining official accounting records, arranging for check payments through Regional Administrative Management Center(RAMC)/Paris and preparing the necessary financial reports for the client offices. By 1981 EAAC had expanded to providing a variety of financial management services for AID programs in 18 countries in East and Southern Africa. In 1981 the AA/Africa authorized an evaluation of EAAC operations. As a result of this evaluation the Regional Financial Management Center (RFMC) emerged, with computer equipment for operating the Agency's new Mission Accounting and Control System (MACS), an increase in personnel and an organizational change separating EAAC/RFMC from USAID/Kenya to better balance client servicing.

RFMC now provides (a) the full range of controller functions to Kenya and six major non-controller posts (Zambia, Malawi, Rwanda, Burundi, Uganda and Djibouti) and (b) services as necessary to seven other non-controller posts (Ethiopia, Madagascar, Mauritius, Seychelles, Comoros, Mozambique and S. Africa), and (c) recording and reporting of accounting transactions for five controller posts, (Sudan, Tanzania, Zimbabwe, Lesotho and Swaziland). RFMC does not provide any services to the controller posts of Somalia or Botswana.

Functionally, RFMC is divided into four branches: (a) the Kenya Complex Branch serving USAID/Kenya, Regional Economic Development Services Office/East and Southern Africa (REDSO/ESA), Regional Inspector General (RIG), Regional Housing (RHUDO), and Regional Financial Management Center (RFMC); (b) the Regional Branch serving client posts outside of Kenya; (c) the Fiscal Management Branch which prepares and processes vouchers for USAID/Kenya and non-controller posts; (d) the Data Management Branch which controls and provides data processing services. Deputy Directors are in charge of the Kenya Complex, Fiscal Management and Regional Branches with Data Management and overall responsibility for RFMC operations under the purview of the RFMC Director.

Since 1982 RFMC efforts were concentrated on:

- -converting of manually maintained financial accounts to the fully automated Mission Accounting Control System (MACS).
- -developing data management operations including organization and acquisition of equipment.
- -improving certification and payment of vouchers.
- -restructuring the organization to meet the

responsibilities of the client posts in East and Southern Africa and the Kenya Complex.

-hiring and training of FSN professional employees.

-improving communications with client posts.

-creating an initial financial analysis capability on the FSN staff.

-training of FSN financial personnel employed by client posts.

RFMC accounting and fiscal support has enabled the resident controller staffs in the sub-regions to remain at minimum levels, except for the large programs in Sudan and Somalia. The Office of the Regional Inspector General in Nairobi (RIG) conducted an audit of RFMC operations in 1984. They found that although RFMC has the system to provide the financial management services needed they lack the resources to fully meet their obligations. RFMC is being delegated more responsibility because of various requirements being imposed from Washington, i.e., financial management requirements emanating from the Federal Managers Financial Management Integrity Act, OMB Circular A-123, the Prompt Pay Act and Reform 88 initiatives. In addition they have increased workload from their present client posts and new AID programs opening in Mozambique, Madagascar and S. Africa with perhaps Ethiopia and Namibia not far behind. RFMC is unable to respond to this increased workload because of personnel restrictions imposed by the ceilings and by the Ambassador. As a result, RFMC cannot meet all of these additional responsibilities, such as general assessments of host country project accounting capability, Mission vulnerability assessments and performing financial analysis of project implementation for the non-controller posts. The RIG/Nairobi draft audit report recommends that the "AA/AFR, M/FM, in conjunction with RFMC develop a plan as to where RFMC is going, what services it should provide and to whom the services will be provided taking into consideration staffing limitations, controller resources in the region, and the cost of travel."

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II. Scope of Task

The purpose of this assessment is to evaluate (a) the financial management requirements for East and Southern Africa , and (b) the effectiveness of the RFMC/Nairobi in its role as a principal financial management advisor for the region.

The team evaluated the financial management requirements of the region in two broad categories: (a) processing vouchers for payment, accounting, reporting and budgeting; and (b) all other financial management services. The team reviewed the present organizational structure and functions of RFMC to determine if other organizational arrangements or methods of delivering financial management assistance to the region could be more efficient and cost effective. We analyzed such organizational alternatives including costs and manpower requirements. We have evaluated the non-fiscal functions normally included in financial management, including those initiatives emanating from OMB Circular A-123. Our assessment included a review of the accounting and reporting systems and the processing system for vouchers. We investigated the existing automation and communication facilities in the region to determine the reasonableness of establishing another RFMC for the region.

In conducting this assessment we interviewed AID officers from every client post, except Madagascar, and travelled to seven major posts in the two sub-regions. We examined the records and reports of RFMC and client posts and solicited written replies to specific questions on a selective basis.

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III. FINANCIAL MANAGEMENT RESPONSIBILITIES AND RESOURCES

RFMC financial services to the country programs in East and Southern Africa is outlined below. Attachment A and B outlines these responsibilities and the Controller staffs in residence at each post respectively. For the RFMC concept to work the resident Controllers must share the responsibility with RFMC Controller in assuring the accuracy and timliness of the reports. The RFMC guidelines and procedures developed with the resident controllers are to be issued soon and will facilitate this effort. These guidelines will codify existing memoranda and cables and reduce to one document the information and formats provided at training seminars.

For convenience we have separated the 19 programs in East and Southern Africa into five groups depending upon the source of financial management services, as follows:

1. RFMC provides all of the USDH financial management services for the following country programs where there are 1 to 7 USDH (non-controller) personnel:

EAST AFRICA	CATEGORY (a)	SOUTHERN AFRICA	CATEGORY (a)
Burundi	III	Malawi	II
Djibouti	III	Zambia	I
Madagascar	IV		
Rwanda	II		
Uganda	II		

2. RFMC provides all of the financial management services to four programs where no USDH personnel are in residence in the host country as follows:

EAST AFRICA	CATEGORY (a)	
Comoros	IV	
Mauritius	IV	
Seychelles	IV	
Ethiopia	IV	(3 USDH positions approved on 11/8/84)

3. RFMC provides data processing for the official accounting records and for accounting reports for the following posts with a resident USDH Controller:

EAST AFRICA	CATEGORY (a)	SOUTHERN AFRICA	CATEGORY (a)
Kenya	I	Lesotho	II
Sudan	I	Mozambique	IV (c)
Tanzania	III	S. Africa	IV (c)
		Swaziland	III
		Zimbabwe	I

The resident Controllers provide all other financial services except as noted in footnote (c).

4. RFMC provides no financial management services to the following programs as the resident Controller maintains the accounts and provides all of the financial management services:

EAST AFRICA	CATEGORY (a)	SOUTHERN AFRICA	CATEGORY (a)
Somalia	I	Botswana	II

5. RFMC also provides financial services as required for Southern Africa regional programs and the Kenya "Complex" entities: REDSO/ESA, RHUDO, RIG, and RFMC, as well as for any residual

financial requirements for OSARAC and Ethiopia.

FOOTNOTES:

(a) The category indicated reflects the four levels of program volume as determined by a 1984 Bureau study. The larger programs were assigned to Category I, etc.

(b) AID/W recently granted approval for Sudan to process their own data and m intain their accounts due to serious communication difficulties between Nairobi and Khartoumn. Zimbabwe has requested to do the same.

(c) Financial management (non-fiscal) responsibilities recently assigned to USAID/Swaziland Controller.

The foregoing raises the question of consistency as to the criteria for determining assignment to and responsibilities for a particular post or program. It would appear to be based upon the field principal officer's decision as to the relative need for Controller skill on his staff. Does this decentralization of decision making render AID vulnerable to internal control lapse? We will address this issue later in the report in Section IX.

IV. FINANCIAL MANAGEMENT WORKLOAD

The primary financial management responsibilities are (1) accounting and reporting, (2) certification and payment of vouchers, (3) financial analysis and (4) data management services.

1. Accounting and reporting for programs in East and Southern Africa involve $1 billion of active accounts, over 300 active projects and RFMC accounts for 6900 transactions monthly. RFMC provides the accounting and reporting services for all of the programs in East and Southern Africa except for Botswana and Somalia. Attachment C presents the RFMC workload by country for the twelve months ending June 1984. While this RFMC function is one that is readily adaptable to centralized data processing, the project reporting to date has generated controversary among the client posts relative to the inaccuracy of the reports. See Section VII on interviews. However, we believe that the present product of the automated MACS is a significant improvement over the NCR/Burroughs system reports. During the period of conversion to MACS the errors have steadily declined. The procedures have evolved over the past two years and RFMC is now in the process of codifying them. We believe that the accounting and reporting problems are manageable.

Our assessment is that where we have resident Controllers at post the staffing is adequate to meet the financial management workload. However, additional Controller effort needs to be applied in the area of vulnerability assessments of project implementation and Mission operations.

RFMC does not presently have the USDH, TCN, or AID experienced FSN staff to provide the full range of financial management services required, particularly with respect to the six non-controller posts with annual programs of $5-10 million plus. For RFMC to make the progress to date in installing MACS and developing it to fully operational status is a testimony to the present outstanding financial management leadership at RFMC and their dedicated hard work. The number of transactions RFMC processed with the MACS system per month have varied widely during the past year because of the phased conversion from the old NCR system to automation and Controller posts have begun coding transactions. This has resulted in a corresponding reduction of FSN overtime and permitted the individual accountants to TDY at client posts to resolve outstanding issues or to address other areas of immediate concern.

At the current levels it appears that the FSN staff and the Data Management Systems staff can adequately take care of the work. However, due to the limited AID experience of the FSNs more training is essential. We do believe that the Budget and Accounting Officer has more than he can reasonably get done. This is so because of the limited capabilities of the FSN staff, the large number of clients and the long distances involved. An additional B & A Officer is required under the present workload. The withdrawl of Sudan and possibly Zimbabwe should result in some workload reductions for the FSN staff, a saving of 2 FSN positions at RFMC. The related supervisory time will be offset by their becoming more involved with other activities that have had to be largely ignored in the past. Our discussions with supervisiory staff have indicated that they believe quality and timeliness of the work should be improved, more needs to be done in the area of accruals, financial analysis of projects and analysis of host country implementing agencies and Mission vulnerability assessments.

2. The Controllers in residence at seven posts in East and Southern Africa certify and process vouchers for payment covering their country programs. RFMC performs this function for the other eleven programs and for the Kenya Complex. The Kenya Complex programs represent 57% of the voucher workload per attachment D. This voucher function is a tremendous workload for RFMC making it difficult to meet the requirements of the prompt payment act.

RFMC has been receiving approximately 900 vouchers per month for the past several months. This voucher processing workload increased more than 35% from a monthly average of approximately 650 during the 4th quarter of 1982. Attachment E.

On October 4 the RFMC voucher tracking system indicated that there were 476 unpaid vouchers on hand. An analysis of the due dates for payment of the vouchers indicate 91 or 19% are past due. The majority of these are less than 10 days past due. However there are eleven that are more than 30 days past the RFMC established payment date. Many of the past due vouchers relate to improperly filed vouchers, missing documents, lack of administrative approval and the time required to resolve these questions at long distance. These are matters that would be resolved expeditiously at the traditional resident Controller post. However, with the RFMC client workload compounded by the time required for communications, the payment deadlines are not always met.

The following table ages the past due vouchers by voucher examiner:

Voucher Exam-iner	Total	Within Payment Due Date	Days Past The Due Date 1/10	11/20	21/30	31/40	41/50	51/60	Over61
BKG	30	16	4	2	2	1	4	0	1
DGN	38	31	5	0	0	1	1	0	0
GKN	148	105	39	0	2	1	1	0	0
GPD	8	8	0	0	0	0	0	0	0
JMO	67	65	1	1	0	0	0	0	0
MP	79	71	1	7	0	0	0	0	0
PMK	19	16	2	1	0	0	0	0	0
SAF	28	22	4	1	0	1	0	0	0
SMM	59	51	7	0	1	0	0	0	0
	476	385	63	12	5	4	6	0	1

A review of the vouchers that have not been paid within the due date showed the following by country:

	Days Past The Due Date						
	1/10	11/20	21/30	31/40	41/50	51/60	Over61
Burundi	3	1		1	2		
Djibouti	1			1			
Kenya	3	2					1
Malawi	7				1		
REDSO/ESA	4	6	3		1		
Rwanda	15	2	1		2		
Uganda	5		1	1			
Zambia	25	1		1			
	63	12	5	4	6	0	1

We have averaged the number of vouchers processed by each examiner over the past six months. Based on this average the backlog of vouchers in terms of work days is shown by the following table.

