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ASN= 55093

AUDIT OF
THE NATIONAL CEREALS RESEARCH
AND EXTENSION PROJECT IN CAMEROON

Project Nos. 631-0013 and 631-0052

Audit Report No. 7-631-88-07

February 24, 1988

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL FOR WEST AFRICA

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WEST AFRICA

February 24, 1988

MEMORANDUM FOR Director, USAID/Cameroon, Jay Johnson
FROM: RIG/A/Dakar, John P. Competello
SUBJECT: Audit of the National Cereals Research and
Extension Project in Cameroon (Project Nos.
631-0013 and 631-0052)

The Office of the Regional Inspector General for Audit/Dakar has completed its audit of the USAID/Cameroon National Cereals Research and Extension Project (Project Nos. 631-0013 and 631-0052). Five copies of the audit report are enclosed for your action.

The draft audit report was submitted to you for comment and your comments are attached to the report. The report contains three recommendations. Recommendation Nos. 1 and 2 are considered as resolved and will be closed upon completion of planned actions. Recommendation No. 3 is closed upon issuance of this report. Please advise me within 30 days of further action taken to clear the remaining recommendations.

I appreciate the cooperation and courtesy extended to my staff during the audit.

EXECUTIVE SUMMARY

The National Cereals Research and Extension Project is one of A.I.D.'s largest bilateral agricultural research projects in Africa. It is a long-term, two-phase effort designed to help the Government of the Republic of Cameroon (GRC) develop the capacity to perform cereals research. Under Phase I (Project No. 631-0013), authorized in August 1979 and scheduled for completion in December 1987, A.I.D. granted about \$8 million. Under Phase II (Project No. 631-0052) begun in 1985 and scheduled for completion in 1995, A.I.D. provided a grant of about \$35 million and a loan of \$3.6 million. The Government of the Republic of Cameroon agreed to contribute about \$32 million in cash, or in-kind for personnel, infrastructure and commodities, in support of the project.

The Office of the Regional Inspector General for Audit, Dakar, made a program results audit of the National Cereals Research and Extension Project in Cameroon. Audit objectives were to (1) assess the adequacy of management's system for measuring effectiveness, (2) determine the extent to which the project achieved a desired level of results, and (3) identify factors inhibiting satisfactory performance.

The audit found that the management system used to measure project effectiveness was not adequate; therefore, project results could not be readily assessed. Also, satisfactory performance was inhibited by lack of controls over project commodities and equipment.

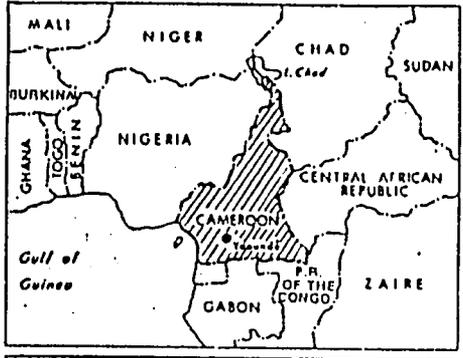
While project results could not be readily assessed, a 1987 A.I.D. end-of-project evaluation of Phase I found the project was well-designed and implemented in a relatively timely manner. During visits to research sites, the evaluators concluded that the project had helped increase cereals production and had provided institutional development. At the time of audit in November 1987, the technical assistance team for Phase II was on site, the participant training program was on schedule, much of the construction was complete, and most equipment had been delivered, thereby assuring that necessary resources were available to conduct project activities.

Although the project was proceeding without major implementation problems, the project management information system did not provide adequate information on project progress. Also, the audit identified weak internal controls over A.I.D.-funded project commodities and equipment.

To ensure its assistance projects are effectively meeting A.I.D. development objectives, missions need management systems which periodically measure the results of project activities against the objectives. Such systems should include (1) quantifiable objectives, (2) results of project activities, (3) comparisons of results to objectives and (4) analysis of significant variances. The grantee had implemented a project management information system which provided good quantifiable objectives and gathered project activity data. However, in reporting project progress to the Mission, the grantee did not compare the data against the objectives. The Mission had not required the grantee to provide this information. As a result, the Mission could not readily assess progress and determine if significant variances were occurring which required special management attention. The report recommends that USAID/Cameroon require the grantee to improve project reporting. USAID/Cameroon generally agreed and had initiated corrective action.