	EXAMINERS								
	BKG	DGN	GKN	GPD	JMO	MP	PMK	SAF	SMM
Vouchers on hand	30	38	148	8	67	79	19	28	59
Ave.no. of vouchers per month	80	84	96	36	130	159	76	79	86
Months of backlog	.37	.45	1.54.	.22	.48	.50	.25	.35	.69

The work load with the exception of two examiners is a half month or less. The number of vouchers processed by the examiner with the largest percentage back log has increased significantly in the past three months. If the average of this period is used, his back log would be reduced to 96% of one month.

Based on the average vouchers processed by each examiner, the increased speed of the one examiner and possibly a realignment of duties, RFMC should be able to reduce the voucher backlog by modest amounts each month. One can also expect improvement in preparation of vouchers by client posts, thus facilitating RFMC work. If Controllers are added to two or three posts and the related voucher workload is assumed by these posts the RFMC voucher unit should be able to stay current on all payments.

3. The financial analysis workload is not so readily quantifiable. However, some measure of this workload is presented in attachment F. The Bureau Submission for FY 86 reflects 158 active major projects in East and Southern Africa programs. RFMC is responsible for the financial analysis covering 60 (38%) of these active projects and the eight country resident controller staffs provide the financial management for the balance, or 98 (62%) of these projects. However, RFMC is only able to meet about 10 % of this financial analysis workload. New projects proposed for FY 85-86 requiring financial management support during the next two fiscal years in the sub-regions total 32, RFMC having financial analysis responsibilities for 15 projects and the resident controllers have 17.

This work for new and on-going projects regularly includes reviewing the methods of implementation and financing procedures, defining the financial management and internal control requirements, reviewing existing accounting systems in the implementing agencies, designing accounting systems, providing or arranging for financial management training, monitoring and modifying the financial systems and working with project managers in resolution of implementation problems.

The Federal Managers' Financial Integrity Act of 1982 and OMB Circular A-123 require action at each management unit level in the Agency in accessing the internal control systems covering their operations. RFMC and the resident controller staffs for East and Southern Africa have an extensive workload in carrying out the Agency guidance for implementing these government-wide directives.

RFMC should be giving more attention to budgeting of Operating Expenses at non-Controller posts. We recognize that personnel at posts, usually the Management Officer where there is not a Controller at post, must take primary responsibility for preparation of the Operating Expense budget. However, organizational responsibility and good internal control require that the responsible Controller, in this instance RFMC, should review the propriety of the budget estimates and assist in monitoring its implementation. RFMC has not had available staff time to devote to this area of financial management.

Further, there is estimated to be about $290 million of <u>counterpart funds</u> to be generated from FY 85-86 ESF funds in the two sub-regions. Agency policy is leaning away from budget attribution and toward AID programming and monitoring the use of these funds. The <u>additional</u> financial management workyears to implement the Agency policy effectively are significant.

4. <u>Data management</u> issues are discussed in the Section VI of this report.

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V. USAID/KENYA CONTROLLER

The organizational pattern of RFMC should be refined to recognize the required financial management support of one of the larger AID programs in Africa, i.e., USAID/Kenya. The present structure could result in a conflict between the USAID/Kenya Director and RFMC Director in setting work priorities if the individual continues to "wear two hats", i.e., USAID/Kenya Controller and Deputy Director of RFMC. In particular the USAID/Kenya Director wants to assure financial analysis of the existing programs through a Controller directly responsible to his office. Further, the controller workload will be increased as the Mission is planning on projectizing substantial sums of counterpart funds which require accounting controls and monitoring. This reorganization will relieve the Director of RFMC from involvement in USAID/Kenya operational controller problems.

PROPOSAL

1. The Controller and a core staff would report directly to the USAID/Kenya Director. Accordingly, the USAID/Kenya Director would assign work priorities to the Controller and prepare his EER.

a. The Controller would be responsible for financial management of USAID/Kenya projects and activities. The Controller function for REDSO and RFMC would be retained by

RFMC. Accounting for the RHUDO and RIG activities might logically be assigned to the USAID/Kenya Controller.

b. The FSN staff concerned with accounting, analysis, and direct support to USAID/Kenya would be transferred to USAID/Kenya. This would entail approximately 7 positions.

c. The USAID/Kenya Controller would not serve as Acting Director of RFMC/Nairobi in view of his responsibilities for USAID/Kenya, i.e., he would not be designated as Deputy Director of RFMC, but as USAID/Kenya Controller.

2. USAID/Kenya Controller would continue to occupy office space within and work collegially with RFMC, to assure an "economy of scale" with respect to common services where feasible.

3. RFMC would continue to provide the data processing support of USAID/Kenya.

NOTE: Before this reallignment can be effected USAID/Kenya Controller would require a ceiling of three, one USDH budget and accounting officer to be "contributed" to RFMC/Nairobi for supervising voucher processing and other integrated fiscal functions. This resource is approximately commensurate with workload attribution. USAID/Kenya also should add one PSC professional Kenya financial analyst to their Controller staff.

VI. AUTOMATION AND TELECOMMUNICATIONS

The Regional Financial Management Center is considered to be the second largest automation field-site of the Agency, surpasssed only by USAID Cairo. The RFMC's current equipment configuration consists of an installed Wang VS-100 Minicomputer and an advanced Office Information Systems OIS-140 and their related peripherals. An older Wang word processor System-25 is being used by two regional offices located in a separate building.

At this time the equipment arrangement supports 60 workstations and printers, which are distributed throughout the Kenya Complex. More workstations and printers are also on order to fill the need expressed for more automation coverage and use by the staff. Additionally, approximately fifteen Microcomputers of the Apple, IBM, Radio Shack and Wang variety are also installed and being used in the various offices, and there are numerous privately owned microcomputers in use by the staff.

The Mission Accounting and Control Systems (MACS) is currently installed on the minicomputer which provides accounting and data-processing support to nineteen field-sites on the RFMC installed equipment. This activity represents the foremost workload on the equipment. In adddition to processing the field-site data, the accounting reports are used extensively for conducting financial analysis of project and program activity by the RFMC and REDSO staffs.

The staff members have received word-processing and microcomputer training from automation trainers, under contract with RFMC or supplied from the marketplace, including from the Wang vendor. These training materials were considered to be very useful and many of the staff were taking advanced courses to better utilize automation tools. In some cases, such training led to the development of small ad hoc applications which were considered to be productive to the various offices. The local Wang vendor has been providing good support and maintenance service to the Kenya Complex's equipment. While good service was not always the case, after many requests for service were responded to in only a partial manner, the RFMC staff have now managed to improve the vendor support situation by establishing regularized meetings and seeking the help of Wang Europe when necessary.

Observations of system response time for MACS transactions during heavy end-of-year processing revealed an excess systems capacity that could be used for additional applications. This could be done without seriously degrading equipment performance. Thus, the currently installed equipment should be able to sustain the addition or withdrawal of field-sites with minor impact on system resources. RFMC therefore has the flexibility to undertake different scenarios for the future, with respect to MACS and also with respect to the addition of "other" applications. At this time there are a few new applications being considered for development and installation on the equipment, such as a Personnel System; however, most applications were small in size.

Systems Management:

The RFMC's technical staff is comprised of one systems manager, one systems/analyst, one programmer/analyst, 10 operators and support personnel who are involved in providing information systems service and guidance to users of the current applications and equipment. These individuals are also involved to an extent in the planning, development, and implementation of newer applications. An IRM Staff person on assignment to RFMC is the Chief Systems Manager on site. As the bulk of his time is devoted to the MACS processing activities in support of the 17 field-sites, it is necessary to staff this growing operation with a second position (PSC incumbent) to better accommodate the rapid growth in using automation in Kenya and particularly in the region. This growth is mostly associated with microcomputers.

Microcomputer Activity:

The current interest in the use of Microcomputer Technology has taken hold in a very accelerated and positive way in the Kenya Complex. RFMC can and should take the lead in further sponsoring the continued progress in the area with the development of small useful applications. At present, there is significant effort occurring in the areas of inventory control, spreadsheet modeling, and project analyses which needs to be further encouraged. Discussions were furthered with respect to possibly undertaking a field-developed non-expendable-property control system, which is of interest to both Washington and the

USAIDs.

In this respect, discussions have also occurred concerning de-scoping the MACS system sufficiently to operate on a microcomputer which would be of particular benefit to the smaller USAIDs for their accounting. These discussions should continue and be an extension of the progress indicated by those field controllers who have already attempted it.

<u>Standards</u>:

Automation standards and techniques of proper use have been sponsored by the mission's technical staff (and where necessary, by the vendor), which have been especially helpful to word-processing users.

<u>Software Clearinghouse</u>:

Additional attention should be given to providing some of the mission's software to the AID/W centralized software repository for dissemination to other sites which could have a need for such programs. In particular, reference is made to the Project Workload Scheduling system, which has definite potential for such use.

<u>Telecommunications</u>:

Telecommunications services are only a possible hope for the future for providing relief for the RFMC financial data-processing workload. Presently, most telecommunications are not encouraged by the local Postal Services in the region. However, at least one site (Swaziland) has recently deregulated teleprocesssing allowing for market-place initiatives for communications, and the USAID has purchased communications equipment.

Plans should be undertaken to modify MACS to accept batch-teleprocessing of input data, which is not possible now. In addition, interactive tele-processing should also be accommodated within MACS for those sites which will have suitable communications in the future.

Thus, communications testing can continue to occur in the region in coordination with the AID/W high-speed teleprocessing program associated with the State Department. The first site to attempt these communications might be Mbabane since they will soon have the appropriate modems and equipment, followed perhaps by Lilongwe, which is a current State tele-communications relay station.

While it is expected that telecommunications is achievable in the future and would be of advantage to the missions, for MACS and for financial data-processing, in addition to improving the transmission of other mission cables and documents, the steps associated with implementing such a single-station capability or even a network would be the subject of the current study occurring in AID/W.

CURRENT AUTOMATION USAGE BY STAFF:

1. Word Processing:

Currently in the USAID there are 42 workstations and 18 printers, which are being used extensively on a daily basis, including on an overtime and weekend basis. 24 of 42 workstations and 16 of 18 printers are used primarily for word processing. RFMC uses 18 workstations and 2 printers in support of MACS. The word-processing users have access to printers and terminals and also to their archiving units to service their archiving and retrieval needs. The following is the distribution of workstations and printers by office dedicated to word processing:

	WORD PROCESSING	
	Workstations	Printers
REDSO/ESA:	7	4
Regional Housing and Urban Development:	1	1
Regional Inspector General Office:	2	1
USAID/Kenya:	10	5
Regional Financial Management Center:	4	5
Total for Word Processing	24	16

2. Mission Accounting and Control System:

   The financial data-processing of project and O.E. mission accounts in support of the region's controller and non controller posts.

3. Participant Training System:

   The tracking of participants throughout their various stages of training.

4. Disbursement Authorization System:

   The automated payment by RAMC/Paris of vouchers certified at post. This system is called Disbursement and Accounting by Telegram (DATEL).

5. Workload Reporting System:

   The scheduling of TDYs for AID staff assigned to regional offices and staff resources required by client posts and

AID/W.

6. <u>Glossaries</u>:

The use of glossaries undertaken by various offices within the mission including procedures for producing contract forms, invoices, cables, and travel authorizations, and more are scheduled for development when terminal access permits.

7. <u>Paytrack System</u>:

The tracking of payment status of vouchers processed through RFMC and RAMC/Paris.