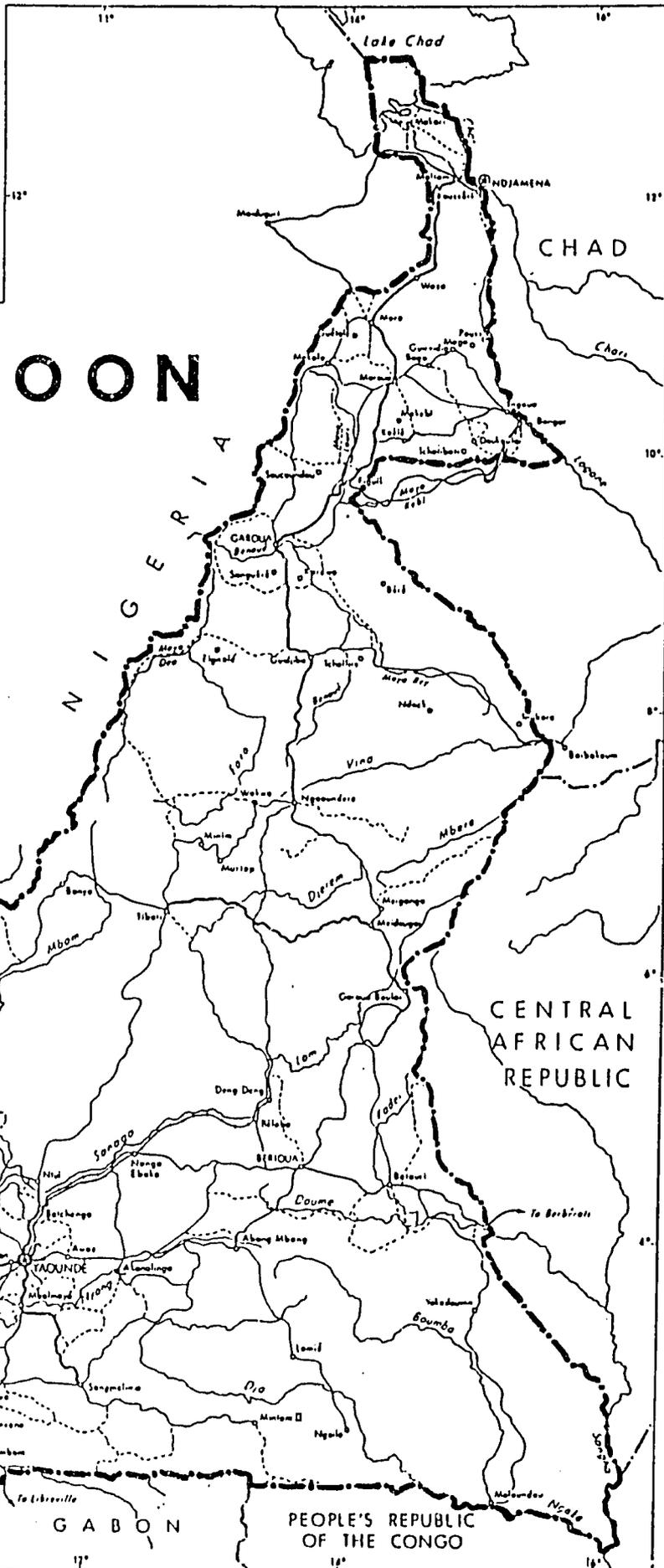
To ensure that project commodities and equipment are properly managed and not subject to waste, loss, unauthorized use or misappropriation, A.I.D. must direct grantees to maintain adequate controls for its assistance projects. The Mission should periodically verify that controls are in place. Controls over A.I.D.-funded commodities and equipment were not adequate, namely: (1) inventory records were lacking, (2) periodic inventories were not conducted, and (3) utilization of equipment was not monitored. In addition, during project site visits, the Mission did not verify that controls were in place. The Mission had not exercised sufficient supervision to ensure that the grantee had established and implemented proper internal controls. Without good controls, the Mission could not adequately account for about \$1.1 million of A.I.D.-funded commodities and there was potential for loss, theft or misuse. The report recommends that USAID/Cameroon ensure the grantee strengthen controls over project equipment. USAID/Cameroon generally agreed and had initiated corrective action.

Office of the Inspector General



CAMEROON

10°
8°
6°
4°
2°
1°



EQUATORIAL GUINEA
Gulf of Guinea

EQUATORIAL GUINEA

GABON

PEOPLE'S REPUBLIC OF THE CONGO

CENTRAL AFRICAN REPUBLIC

CHAD

NIGERIA

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CENTRAL AFRICAN REPUBLIC
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P.R. OF THE CONGO
ZAIRE
Gulf of Guinea

Lake Chad

NDJAMENA

Kousséri

Garoua

Yaoundé

Ndjamena

Libreville

Pointe-Noire

Yaoundé

Yaoundé

Yaoundé

Yaoundé

Yaoundé

AUDIT OF
THE NATIONAL CEREALS RESEARCH
AND EXTENSION PROJECT IN CAMEROON

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AUDIT OF
THE NATIONAL CEREALS RESEARCH
AND EXTENSION PROJECT IN CAMEROON

PART I - INTRODUCTION

A. Background

The National Cereals Research and Extension Project is one of A.I.D.'s largest bilateral agricultural research projects in Africa. It is a long-term, two-phase effort designed to help the Government of the Republic of Cameroon (GRC) develop the capacity to perform cereals research. Under Phase I (Project No. 631-0013), authorized in August 1979 and scheduled for completion in December 1987, A.I.D. granted about \$8 million. Under Phase II (Project No. 631-0052) begun in 1985 and scheduled for completion in 1995, A.I.D. provided a grant of about \$35 million and a loan of \$3.6 million. The Government of the Republic of Cameroon agreed to contribute about \$32 million in cash, or in-kind for personnel, infrastructure and commodities, in support of the project.