8. <u>Personnel Management System</u>:

The management of personnel information and generating local and AID/W personnel reports.

<u>FUTURE PROSPECTS FOR AUTOMATION</u>:.

RFMC, the Kenya Complex and other USAIDs in the area are presently using computers to their own advantage, but these efforts are really in the formative stages of what is possible with the equipment and software available for use. In a very real sense there are many more automation opportunities that could be undertaken for the missions to more fully utilize extant word-processing, data-processing, and tele-processing capabilities.

The smaller missions are just now receiving automation support mostly microcomputers, and the other sites have office information systems, both of which while productive, also have limitations. The micros are limited in their ability to concurrently share access to documents for joint review or modification, while the office systems are limited in their ability to use the more advanced software offerings now available. Also, where appropos, some sites can now take advantage of the lower costs associated with the minicomputers, thereby having fully-capable devices for all types of processing.

In the near term, plans to further adapt to these new technologies and capabilities can be the subject of discussion between IRM, the Bureau, the RFMC, FM and the missions. In these discussions, the focus would be to permit: (1) better access to financial accounting through MACS; (2) more access to and use of remote tele-processing financial transactions between the source, the certifier, the payer and the payee; (3) increased use of 'shared-logic' machines for the smaller sites; and (4) increased attention to 'project-management' and 'portfolio analysis' applications.

Importantly, and fortunately, the costs for acquiring computer equipment has dropped, to the point where the smallest minicomputer suitable for MACS costs approximately $65,000 for a starter configuration. A moderate configuration would cost in the neighborhood of $100,000. Detailed pricing on a specific case basis can be obtained from IRM.

Additionally, support services would be necessary for all sites, which would include the costs associated with staffing (technical systems personnel), electrical power stabilizing equipment (battery-packs and voltage regulators), environmental conditioning (cooling and dust-proofing), and assorted logistical considerations (equipment maintenance, vendor support, and spare parts), and training (in systems uses, in applications, and in new software). Also, estimated costs of initial equipment installation and annual maintenance could be factored into a 'total' price for any site.

For those sites which already have some equipment, upgrades can possibly be considered "partially complete" since the installed devices (such as printers and terminals) may constitute a portion of the newer configuration. Thus, costs could be less in some instances.

These technical and cost considerations could be detailed for possible Southern Regional Financial Management Center or data-processing site if necessary, although other programmatic and policy matters would be <u>prior</u> determinants.

Of particular concern is the staffing and technical management needed to insure proper operational success for mission automation. The difference between providing sufficient technical management resident at a site (and backed-up from regional support) is the difference of 'just limping along' compared to gaining a more full and complete level of coverage from the automation capabilities at hand. In most cases, the installation of a minicomputer would require the assignment of a fully qualified technical specialist to manage and direct the automation effort. For those sites implementing sophisticated computer applications (such as MACS) or providing support services to 'other' sites, there would be a need for more than a single technical staff member to accomplish operational success.

The benefits of automation to the RFMC, to its supported missions, and to those missions and offices "going it alone" in the region, can be extended to a large extent. In large measure the acquiring of these benefits depends on the attention devoted to expanding and refining the current base of installed equipment, the introduction of important new applications, and the integration of the newer technologies. Finally, as the technology is pointed toward providing for more personal use of automation, it is recommended that the professional-workstation capabilities be of primary concern when the missions are looking to the future.

Automation at Posts Other Than Kenya

At the time of our review nine posts in East and Southern Africa had automated equipment installed and running. This included twenty six personal computers, one Office Information System (OIS) and three W-5 stand alone word processors. The team visited six of these locations and found that the equipment was being used almost continuously during office hours and to some extent after hours and on weekends.

An OIS and four personal computers have arrived in Somalia but have not yet been installed. There is now on order two Wang VS-100s for Sudan, a Wang VS-45 for Zimbabwe and twenty personal computers for various posts.

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VII. TRAVEL

The RFMC staff has not been able to travel as much as they would have liked to, because of the press of doing the accounting and reporting functions for client posts and travel limitations imposed by AID/W. The operational travel budget for FY85 and 86 includes funds for the same level of travel as was performed in FY84. In FY84 there were 24 trips for a total of 171 days to the Controller posts. These trips were primarily for training the client post's staffs in coding input into MACS system and to reconcile accounts. This work is now completed and should not require further travel to the controller posts. In fact, we would propose that future travel for controller posts should be primarily their staff coming to Nairobi. This will free up a considerable amount of time to cover non controller posts for both fiscal and non-fiscal requirements. In FY84 there were 28 trips covering a total of 141 days to the non controller posts. Current estimates indicate that RFMC is only providing about 10% of the non-fiscal workload at the non-controller posts. Since the RFMC staff will be able to almost double the travel to these posts, there should be a significant increase in non-fiscal coverage. However, RFMC has only limited financial analyst staff to perform these tasks short of the Director and Deputy Director of RFMC. They can not handle the full financial analysis workload for the non-controller posts in East and

Southern Africa. The present B&A officer likewise is qualified to do this work, but he is presently trying to do the work of two people. This assumes no changes in the staffing of those posts that do not have a controller.

We are of the opinion that each of the non controller posts need financial management inputs more often than quarterly. If bi- monthly visits were the rule, RFMC Nairobi staff would need to travel approximately fifty per cent more than they now are. However, with the assignment of controllers in Rwanda, Malawi and Zambia, travel to the non controller posts would represent only a modest increase over current travel plans. Attachment G sets forth flight frequencies for travel to and from Nairobi and for travel from an RFMC in Southern Africa.

If we assume that three new controller posts or an RFMC/Southern Africa (the latter we are not proposing, but "what if") is established and non cont ller posts are visted bi-monthly the combined RFMC staffs will be able to save only modest amounts of travel funds. However, there will be several real benefits to the RFMC's and the client missions. Some of these are:

1. The workload of RFMC Nairobi will be reduced to manageable levels.
2. Clients will be nearer the accounting center.
3. Communications between RFMC and the clients in the south will be improved.
4. Southern Africa client access to RFMC/SA via telecommunications probably is not too far off.

VIII SUMMARY OF INTERVIEWS

The assessment team interviewed more than 60 AID personnel representing 17 offices throughout East and Southern Africa during the course of this review. (Attachment H) We talked with all of the Principal AID Officers in East and Southern Africa, except for the USAID/Sudan Director who was represented by a member on the assessment team. While the views expressed by these individuals were far ranging, as to be expected, there were some consistent themes, summarized as follows:

1. The interviewees felt that the RFMC leadership was professionally qualified and nearly universally believe that RFMC has demonstrated a sustained level of effort in trying to make the regional financial management system work effectively. The one exception involved the perceived over sophistication of MACS and the attendent procedures. However, MACS is an AID worldwide sytem accepted by OMB and GAO so we do not believe the "clock will be turned back" on this matter. Although, further study by FM and IRM may lead to some simplifications of MACS to accommodate automation programs.

2.The efforts by RFMC and client post personnel has led generally to steadily improving services over the past two years. The detailed project accounting records have required considerable work by both RFMC and client personnel to effect reconciliation and develop a point of departure for accurate reporting on the financial status of each project. This critical task is essentially completed. The training of FSNs at RFMC and at client posts is extensive, constructive and continuing. The increased number of TDYs to client posts over the past two years is favorably recongnized.

3. Nevertheless, the interviewees unanimously, including RFMC, felt that RFMC does not presently have the capacity to meet all of their clients' financial management requirements. Inherent in this problem is the expanding workload of existing and new country programs along with existing contraints not readily subject to resolution. Some of the operational problems contributing to the situation include:

- - Many of the problems may be better understood if you contrast the RFMC operations serving 19 programs by "remote control" with the traditional missions having an on-site controller. In the latter instance the controller is part of the senior management team, with their attendent full support. As such, he is associated with the country program from inception, i.e., ABS, PID, PP, PILS, and in addition is afforded the opportunity to develop working relationships with project managers and host country officials. He is routinely a part of the on-line mission clearance process as opposed to RFMC frequently having to be in opposition on an issue almost after-the-fact. Hence it is to a degree a matter of timing of communications as well as the volume of communications from the several clients.

- - for non-controller posts the payment of vendors frequently takes two months lapse time from receipt of invoice until receipt of check from RAMC Paris. While there is an average of 2 to 3 weeks backlog for voucher processing at RFMC, more than 50 % of the two months elapse period is transit time.

- - pouch turn-around time for sending accounting "code sheets" to Nairobi and receiving project accounting reports may be two weeks and does not generally meet clients' timeliness requirements. We were informed that pouches may be routed out of Nairobi via Washington for consolidation prior to distribution to client posts. Courier services are employeed in some critical instances, but costs are a significant factor.

- - more critical than the timing of the reports is the frequency of errors in the accounting reports. It exceeds an acceptable standard leading the users, project managers, to question the reliability of such reports. The reliance on Controller posts to "code" all of their transactions has helped to reduce the error content, but further <u>improvement is needed by both the clients and RFMC</u>.

- - lack of timely communications (pouch schedule, travel, distance) frequently requiring too much time/aggravation to resolve the routine as well as the difficult issues. 19 % of the vouchers take more than 45 days to complete payment process. (This assessment team waited nine hours in the Lusaka airport for 2 1/2 hour flight to Nairobi.)

- -limited number of professional personnel (USDH, TCN and

FSN) to supervise staff, to resolve differences and problem cases, and to perform TDY to client posts.

- - limited AID experience of FSN accountant in RFMC.

- -the average years of AID service is 2.1, which must be one of the lowest averages in the agency. Experienced TCNs or US personnel are required at the mid-level supervisory positions similar to the experienced FSNs at other AID missions, but are not available to RFMC.

- -the Ambassador's position of no increases in ceilings for USDH and TCN personnel, or TCN replacements, which apparently can not be revised short of a case being justified by the Assistant Administrator for Africa to the Assistant Secretary of State for Africa.

- -unfavorable impact of morale on FSNs as a result of recent downgrading by State classifications exercise.

- -need to increase training programs for FSNs.

- -daily operational nature of many of the controller functions creates a sense of poor services in the absence of on-line information at controller posts or when limited to periodic RFMC TDYs to the non-controller posts.

4. Interviewees without exception expressed the demand for increasing the level of financial management support provided for their programs.

5.The discussions for establishing another regional financial management center for Southern Africa included:

- - more manageable size units for responsibilities, i.e. 8 to 12 country programs for each RFMC to service rather than the 20 that RFMC/Nairobi presently serves.

- - less time to travel shorter distance to client post facilitating greater frequency of TDYs.

- - if a support group for technical services is regionalized in one location in Southern Africa, then a co-location of an RFMC would have mutual advantages of readily available project records and "one-stop" services for client personnel when they are performing TDYs.

- - only the Ambassador in Lilongwe has accepted the notion of an RFMC/SA located at his post. The Charge in Mbabane could not commit his post and we were informed that additional positions for an RFMC located in Harare is not possible presently due to Host Government limitations on ceilings for foreign missions.

- - the question of overcoming the RFMC problems of trying to provide operational services and information from off-site would only be answered by degrees by setting up an RFMC in SA. Many of the RFMC/Nairobi problems would be relocated only.

6. The concept of a regional data processing center for posts with programs requiring resident staffs need to be reviewed in light of advancement of smaller and more cost effective computer capability. In 1982 the VS-80 and accessories cost $300,000 whereas the same capability can be purchased today at $65 -100,000. In other words can the posts with existing controller staff handle the total controller function, including the MACS system, with the next

technological advance (costwise and if relatively maintenance free) in computer equipment with no additional USDH staff? The clients generally believe that only a modest amount of addtional work would be required as they are now coding input, reconciling output and following-up on corrections. The principal AID officers generally believe that where resident controllers are located at posts they would be better served by the controller handling the accounting and payment processing functions. The on-site Controller is more familiar with the projects, which enables him to be more effective in providing financial management support. With respect to two non controller posts in SA: The AID Representative in Malawi would like a controller position and the AID Representative in Zambia believes that the RFMC service organization is a valid concept and should be made to work effectively in meeting all of the financial management requirements.

7.The programs and locations will continue to fluctuate dramatically in Africa. New or additional programs are underway in South Africa, Mozambique, Madagascar, Ethiopia and Southern Africa regional and maybe programs for Namibia and Angola will follow soon.

8. "Big Eight" CPA firms are located in or accessiable to each of our country programs in East and Southern Africa. Greater use of these CPA firms could be made if AID financial management expertise were more readily available to draft the scope of work for contracts and monitor their performance. <u>This activity should be built into project funding as a</u>

technical assistance element.

9. The possibility of placing RFMC/Nairobi under REDSO/ESA organizationally was discussed. We share the opinion that REDSO/ESA should retain the posture to the extent possible as an organization providing technical services to Missions as opposed to an operational management role. This contrasts to the operational controller functions that RFMC is responsible for at the non-controller posts. We believe this distinction should be maintained where possible and we are of the opinion that AID management at the non-controller posts can accommodate dealing with an RFMC Director for financial management services and a REDSO Director for the full range of technical services.

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IX. PROPOSAL OPTIONS

1. Expansion and Training at RFMC/Nairobi

If RFMC/Nairobi is to meet the present financial management workload of fiscal and non-fiscal responsibilities under the following assumptions:

-accounts transferred to USAID/Sudan and USAID/Zimbabwe,

-USAID/Kenya separated from RFMC/Nairobi, but joint fiscal and data processing servicing maintained with USAID/Kenya contributing a B & A position,

then a USDH financial analyst position also would be required to meet the clients' financial analysis requirements as outlined in Attachment _F_. The financial analyst would be travelling more than 50% of the time assisting the 12 programs where no controllers are in residence.

In order to add positions to RFMC in Nairobi, we understand that the Ambassador would insist upon relocation of another element of AID now residing in Nairobi. We estimate the cost of these two additional USDH positions to be about $300,000 annually.

Training of FSNs- One of the repetitive comments during our interviews related to the lack of AID-experienced FSN accountants at RFMC handling the clients accounts. This situation is in sharp contrast with the experience of USDHs who have served at posts in other regions where the controller staffs have the most senior, capable and experienced FSN personnel in the Mission. The average number of years of AID experience of the RFMC staff in the accounting branch (17 FSNs) is 2.1 years. Exclude the one employee who has 16 years of experience with AID and the average is 1.2. While we believe RFMC has provided more training for their FSN staff than the typical AID Mission, RFMC leadership recognizes the need to provide more AID oriented accounting training if they are to meet the support needs of their clients. Their efforts to contract (one year) for the services of a recently retired AID Controller to provide "hands on" training was turned down by the Ambassador as a circumvention of his ceilings policy. Regardless the FSN staff deserves immediate training if RFMC is to function more effectively. We propose that RFMC and AFR/RCS investigate contracting with an institution similar to the arrangement for accounting training that the Bureau has in the Sahel.

2. <u>Controllers and Accounts On-Site</u>

The Principal A.I.D. Officers interviewed, with one exception, favor increased Controller support and in some instances a transfer of their program's accounting records from RFMC. The operational nature of much of the controller work, the need to become familiar with the projects and work closely with the project managers supports on-site controllers. This option takes this preference into account on a phased basis. As computer technology advances it may be possible in a year or two for posts with resident controllers to run MACS on a micro-computer at a relatively low cost.

A. Accounts On-Site: For the present we endorse moving only the accounts to those posts that are classified as Category I programs (Attachment J) and have commensurate financial management resources, i.e., Sudan and Zimbabwe. Our caveats for Zimbabwe concerns the trend of the program size. In addition SER/IRM is reviewing the capability of the Mission to operate and obtain local support for MACS with its more than 200 software programs. Subject to resolution of these matters we endorse moving the accounts from RFMC to Zimbabwe. Establishing MACS at USAID/Sudan and USAID/Zimbabwe with appropriate computer equipment will represent a test and possible forerunner of establishing MACs at other resident Controller posts in East and Southern Africa.

Other Category I posts: Kenya and Somalia have their accounts on-site. Zambia with one of the larger volume programs in Africa is not presently staffed with a Controller nor is the AID Representative inclined to request a Controller position.

B. Additional Controllers: We propose to reduce the workload for RFMC/Nairobi by placing Controllers in Malawi, Rwanda and Zambia. The Ambassadors and AID Representatives in Malawi and Rwanda support this proposal. The AID Representative in Zambia will have to be convinced of the need for a resident Controller. He is a very strong advocate of doing more with less. We are of the opinion that the Zambia program warrants a Controller in residence to perform voucher certification, CIP and local currency monitoring and the full range of financial analysis and vulnerability assessments, which RFMC is unable to provide. RFMC would continue to provide accounting, reporting and data processing for Zambia.

Burundi and Uganda programs are borderline as to requiring a resident USDH Controller, but if these program do not expand dramatically and RFMC is relieved of other workload they should be able to handle these programs. However, RFMC should review this aspect with the resident Principal AID Officers in FY 86 and make recommendations accordingly. The other existing non-controller post is Djibouti. We agree with the AID Representative that the program would benefit from on-site controller expertise and endorse his suggestion that the second USDH position in Djibouti be replaced by a PSC AID-experienced financial management person at the end of tour of the incumbent. The fact that Djibouti is the most difficult post to reach from Nairobi (a week is the minimum TDY because of flight scheules) supports this proposal.

If the program in Mozambique expands as some have indicated then an on-site Controller will be required by early FY 1986.

While the proposed USDH personnel are a significant cost in operating expenses and pressure on the limited personnel ceilings, the additional assignment of USDH financial management personnel in East and Southern Africa is in order when compared to the deployment of this skill in other sub-regions. (Attachment I)

If this option is selected, AFR/RCS and FM should take action immediately to establish and fill these positions IN MALAWI, RWANA AND ZAMBIA. Refer to paragraph D below for sugested approach.

C. Criteria for Resident Controllers: Historically, for various reasons but with some regularity AID has phased in and out assistance programs for countries in Africa. This situation is continuing with recent start-up of programs and placement of USDH personnel in Madgascar, Mozambique and South Africa with programs in Namibia and Angola possibly not altogether remote. The present AID activity in Ethiopia is the most recent case in point. We believe due to personnel ceiling constraints AID delays too long in assigning Controllers on-site with a resulting loss in financial management input into project management frequently resulting in unfavorable audit findings . The program start-up team frequently does not include controller skills for assuring viability of financial procedures and policies. We recognize it is a value judgement decision as to the point when a country program requires a Controller in residence. An outline of criteria showing the threshold where it would be prudent to examine carefully the need for a resident controller follows:

-program size is not overly significant, but frequently a $5 million plus program for 2 or 3 consectutive years and a $10 million pipeline involves the complexity to require daily financial services. However, usually the type of program and number of active projects is more relevant in making this determination.

-capacity of Host Government implementing agencies.

-technical assistance program of 2 or more projects monitored by USDH.

-commodity import program requiring establishing and monitoring a system of arrival accounting.

-significant local currency generated and the proceeds projectized.

-post category under delegation of authority for projects.

-other staff-If the program requires a program officer, 2 project managers and one other skill category, e.g., a total of 5 USDH, then more than likely the program's complexity demands a financial manager's presence on a daily basis.

-size of operating expense budget.

-number of accounting transactions and vouchers per month.

None of the above alone necessarily justifies a resident Controller at post, but we believe the onus would be on Mission management to obtain RFMC assurance that RFMC has the capacity to meet their requirements. If not the Principal AID Officer should include a Controller position in their ceiling request.

Satelliting- We believe that satelliting Controller functions onto a neighboring post only is effective for very small programs such as in the Central African Republic and during early phases of start-up if planned assistance level is small or late stages of phase down of country programs. Even in these cases experience has taught us that many things will go wrong with project implementation. Therefore management should be alert to the problems that will arise by the present arrangement of USAID/Swaziland Controller servicing the programs in Mozambique and South Africa. Although for the near term it appears to be an excellent arrangement.

We feel option 2. A and B offer an opportunity for improved financial management for the programs in the sub-region, because it reduces RFMC workload more in line with their capacity and to a limited extent co-locates the controller skill and the financial information with the project managers to help meet the daily operational requirements of AID-financed projects.

D. Experienced Controllers- M/FM should expand their use of former Controllers by soliciting their interest in potential contracts, both long term (1-2 years) and short term (90 days), for assignments to posts in Africa, e.g., Rwanda, Zambia, Malawi Burundi, Uganda, Djibouti, Mozambique. This roster could be used to augment limited availability of mid-level controller personnel over the near-term until additional financial management staff can be recruited and trained. (These contract controllers could do the pre-certification work with a USDH officer actually certifying the vouchers.) This roster along with biographic data should be forwarded to RFMC for sharing with management in non-controller posts and the roster should be up-dated semi-annually.

This is only a "quick fix" but necessary with present ceiling constraints and existing workload. AID's real solution is to place direct hire mid-level controllers on-site to perform the full range of controller functions.

E. Estimated Cost of Proposal Option #2- Additional resources required by proposals 2.A. and B. above:

OPTION	CEILING USDH	FSNs	CONTRACT	OPERATING EXPENSES
2.A. Transfer Accounts				
Sudan	Already approved by AID/W			
Zimbabwe	-	1	1	$ 30,000(a)
Less: Annual saving on travel and communications with RFMC/Nairobi				25,000
Net Annual Cost				$ 5,000

(a) additional start up cost of about $90,000. SER/IRM is presently evaluating local capacity to service and to maintain a VS-45 system.

OPTION	USDH	FSNs	CONTRACT	OPERATING EXPENSES
2.B. Controllers On-Site				
Malawi	1*	-	1	$150,000
Rwanda	1*	-	1	150,000
Zambia	1*	-	1	160,000
Annual Costs	3*	-	3	$460,000

*could be contracted under 2.C. above.

F. Impact on RFMC- If the actions are taken as outlined in this proposal option 2 the affects upon RFMC workload are shown on attachment J. We estimate that RFMC will be responsible for servicing 56 % less projects in the sub-region, work that the present staff cannot meet. There would be a 27 % reduction in voucher certification and processing and 14 % less in MACS transactions. 95% of the program dollars included in the recent Africa Bureau submission for FY 1985 are for country programs where at least a minimun controller staff would be in residence after adoption of proposal option 2. (Attachment K) RFMC would be able to maintain the reduced workload with the addition of one financial analyst position and the services of the Budget and Accounting position contributed by USAID/Kenya. We noted that the Computer Systems Branch of RFMC devotes more than 50 % of their time for servicing USAID/Kenya activities.

3. Establishment of an RFMC for Southern Africa

A. RFMC/Mbabane, Swaziland

We first considered establishing a regional financial center in Swaziland because the USAID currently is staffed with experienced American, TCN and FSN Controller personnel. They recently have been assigned some regional responsibilities for the Mozambique and South Africa programs. In the process of rationalizing the establishment of a RFMC for Southern Africa, we reviewed several variations of what might be done to improve the financial management services provided for the programs in Southern Africa.

The first is a modification of what is being done now. There are two methods of doing this One method is to rewrite the MACS program so that it will accept batch processing. This would enable us to use "dial-up " to transfer the data to RFMC. The cost of this conversion would be very expensive and would mean that most of the edits and controls in the current MACS program would either have to be eliminated or softened. That would be an enormous undertaking requiring considerable time and money before it would be operational

The second method would be to use MACS as it is current'y written using interactive telecommunications. There are also two ways to do this, the first is to use the State Department line between Pretoria and Nairobi (via Washington). This would involve an installation cost of about $2,000 per year. The problem is that the line speed allotted to AID by the Department of State's Office of Communications is only 1200 BPS. The software for the Wang PC requires a minimum of 2400 BPS. IRM assures us that the Wang PC will operate at the slower speed; however, attempts to date to accomplish this have not been successful. The suggestion to share a line with another post has not been accepted because it would require some type of switching equipment to be installed in Pretoria which the Embassy in Pretoria will not agree to at the moment. Also, to use the State Department line for interactive communication would require installation of additional equipment in Washington (this may cost $20,000). The second way to achieve interactive telecommunications is to obtain a dedicated line to Nairobi through the telephone company. This would cost about $100,000 per year per post.

To make the current arrangement acceptable by using any of the above methods, would require that present equipment be upgraded to allow control over the data base in Nairobi. Two additional local contract staff would be needed to support current and projected financial management assistance (not including accounting and reporting) to the Mozambique and South Africa programs. The two are for one additional person to process vouchers and the the other a systems administrator to support the Mission's automation equipment. We concluded that this variation is dependent on too many factors that we cannot control and is costly for the benefits to be achieved.

The second variation is to have Swaziland withdraw their accounts from RFMC/Nairobi, do the Mission's accounting and reporting and only do the voucher examination and perform non-fiscal controller functions for Mozambique and South Africa. This would require a VS-45 in USAID/Swaziland. Estimated purchase cost is $65,000, plus $9,100 per year maintenance, and $10,000 per year for supplies and materials. There would be no additional personnel over variation one; however, they would probably need a more experienced systems administrator. This does not appear to be a good arrangement because it would introduce yet another method of implementation.

The next option considered was the establishment of a full service Controllers Office in Swaziland and creating satellite operations for Mozambique, South Africa and the residual Southern Africa Regional programs. All financial management activities, including accounting and reporting would be done by USAID/Swaziland. A VS-45 could probably handle this level of activity.

Workyears: One additional USDH at an annual cost of $140,000, an FS-2 with family. An additional FSN accountant, and one FSN voucher person would be needed. The FSNs would cost $10,000. A more experienced system administrator would be recruited.

Increased Costs:

Capital Investment:

Wang VS-45	$65,000	
Support Equipment	15,000	
Total Capital Investment		$80,000

Additional Operating Costs per year:

Additional staff required	$150,000	
Maintenance VS-45	14,000	
Supplies and Materials	15,000	
Increased travel costs	5,000	
More experienced systems admin	5,000	
Additional office space	20,000	
Total Additional Operating Costs per year		$209,000

Benefits: They would be totally responsible for their own records. They would no longer keep cuff records, which is one reason why they could take this on with only a small increase in staff. They would not only publish all the MACS reports, but could issue special reports on a timely basis based on the needs of the various offices served. Pouch and telephone costs would remain at their present levels. The Assessment Team believes this proposal has merit for M/FM's favorable consideration as the next MACS post in Africa as there is evidence that the capacity exists to manage the system. However, if a decision is made to establish an RFMC for Southern Africa then this proposal is superceded.

The fourth variation is to create an RFMC for Southern Africa. This center would provide service to Botswana, Lesotho, Swaziland, Malawi, Zambia, South Africa, OSARAC, Mozambique, Mauritius, and later to Namibia and Angola if programs are developed there. Admittedly, an RFMC cannot provide the same responsive service as can a USAID with its own Controller. However, it probalbly would be an effective way of managing scarce resoerces. If approval could be obtained for the additional USDH staff required, this option would solve some of the problems inherent in a satellite controller operation. For example, it is always a delicate situation for a Controller to be assigned to one Mission and to provide services to another, because of the natural desire of each Mission to have control over its staff. If an RFMC is established it must be a separate organization. For this option a VS-100 would be required at an estimated cost of at least $150,000, plus maintenance of $21,000 per year, and about $40,000 for supplies and materials. The travel burden would be shifted from RFMC/Nairobi to Swaziland, but the overall costs would not be significantly less even though they are more centrally located to the Southern African posts. (Attachment_G_) Based on the workload analysis provided by RFMC, they would require at least four additional USDH to support an RFMC/South. One would be a Deputy, one financial analyst, a budget and accounting officer, and a IRM staff person for the computer. They would also require three additional FSN accountants, three FSN voucher examiners, and one FSN financial analyst.

A review of the equipment requirements would be completed by IRM/MPS prior to ordering any VS equipment. There are two

VS-80 installations in Swaziland. They could use similar peripherals where possible to avoid having to purchase redundancy or spares.

Estimated Increased Costs:

Capital Investment:

VS-100 computer	$150,000	
Support equipment	40,000	
Contract Support	50,000	
Total Capital Investment		$240,000

Additional Operating Costs per year

Additional Staff	$560,000	
Supplies and Materials	40,000	
Maintenance of VS-100	21,000	
Additional pouch and phone	12,000	
Additdinal office space	35,000	
Travel	40,000	
More experienced systems admin	5,000	
Total Additional Oper.Cost per year		$713,000

Benefits: Reduce RFMC/Nairobi's responsibilities to a more manageable level, improve the quality of the reporting, and move the accounting to a more central site. For the sub-region, they are more centrally located than Nairobi, and have direct-dial phone service to all the posts proposed in this option. By making smaller management units, they can be more responsive to the needs of the individual organizations. Telecommunications in Southern Africa are more advanced than elsewhere in the region, particularly between Mbabane and

Maseru via Pretoria. However, as far as we could determine it is still in the future before we can manage financial records at a regional center via telecommunications and thus avoid sending "hard copy" coding sheets and reports to and from the center by pouch.

B. RFMC/Lilongwe, Malawi

We believe that the above fourth variation for Mbabane would substantially apply for an RFMC in Lilongwe with the following significant differences:

1. As mentioned above there is in place in Mbabane an effective Controller operations with excellent staff. Presently there is one foreign national accountant in Lilongwe with limited AID experience.
2. There would be no serious problem in recruiting additional competent financial management staff within existing FSN direct hire classification structure in Mbabane. We are not so sanguine about recruiting qualified accountants in Lilongwe.
3. There is excellent computer maintenance capability in Mbabane, with a Wang representative and engineer in residence, two VS-80 installations in Swaziland and spare parts are in stock. There is limited computer support in Lilongwe at present.

C. Comparison of Proposals

RFMC/Nairobi Workload Reduction: For sometime RFMC has measured the accounting and reporting workload by the number of vouchers received, the number of transactions processed, the number of projects in the portfolio and the total pipeline. When RFMC first began using MACS, their accountants were required to analyze each document for each client Mission, prepare necessary coding sheets and feed the information into the MACS. After a period of training, provided by RFMC, the work of analyzing and coding of their transactions was transferred to the client posts with Controllers. Therefore the workload for these transactions is considerably less than similar transactions from non-controller posts. We have, therefore, separated the number of transactions into those generated by controller and non-controller posts.

Based on the assumption that (1) USAIDs Sudan and Zimbabwe will begin doing their accounting and reporting this fiscal year; (2) Mission Controllers will be assigned to Malawi, Rwanda and Zambia; (3)USAID/Kenya will establish an independent Controller's office; and (4) RFMC/Southern Africa will be established this year, the workload in RFMC Nairobi would be reduced as follows:

	Transactions		
	Controller	Non-Controller	Vouchers
Current Average Monthly Workload	5082	1817	909
Sudan and Zimbabwe	(975)		(4)
Controllers Assigned to:			
Malawi, Rwanda and Zambia (a)	946	(946)	(226)
RFMC/Southern Africa (b)	(1860)	(121)	(8)
RFMC/Nairobi Workload Reduction	(1889)	(1067)	(238)
Reduction as % of Current Workload	37%	59%	26%

(a) Transactions would be moved from the more work intensive review, analyzing and coding to machine key punch activity for RFMC.

	Active Projects	Pipeline 9/30/84 (000,000
Balance at 9/30/84	311	$ 420
Sudan and Zimbabwe	56	138
RFMC/Southern Africa (b)	87	101
Reduction RFMC/Nairobi Workload	143	$ 239
Reduction-% of Current Workload	46%	57%

(b) Financial management services for Swaziland, Lesotho, Botswana, Malawi, Zambia, Mozambique, S. Africa, OSARAC.

Given this reduced workload level, RFMC/Nairobi could effectively carry out all of the accounting and reporting work for East Africa, and perform the essential non-fiscal tasks for the non-controller posts with the following staff:

USDH:

Director, Deputy Director-Financial Analyst, Budget and Accountant, Financial Analyst, Systems Manager.

FSN Staff:

Possible reduction of 5 accountants.

We are of the opinion that five U.S. direct hires are essential because the foreign service national staff is relatively young and inexperienced with AID; there is no core FSN employees that have AID experience to provide training and supervision for the local employees; RFMC is not permitted to hire well trained TCN staff that could provide training for on board FSN staff; and modest salary levels limit ability of RFMC to hire the best trained FSN employees.

A comparison of the proposal to set up another RFMC in Southern Africa shows that it would not save any USDH positions over the proposal to assign three more resident controllers and add two positions (one attributed to USAID/Kenya ceiling) to RFMC/Nairobi. The two RFMCs would require a total of nine USDH, the same as the decentralization approach of three resident controllers and RFMC/Nairobi with six positions. (Attachment L) Further, more FSN staff would be required to establish an RFMC Southern Africa than could be reduced from RFMC/Nairobi. The expenditure for automation equipment for RFMC/SA is another factor considered in the comparison.

FINANCIAL MANAGEMENT ASSESSMENT

EAST AND SOUTHERN AFRICA

X. Conclusions and Recommendations

Controllers for Malawi, Rwanda and Zambia

Our assessment has confirmed RFMC's contention and the RIG/Nairobi's draft audit report findings that the financial management workload for East and Southern Africa now exceeds the capacity of Controller personnel assigned to the two sub-regions, i.e., the RFMC staff and the resident Controller staffs. Although, we believe the resident Controllers have the necessary personnel resources to meet existing financial management responsibilities in their respective countries. In developing recommendations to redress this situation we focused our attention on three major options, i.e.:

a. Expand RFMC/Nairobi to meet the workload

b. Increase the number of on-site Controllers to reduce RFMC/Nairobi's workload.

c. Establish an RFMC for Southern Africa to reduce RFMC/Nairobi's workload.

We have assumed that the Agency will not alter significantly the GAO approved Mission Accounting Control System (MACS) and that the Agency intends to pursue the directives of OMB Circular A-123 with resolution.

We have concluded that the use of centralized financial management services as conceived with the establishment of RFMC is a valid means of enconomizing in deploying scarce resources, i.e., qualified financial managers within tight personnel ceilings. However, such centralization of services has its limitations as discussed in this report, primarily involving the difficulty in servicing those programs requiring management by serval USDH personnel without a resident Controller to handle the daily, routine financial management of project implementation issues and to coordinate the RFMC support on-site. We believe that the Ambassador's' constraints placed upon RFMC/Nairobi precluding recruitment of additional USDH and AID-experienced TCNs will not be overcome within the next several months, if at all. Changing an Ambassador's policy or relocating elements of AID does not usually happen in a short time frame.

We believe the Bureau's first choice should be to reduce RFMC/Nairobi's workload of support for 19 programs located at great distances from Djibouti to Lesotho, particularly with respect to the non-fiscal and the voucher certification elements of their responsibilities. We have much less reservations regarding RFMC/Nairobi and resident Controllers coordinating to meet the requirements for data processing of accounting transactions and reporting responsibilities.

We believe that financial management resources for East and Southern Africa should be increased by establishing three additional Controller positions on-site to meet the operational needs of Malawi, Rwanda and Zambia and by adding one financial analyst position to RFMC/Nairobi in lieu of establishing an RFMC in Southern Africa with four additional positions.

This increment of staff will reduce RFMC/Nairobi's workload significantly and not only improve the quality of financial management for the three significant programs directly supported by assigned Controllers, but will enable the RFMC to provide the required services to other client posts. The residual workload for RFMC/Nairobi would entail providing the full range of financial management services to non-controller posts, i.e., Burundi, Uganda, Djibouti, Madagascar, Comoros, Ethiopia, Mauritius and Seychelles; and data processing of accounting transactions and reporting for Controller posts, i.e.: Kenya Complex, Rwanda, Tanzania, Lesotho, Malawi, Mozambique, S. Africa, Swaziland and Zambia. The three Category I posts of Sudan, Somalia and Zimbabwe, and Botswana a Category II post would operate independently of RFMC/Nairobi in providing all of their financial management services on-site. We have opted for the status quo in Botswana because (1) it is working well and (2) our belief that the rapid advancement of microcomputer technology will enable, within the next year or so, smaller programs with one USDH Controller in residence to operate MACS on-site. This latter point underlies our rationale for supporting resident Controllers as opposed to an RFMC/Southern Africa. However, the requirement for RFMC/Nairobi will continue for the foreseeable future to service programs were AID has small programs not justifying a Controller on-site.

1. We recommend that the Missions, Bureau and M/FM establish and assign Controllers to positions in Malawi, Rwanda and

Zambia, and one financial analyst in RFMC/Nairobi. (We suggest that AFR/RCS and M/FM determine if former AID Controllers are available for extended contracts to meet these immediate staff requirements.)

USAID/Kenya

We believe there is a need to define clearly the Controller relationship with USAID/Kenya, one of the Bureau's largest programs. However, in making this organizational refinement the economy of scale achieved by the present configuration of joint servicing of data processing for accounting transactions and voucher certification and processing should not be forfeited. This could be achieved by USAID/Kenya secunding a Budget and Accounting Officer to RFMC/Nairobi.

2. We recommend that USAID/Kenya and RFMC take action to redesignate the position of Deputy Director of RFMC/Nairobi, presently responsible for the USAID/Kenya programs, to a USAID/Kenya Controller reporting directly to the USAID/Kenya Director. (The number of USDH and FSN accountants and financial analysts assigned to the USAID/Controller office from RFMC should be resolved by the two organizations.)

Burundi, Uganda and Mozambique

The programs in Burundi and Uganda are borderline with respect to requiring a resident Controller. However, if the controllers are installed in the other locations as we have proposed and these two program levels remain relatively constant we believe that RFMC/Nairobi can provide adequate services for them. We note that the TCN accountant in Burundi should give more priority to the controller functions and report to the AID Representative rather than to the Management Officer. We are not fully cognizant of the plans for the size and nature of the program in Mozambique. However, there are some indications that a substantial technical assistance program may be in the offing. If so the present "satelliting" arrangement of servicing from USAID/Swaziland will become obsolete in the near term. In recognizing the dynamics of AID programs in Africa (the most recent case in point is the AID activity evolving in Ethiopia), Bureau managers will need to periodically review the adequacy of financial management services in the region.

3. We recommend that the Bureau review the programs in Burundi, Uganda and Mozambique by the end of FY 1985 to determine if they require resident controllers in FY 86.

Djibouti

We do not believe that the program in Djibouti merits a full time Controller on-site. However, due to flight connections the time required of RFMC/Nairobi to service the program in Djibouti is significantly disproportinate to the work reauired on TDYs from Nairobi. We believe that Djibouti would be better served by a French speaking former AID Controller under a PSC as a replacement for the second US direct hire position. Besides providing the financial management support the Controller could handle various administrative matters for the post as well. The AID Representative concurs in this proposal.

4. We recommend that the Bureau and the post pursue this proposal of establishing a PSC Controller position upon the

departure of the present incumbent from the direct hire position.

Policy Guidelines for Establishing Controller Positions

We believe that AID/W, specifically M/FM and the regional bureaus should play a greater role in assuring that the staffing patterns for field posts provide for adequate Controller positions commensurate with program size, complexity and related financial management requirements. We have outlined in Section IX a few criteria that could be the basis for FM to elaborate on in developing policy guidelines. This guideline could be used by the Bureaus in reviewing staffing with individual Mission Directors concerning deployment of Controllers. The Assessment Team believes this to be an area where the Agency may be vulnerable to weaknesses in internal control.

5. We recommend that M/FM develop a policy paper as a guide to when a Controller should be assigned to a field post.

OMB Circular A-123

The workload emanating from OMB Circular A-123 and related vulnerability assessment requirements results in considerable workload for the Agency in general, but for a regional financial management center it is a dramatic additional burden. Attachment F.

6. We recommend that M/FM guidance be amended to permit vulnerability assessments biannually for the small programs where we have no Controllers in residence.

Training of FSNs

The additional training of FSN staff at RFMC is critical to the improvement of RFMC/Nairobi service to their clients. However, RFMC could not obtain Ambassadorial clearance for their initiative to contract for a year with a recently retired Controller as a trainer in Nairobi as well as to do "circuit riding" for training at client posts. The Bureau is providing similar accounting training under an institutional contract in the Sahel.

7. We recommend that RFMC/Nairobi and AFR/RCS take action to arrange for an institutional training contract to assist in upgrading the FSN accountants and financial analysts.

USAID/Swaziland and MACS

We observed that USAID/Swaziland, in particular, has the Controller capacity and in country computer support to install and assimilate MACS, which would require a VS-45 at the present state of computer art. We assume that M/FM intends to gradually expand MACS to additional Controller posts. If our assumption is correct then we believe that USAID/Swaziland, providing the program continues at present or increased levels, would measure-up to FM criteria for taking on this responsibility. We note that a regional computer systems position should be added to provide assistance to the growing inventory of computers in the region.

8. We recommend that M/FM and M/SER/IRM give full consideration to USAID/Swaziland as a candidate to establish MACS at post and add a regional computer systems analyst to support Southern Africa.

Turkey

RFMC/Nairobi maintains residual accounts for the Turkey program. We have excluded the small, but nevertheless a workload from considerartion in this assessment.

9: We recommend that M/FM take action to have the accounts for Turkey transferred to a NESA Mission.

ATTACHMENT A

FINANCIAL MANAGEMENT ASSESSMENT

EAST AND SOUTHERN AFRICA

AFRICA/RFMC/NAIROBI

Financial Services for EA/SA Posts

	RFMC PROVIDES ALL USDH FINANCIAL SERVICES	CONTROLLER AT POST PROVIDES NON-FISCAL SERVICES	CONTROLLER AT POST PROVIDES FISCAL AND NON FISCAL SERVICES
EAST AFRICA			
Burundi	X		
Comoros	X		
Djibouti	X		
Ethiopia	X		
Kenya Complex	X (a)		
Madagascar	X		
Mauritius	X		
Rwanda	X		
Seychelles	X.		
Somalia			X
Sudan		X (c)	
Tanzania		X	
Uganda	X		
SOUTHERN AFRICA			
Botswana			X
Lesotho		X	
Malawi	X		
Mozambique	X (b)		
S. Africa	X (b)		
Swaziland		X	
Zambia	X		
Zimbabwe		X (d)	

(a) Deputy Director of RFMC designated Controller for Kenya Complex.
(b) Non-fiscal services recently assigned to USAID/Swaziland Controller
(c) Transfer of accounts to USAID/Sudan has been approved.
(d) USAID/Zimbabwe has requested transfer of their accounts.

a

CONTROLLER STAFFS
RFMC AND RESIDENT CONTROLLER OFFICES

LOCATION	USDH	USPSC	TCNDH	TCNPSC	FSNDH	FSNPSC	TOTAL
RFMC/NAIROBI	6[a]	9[b]	-	-	23	27	65
BURUNDI	-	-	1	-	-	-	1
TANZANIA	1	1	-	-	2	4	8
DJIBOUTI	-	-	-	-	-	-	-
BOTSWANA	1	-	1	-	2	2	6
ZIMBABWE	1	2	-	-	2	2	7
MALAWI	-	-	-	-	-	1	1
ZAMBIA	-	-	-	-	-	-	-
UGANDA	-	1	-	-	-	1	2
RWANDA	-	1	-	-	-	2	3
LESOTHO	1	1	1	-	2	-	5
SWAZILAND	1	-	1	-	3	-	5
SUDAN	2	3	3	2	2	8	20
SOMALIA	2	-	-	-	3	12	17
TOTAL EA & SA	15	18	7	2	39	59	140

a Includes one Computer Systems Manager.
b Includes six clerical and two computer specialist positions.

AUTOMATION EQUIPMENT

	IN USE				ON ORDER			
	VS-100	OIS	PC	WP-25,5	VS-100	OIS	PC	VS-45
KENYA/COMPLEX	1	1	15	1	-	-	4	-
BURUNDI	-	-	-	-	-	-	5	-
DJIBOUTI	-	-	-	-	-	-	2	-
TANZANIA	-	-	-	-	-	-	1	-
BOTSWANA	-	-	1	-	-	-	-	-
ZIMBABWE	-	1	-	-	-	-	2	1
MALAWI	-	-	3	-	-	-	-	-
ZAMBIA	-	-	4	-	-	-	-	-
UGANDA	-	-	3	-	-	-	-	-
RWANDA	-	-	3	-	-	-	-	-
LESOTHO	-	-	4	-	-	-	1	-
SWAZILAND	-	-	4	-	-	-	-	-
SUDAN	-	-	4	3	2	-	9	-
SOMALIA	-	-	-	-	-	1(6)	4(6)	-
TOTAL EA & SA	1	2	41	4	2	1	28	1

(6) on hand but not installed.

WP ID 2770B

ATTACHMENT C

MONTHLY TRANSACTIONS BY COUNTRY
RFMC/NAIROBI
JUL 83 THRU JUN 84

COUNTRY CODE	CODE	COUNTRY	JUL-DEC AVG 83	JAN 84	FEB	MAR	APR	MAY	JUN	JAN-JUN AVG 84	%	COUNTRY
615	760	KENYA COMPLEX	2320	2135	1791	1645	1728	1659	2642	1933	28%	KENYA COMPLEX
621	765	TANZANIA	925	1356	1112	602	624	663	1191	925	13%	TANZANIA
632	703	LESOTHO	849	817	321	625	695	552	1129	690	10%	LESOTHO
650	766	SUDAN	479	544	404	494	1078	346	1017	647	9%	SUDAN
645	710	SWAZILAND	452	603	537	259	345	507	1040	557	8%	SWAZILAND
696	764	RWANDA	355	407	325	335	274	149	517	335	5%	RWANDA
613	700	ZIMBABWE	416	302	404	279	237	223	521	328	5%	ZIMBABWE
611	707	ZAMBIA	235	475	207	336	289	248	356	319	5%	ZAMBIA
695	767	BURUNDI	253	322	226	461	219	211	384	304	4%	BURUNDI
612	763	MALAWI	253	372	235	260	314	206	402	292	4%	MALAWI
617	765	UGANDA	238	278	246	378	172	281	315	278	4%	UGANDA
603	791	DJIBOUTI	99	152	146	135	79	62	120	116	2%	DJIBOUTI
674		S. AFRICA	0		21	94	18	65	38	48	1%	S. AFRICA
690		OSRAC					228	3	8	40	1%	OSRAC
642	704	MAURITIUS	17	15	8	70	3	5	96	33	-%	MAURITIUS
687	780	MADAGASCAR	19	11	4	7	6	54	102	31	-%	MADAGASCAR
663	752	ETHIOPIA	7	21	12	10	5	12	10	12	-%	ETHIOPIA
662	792	SEYCHELLES	6	6	3	5	6	0	10	5	-%	SEYCHELLES
602		COMOROS	3	5	1	2	0	3	4	4	-%	COMOROS
		TOTALS:	6928	7901	6025	5916	6320	5249	9952	6895	100%	

KENYA COMPLEX ORGANIZATIONS:

CODE	ORGANIZATION	JAN 84	FEB	MAR	APR	MAY	JUN	JAN-JUN AVG 84	%	ORGANIZATION
615	USAID/KENYA	1311	1054	1069	1071	1101	1606	1202	62%	USAID/KENYA
623	REDSO/ESA	623	592	453	508	387	775	556	29%	REDSO/ESA
622	RFMC/NAIROBI	201	145	123	149	171	261	175	9%	RFMC/NAIROBI
	TOTALS:	2135	1791	1645	1728	1659	2642	1933	100%	

NOTE: TRANSACTIONS FOR SUDAN DO NOT INCLUDE TRUST FUND ACCOUNTS WHICH ARE MAINTAINED BY USAID/SUDAN
TRANSACTIONS FOR ZIMBABWE INCLUDE TRUST FUND ACCOUNTS

SOURCE: MACS, RFMC/NAIROBI

ATTACHMENT C

ATTACHMENT C

ATTACHMENT D

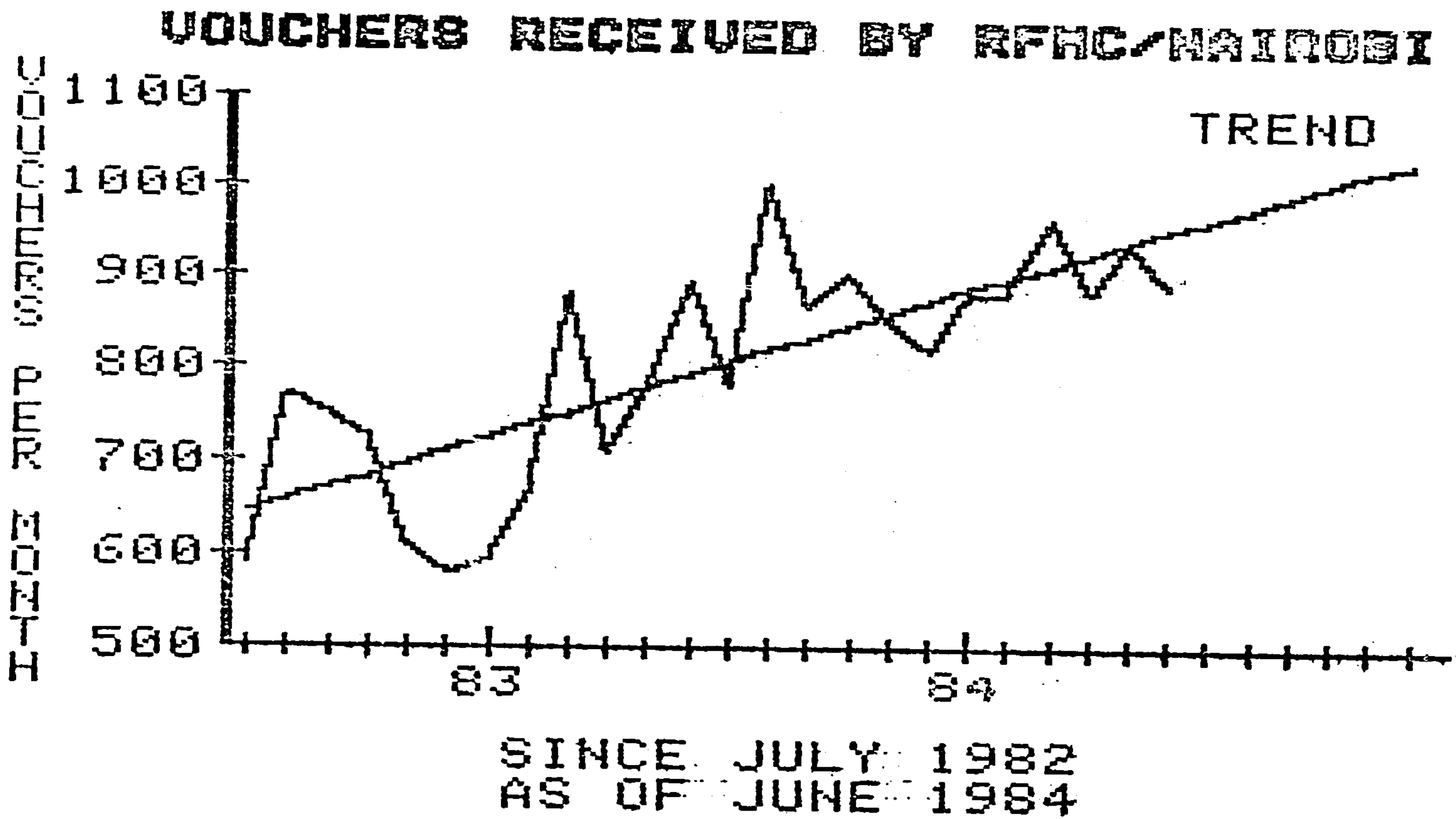
SOURCE:VOUCHERS

VOUCHERS RECEIVED BY RFMC
JUN 83 THRU JUN 84

COUNTRY	COUNTRY CODE	CODE	1983 JUN-DEC AVERAGE	1984 JAN 84	FEB	MAR	APR	MAY	JUN	TOTAL	AVG	%
KENYA	615	760	508	497	501	554	526	507	503	3088	515	57%
MALAWI	612	763	66	77	72	87	67	97	66	466	78	9%
ZAMBIA	611	767	71	82	64	74	76	70	82	448	75	8%
RWANDA	696	764	77	75	81	84	44	94	61	439	73	8%
BURUNDI	695	762	67	77	67	60	68	58	71	401	67	7%
UGANDA	617	766	47	51	50	78	55	66	62	362	60	7%
DJIBOUTI	603	791	18	19	25	17	29	25	30	145	24	3%
MAURITIUS	642	704	6	2	6	5	5	9	2	29	5	1%
TANZANIA	621	765	0		11	2				13	2	-%
SUDAN	650	786	0		5	3	5	2	6	21	4	-%
SWAZILAND	645	710	0	3	1	1	4			9	2	-%
MADAGASCAR	687	780	4		3	1	2	12	10	28	5	-%
LESOTHO	632	703	0	1		2				3	1	-%
SEYCHELLES	662	792	2		1	1		1		3	1	-%
ETHOPHIA	663	782	1							0	0	-%
ZIMBABWE	613	708	0							0	0	-%
COMOROS			0							0	0	-%
S.AFRICA			0							0	0	-%
TOTAL			867	884	887	969	881	941	893	5455	909	100%
KENYA/TOTAL			59%	56%	56%	57%	60%	54%	56%	57%	57%	

TTACHMENT D

ATTACHMENT E



ATTACHMENT E

FINANCIAL MANAGEMENT ASSESSMENT
EAST AND SOUTHERN AFRICA

FINANCIAL ANALYSIS ANNUAL WORKLOAD
FY 1985-86

COUNTRY		PROJECT DESIGN (a)	PROJECT IMPLEM. (b)	ESF (Millions$) (f)	VULNERABILITY ASSESSMENTS MISSION (c)	PAYMENT VERIFICATION (d)	CPA FIRMS (e)
EAST AFRICA							
BURUNDI		4	7		1	1	1
COMOROS		-	1		1	-	-
DJIBOUTI		1	6	$ 3.5	1	1	-
KENYA COMPLEX	(RC)	6	16	55.0	1	1	2
MADAGASCAR		3	3		1	1	1
MAURITIUS		-	2	2.0	1	-	-
RWANDA		3	10		1	1	1
SEYCHELLES		-	1	2.0	1	-	-
SOMALIA	(RC)	3	12	35.0	1	1	1
SUDAN	(RC)	4	17	120.0	1	1	2
TANZANIA	(RC)	-	15		1	1	
UGANDA		3	4		1	1	1
SOUTHERN AFRICA							
BOTSWANA	(RC)	1	8	5.0	1	1	1
LESOTHO	(RC)	1	10		1	1	1
MALAWI		1	11		1	1	1
MOZAMBIQUE	(*)	-	1		1	1	1
S.AFRICA	(*)	-	5		1	1	-
SWAZILAND	(RC)	2	8		1	1	1
ZAMBIA		-	6	20.0	1	1	1
ZIMBABWE	(RC)	-	6	15.0	1	1	1
SOUTHERN AFRICA REGIONAL		-	9	32.0	-	-	-
		32	158	$ 289.5	20	17	16
WORK TO BE PERFORMED BY:							
RESIDENT CONTROLLERS (RC)		17	98	250.0	8	8	9
RFMC		15	60	39.5	12	9	7
RFMC PRESENT CAPACITY TO PERFORM - ESTIMATE		7	6		1	1	2
UNMET FIN. MGN. WORKLOAD		8	54		11	8	5
		25%	34%		55%	47%	31%

(*) USAID/Swaziland controller provides financial management services.
(RC)=Resident Controller

FOR FOOTNOTES SEE NEXT PAGE

FINANCIAL MANAGEMENT ASSESSMENT:
EAST AND SOUTHERN AFRICA

FINANCIAL ANALYSIS WORKLOAD

FOOTNOTES:

This schedule represents value judgements based upon available information. It offers an order of magnitude and represents our best estimates for quantification of the workload.
(a) Number of new projects planned for FY 1985-86. (Source: AFR submission of 1986 budget.) Controller should review each PID and PP to assure adequacy of financial policies and method of financing and implementation.

(b) Number of active projects in East and Southern Africa. (Source: AFR submission of 1986 budget.) This number of projects does not include OPGs and other smaller activities that are reflected in the accounts. This work includes defining the financial management and internal control requirements, designing and installing accounting and financial systems and working with project managers in resolution of implementation problems.

(c) Controller should review internal control features of Mission operations. To help meet this workload suggest that RFMC conduct this examination every other year. (This would apply to (d) also.

(d) Controller should review adequacy of invoice administrative approval process by project and OE managers.

(e) Controller should assist in developing scope of work, selecting CPA firm, and monitoring their performance. The numbers listed in this column are on an order of magnitude as a probability.

(f) Allocations of ESF from House Committee on appropriations report 98-1021 for FY 1985. These funds will generate local currency that will be available to support the Agency's development programs. With the recent emphasis to projectize counterpart funds there could be several projects that would require considerable financial management workload. The RFMC staff would be directly responsible for financial management of local currency equivalent of about thirty nine million dollars.

9

Schedule of Frequency of Flights and Costs
from Nairobi as of 10/30/84

1. Frequency of flights to other AID Posts[1]

A. Direct Flights:

TO	FREQUENCY	FREQUENCY RETURN TO NBO
Bujumbura	Five times/week	Three times/week
Moroni	Once a week	Once a week
Djibouti	-	-
Addis Ababa	Six times/week	Six times/week
Antananarivo	Twice a week	Twice a week
Lilongwe	Three times/week	Three times/week
Mauritius	Twice a week	Twice a week
Kigali	Twice a week	Twice a week
Seychelles	Three times/week	Three times/week
Entebbe	Nine times/week	Nine times/week
Lusaka	Four times/week	Four times/week
Dar es Salaam	Four times/week	Four times/week
Khartoum	Three times/week	Five times/week
Harare	Four times/week	Four times/week
Manzini	Once a week	Once a week

B. Arriving same day with connections:

Djibouti	Once a week[2]	Once a week
Lilongwe	Once a week	-
Mauritius	Once a week	Once a week
Manzini	Six time/week	Six times/week
Gabarone	Three times/week	Three times/week
Maseru	Eight times/week	Eight times/week
Maputo	Once a week	Once a week

C. Arriving next day with connections

Moroni	Once a week	Once a week
Djibouti	Once a week[2]	-
Maputo	Twice a week	Three times/week

1 Based on ABC Guidebook as of October 1984
2 If plane from Nairobi to Addis Ababa is early it would be possible to have 2 flights per week arriving same day.

2. Air fare costs for a round trip ticket

Nairobi/To/Nairobi	Costs $
Bujumbura	265.00
Moroni	410.00
Djibouti	440.00
Addis Ababa	336.00
Antananarivo	490.00
Lilongwe	420.00
Mauritius	697.00
Kigali	265.00
Seychelles	515.00
Entebbe	128.00
Lusaka	450.00
Dar es Salaam	180.00
Khartoum	570.00
Harare	541.00
Manzini	635.00
Gabarone	635.00
Maseru	799.00
Maputo	666.00

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Schedule of Frequency of Flights and Costs from Swaziland as of 10/30/84

1. Frequency of flights to other AID posts [1]

A. Non-Stop from Manzini

To	Frequency
Johannesburg	Daily except Saturday
Maputo	Twice per week
Harare	Once a week
Dar es Salaam	Once a week
Gaborone	Once a week
Maseru	Once a week

B. Direct Flights

Lusaka	Once a week
Nairobi	Once a week

C. Arriving the same day with connections

Lilongwe	Four times a week
Lusaka	Twice a week
Harare	Six times a week
Gaborone	Four times a week
Mauritius	Eight times a week

D. Travel by car

Gàborone	7 - 8 hours driving time
Maseru	7 - 8 hours driving time
Johannesburg	4 hours driving time

2. Air Fare Costs for a round-trip ticket. [2]

Point	Costs $	
Gaborone	205.00	Economy
Maseru	165.00	Economy
Lilongwe	243.00	Excursion
Maputo	73.00	Economy
Harare	201.00	Excursion
Lusaka	246.00	Excursion
Nairobi	364.00	Excursion
Johannesburg	74.00	Excursion
Dar es Salaam	348.00	Excursion
Mauritius	620.00	Excursion

1 This is based on the ABC Guide as of October 1984.
2 Based on the exchange rate of October 22, 1984 of $1.00 = R1.62 using normal excursion fares unless only economy is available.

FINANCIAL MANAGEMENT ASSESSMENT:
EAST AND SOUTHERN AFRICA

LIST OF INTERVIEWEES

POST	OFFICER	TITLE
BOTSWANA	PAUL GUEDET	DIRECTOR
	JIM BRODY	CONTROLLER
BURUNDI	GEORGE BLISS	AID REPRESENTATIVE
	SALLY SHARP	PROGRAM OFFICER
	STANLEY WILLS	AGRICULTURE OFFICER
	MICHAEL SULLIVAN	PROJECT OFFICER
	T. M. KEBRON	ACCOUNTANT-TCN
	KEITH BAKER	PROJECT OFFICER
	YEAGER	EMBASSY ADMIN OFFICER
DJIBOUTI	JOHN LUNDGREN	AID REPRESENTATIVE
KENYA	CHARLES GLADSON	DIRECTOR
	BARRY RILEY	DEPUTY DIRECTOR
	JOHN GREENOUGH	EXECUTIVE OFFICER
	ROB HENRICH	CONTROLLER
	RAY RIFFENBERG	PROJECT OFFICER
LESOTHO	EDNA BOORADY	DIRECTOR
	TONY CULLY	CONTROLLER
MALAWI	SHELDON COLE	AID REPRESENTATIVE
	DAVID GARMS	PROGRAM OFFICER
	WILLIAM JUDY	AGRICULTURE OFFICER
	MURL BAKER	PROJECT OFFICER
	JOHN LEE	MANAGEMENT OFFICER
	CHARLES ORARE	ACCOUNTANT
RWANDA	JOHN BLANE	AMBASSADOR
	GENE CHIAVAROLI	AID REPRESENTATIVE
	ROSEMARY DEPP	PROJECT OFFICER
	NORMAN OLSEN	PROGRAM OFFICER
	MICHAEL FUCHS-KARSH	AGRICULTURAL ECONOMIST
	BRUCE LERNER	MANAGEMENT OFFICER
	KATHLEEN AUSTIN	EMBASSY ADMIN OFFICER
	RITA RUPPASBOZA	EMBASSY B & F OFFICER
SOMALIA	LOU COHEN	DIRECTOR
SUDAN	MEL VAN DOREN	CONTROLLER

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SWAZILAND	CHARLES LAHIGUERA	CHANGE'D AFFAIRES
	ROBERT HUESMANN	DIRECTOR
	JIMMY PHILPOTT	DEPUTY DIRECTOR
	GARY BYLLESBY	CONTROLLER
	COLUMBUS SPAIN	ACCOUNTANT
	KATHY MCGINNIS	MANAGING DIRECTOR COMPUTERONICS (WANG AND IBM AGENT)
TANZANIA	FRITZ GILBERT	DIRECTOR (ACTING)
	HORACE HUNTER	CONTROLLER
UGANDA	IRV COKER	DIRECTOR
ZAMBIA	JOHN PATTERSON	AID REPRESENTATIVE
	FRED PERRY	PROJECT OFFICER
	MIKE IRELAND	MANAGEMENT OFFICER
	CLARENCE GROCEMAN	ENGINEER
ZIMBABWE	ROY STACY	DIRECTOR
	MARJE LEWIS	CONTROLLER
REDSO/ESA	JOHN KOEHRING	DIRECTOR
	ART FELL	DEPUTY DIRECTOR
RIG/NAIROBI	MERVIN BOYER	RIG
	EUGENE TREASRAU	DEPUTY RIG
RFMC/NAIROBI	ROBERT BOURQUEIN	DIRECTOR
	ROBERT HENRICH	DEPUTY DIRECTOR
	GARY EIDET	D. DIRECTOR-REGIONAL
	LINDA MARTIN	FINANCIAL ANALYST
	PAUL KRAMER	B&A OFFICER
	RON MILLER	SYSTEMS MANAGER
AID/W	LOC ECKERSLEY	DEPUTY CONTROLLER
	DON WALLS	FIN. ANALYSIS DIVISION
	RICHARD SOLLOWAY	FIN. ANALYSIS DIVISION
	FORD BROWN	AFR/CONTROLLER

ID: FMAR 1178A

V

ATTACHMENT I

FINANCIAL MANAGEMENT ASSESSMENT
EAST AND SOUTHERN AFRICA

COMPARISON OF CONTROLLER STAFF-USDH

EAST AFRICA		CENTRAL, WEST AFRICA	
Kenya	2(a)	Cameroon	3
Somalia	2	Chad	1
Sudan	2	Gambia	1
Tanzania	1	Ivory Coast	3(a)
East Africa Total	7		
		Liberia	2
SOUTHERN AFRICA		Mali	3
Botswana	1	Mauritania	1
Lesotho	1	Niger	3
Swaziland	1	Senegal	3
Zimbabwe	1	Upper Volta	3
Southern Africa Total	4		
RFMC/Nairobi	3(a)	Zaire	2
Total EA and SA	14	Total CA and WA	25

	EA/SA	CA/WA	Africa Regional
Controller Positions	14	25	
Number of Country Programs serviced	19	21	
DA and ESF-FY 85	$435	$250	$137
Counterpart generations in FY 85	$290	$ 69	

(Millions of Dollars)

(a) The five controller personnel in Nairobi are divided between RFMC and the USAID as shown. In addition there are two computer system managers assigned to the Controller staffs, one in Abidjan and one in Nairobi.

Source: Bureau Budget Submission FY 86 and HAC Report 98-1021 for FY 1985 for counterpart generations from ESF programs.

ATTACHMENT J

ANALYSIS OF PROPOSALS TO REDUCE RFMC WORKLOAD

	FINANCIAL MANAGEMENT(d)			FISCAL SERVICING (MONTHLY AVERAGE)			SECTION IX WORKLOAD REDUCTIONS PER OPTION 2.A & B		
	ON GOING PROJECTS	PROJECTS '85,86.	REG.(e) PROJ.	TRANSACTIONS JUL-DEC 83	TRANSACTIONS JAN-JUN 84	VOUCHERS JAN-JUN 84	FIN.MGMT.	TRANSACT.	VOUCH.
CATEGORY I									
SUDAN	-	-	-	479	647	4	-	647	-
KENYA	-	-	-	2320	1933	515	-	-	-
ZIMBABWE	-	-	-	416	328	-	-	328	-
SOMALIA	-	-	-	-	-	-	-	-	-
ZAMBIA	6	-	2	235	319	75	8	-	75
CATEGORY II									
LESOTHO	-	-	-	849	690	1	-	-	-
RWANDA	10	3	13	355	335	73	26	-	73
MALAWI	11	1	3	253	292	78	15	-	78
UGANDA	4	3	2	238	278	60	-	-	-
BOTSWANA	-	-	-	-	-	-	-	-	-
CATEGORY III									
BURUNDI	7	4	4	253	304	67	-	-	-
SWAZILAND	-	-	-	452	559	2	-	-	-
DJIBOUTI	6	1	3	99	116	24	10	-	24
TANZANIA	-	-	-	925	925	2	-	-	-
CATEGORY IV									
MADAGASCAR	3	3	1	19	31	5	-	-	-
MOZAMBIQUE	-	-	-	-	-	-	-	-	-
S. AFRICA	-	-	-	-	48	-	-	-	-
MAURITIUS	2	-	2	17	33	5	-	-	-
SEYCHELLES	1	-	1	8	5	1	-	-	-
COMOROS	1	-	-	3	4	-	-	-	-
OSARAC	-	-	-	-	36	-	-	-	-
ETHIOPIA				7	12	-	-	-	-
SO.AFR.REG.	9	-	-	-	-	-	-	-	-
TOTALS EA.& SA.	60	15	31	6928	6895 (100%)	912(100%)			
TOTAL NO. OF PROJECTS WORKLOAD		106(100%)					59(a)	975(b)	250(c)
REDUCTIONS BY Section IX 2.A&B		59 (56%)(a)			975(14%)(b)	250(27%)(c)			
RESIDUAL		47 (44%)			5920(86%)	662(73%)			

NOTE: (a), (b), and (c) reflect changes proposed in Option 2 A & B.
(d) Numbers are included only where no controllers are in residence. (USAID/Swaziland Controller services Mozambique and S. Africa.)
(e) Number of regional projects.

Source: FY1986 Bureau Budget Submission-Table IV; RFMC Status Paper, Aug.1984.

ATTACHMENT K

ANALYSIS OF PROPOSALS TO REDUCE RFMC WORKLOAD

EAST AND SOUTHERN AFRICA PROJECTS
(MILLIONS OF DOLLARS)

	PIPELINE 6/30/84	AFRICA SUBMISSION FY-85	PROPOSED CONTROLLER POSTS
CATEGORY I:			
SUDAN	$ 76	$ 148	$ 148
KENYA	77	57	57
ZIMBABWE	12	30	30
SOMALIA	37	55	55
ZAMBIA	12	24	24
CATEGORY II:			
LESOTHO	20	10	10
RWANDA	15	6	6
MALAWI	16	10	10
UGANDA	15	10	-
BOTSWANA	28	10	10
CATEGORY III-			
BURUNDI	14	4	-
SWAZILAND	25	8	8
DJIBOUTI	5	4	4
TANZANIA	29	-	-
CATEGORY IV			
MADAGASCAR	-	5	-
MOZAMBIQUE (a)	-	12	12
S. AFRICA (a)	7	9	9
MAURITIUS	-	2	-
SEYCHELLES	-	2	-
COMOROS	-	-	-
OSARAC	1	-	-
ETHIOPIA	-	-	-
SO.AFR.REG.	36	37	37
TOTALS EA.&SA.	$425	$ 443 (100%)	$ 420 (95

(a) Programs serviced by USAID/Swaziland Controller.

Source: FY1986 Bureau Budget Submission-Table IV;
RFMC Status Paper, Aug.1984.

Attachment L

FINANCIAL MANAGEMENT ASSESSMENT
EAST AND SOUTHERN AFRICA

CONTROLLER POSITIONS

Present Staff		Proposed Staff		
Title	No. of Positions	Title	No. of Positions	Addit'l. Positions
RFMC/Nairobi		RFMC/Nairobi		
Director		Director		
D.Director-Regional		D.Director-REg.		
B. & A.		B. & A.		
Systems Manager		Systems Manager		
		Financial Analyst		
	4		5	1
USAID/Kenya		USAID/Kenya		
D.Director-USAID/K		Controller-USAID/K		
Financial Analyst		Financial Analyst		
		B. & A. (a)		
	2		3	1
Totals	6		8	2
Resident Controllers in Malawi, Rwanda, Zambia				3
Additional Controller Positions Proposed				5

(a) To be secunded to RFMC.

RFMC/Southern Africa vs. Recommended Option

	No. of Positions
If RFMC/SA is established:	
RFMC/SA	4
RFMC/Nairobi	5
Total positions	9
If RFMC/Nairobi is expanded and Resident Controllers assigned:	
RFMC/Nairobi	6
Controllers in Malawi, Rwanda and Zambia	3
Total	9

8