The project purpose was to develop the institutional capability of the GRC's Institute of Agronomic Research to perform high quality research on maize, rice, sorghum and millet, and to help get the research results to the farmer. The grant component of A.I.D. funding was to finance technical assistance, participant training, and commodities under Phases I and II. The loan component under Phase II was to finance construction of research staff housing, seed laboratories, and offices. Technical assistance represented over 40 percent of the A.I.D. grants, with a 1981 contract for about \$5.5 million, and a 1985 contract for about \$14 million, both with the International Institute for Tropical Agriculture in Ibadan, Nigeria.

Project activities were to be conducted at seven Institute of Agronomic Research sites located throughout Cameroon. The project headquarters were located at the Nkolbisson site.

By September 1987, USAID/Cameroon had obligated about \$7.7 million under Phase I and \$13.4 million under Phase II. About \$7.3 million and \$4.3 million had been spent on each phase respectively. The GRC had regularly contributed its agreed-upon share of resources until fiscal year 1987 when falling revenues curtailed its ability to fully meet this commitment.



Local farmer showing harvest of
high-yield maize developed under
Phase I of the Project
(Bambui Area, 1982)

B. Audit Objectives and Scope

The Office of the Regional Inspector General for Audit, Dakar, made a program results audit of the National Cereals Research and Extension Project in Cameroon. Audit objectives were to (1) assess the adequacy of management's system for measuring effectiveness, (2) determine the extent to which the project achieved a desired level of results, and (3) identify factors inhibiting satisfactory performance.

Audit work included a review and analysis of project papers, evaluation reports, progress and site visit reports, project implementation orders and contracts, and other relevant documents. Discussions were held with USAID/Cameroon officials, technical assistance team members, and GRC officials. The audit covered project activities from August 1979 to November 1987 and expenditures of \$11.6 million.

The auditors assessed the adequacy of the management information system by comparing project objectives as set forth in the project paper (purpose, outputs and inputs), to the work plan developed by the grantee and the activity information collected from the research sites. Since work plan objectives were based upon the objectives stated in the project paper, project activities were analyzed to determine if they had been measured against the work plan.

To find out how well Phase I had been implemented, the auditors relied on a 1987 A.I.D. end-of-project evaluation. Since Phase I was essentially complete at time of audit, the auditors concentrated audit efforts on Phase II.

To test the adequacy of the project inventory system, the auditors selected two of seven research sites - Bambui and Nkolbisson. As there were no formal inventory records, the auditors developed a list of project equipment from procurement records available at the Mission. From these records, the auditors selected 45 items each costing \$500 or more (total value \$185,200) which had been purchased for the two research sites (see Exhibit 3). Additionally, the audit tested the accuracy of Mission and grantee records of the project vehicle inventory at the Bambui site.

Review of internal controls and compliance was limited to the findings discussed in this report. The audit was conducted at USAID/Cameroon in Yaounde, at the project headquarters and research site in Nkolbisson, and at the Bambui site. Completed in November 1987, the audit was made in accordance with generally accepted government auditing standards.

USAID/Cameroon comments to the draft audit report were received in January 1988 and have been considered in preparing this report. The full text of Mission comments is in Appendix 1.

AUDIT OF
THE NATIONAL CEREALS RESEARCH
AND EXTENSION PROJECT IN CAMEROON

PART II - RESULTS OF AUDIT

The audit found that the management system used to measure project effectiveness was not adequate; therefore, project results could not be readily assessed. Also, satisfactory performance was inhibited by lack of controls over project commodities and equipment.

While project results could not be readily assessed, a 1987 A.I.D. end-of-project evaluation of Phase I found the project was well-designed and implemented in a relatively timely manner. During visits to research sites, the evaluators concluded that the project had helped increase cereals production and had provided institutional development. At the time of audit in November 1987, the technical assistance team for Phase II was on site, the participant training program was on schedule, much of the construction was complete, and most equipment had been delivered, thereby assuring that necessary resources were available to conduct project activities.

Although the project was proceeding without major implementation problems, the project management information system did not provide adequate information on project progress. Also, the audit identified weak internal controls over A.I.D.-funded project commodities and equipment.

The report contains recommendations to improve grantee reports of project progress and to strengthen controls over project commodities.

A. Findings and Recommendations

1. Project Effectiveness Needed to Be Better Measured

To ensure its assistance projects are effectively meeting A.I.D. development objectives, missions need management systems which periodically measure the results of project activities against the objectives. Such systems should include (1) quantifiable objectives, (2) results of project activities, (3) comparisons of results to objectives and (4) analysis of significant variances. The grantee had implemented a project management information system which provided good quantifiable objectives and gathered project activity data. However, in reporting project progress to the Mission, the grantee did not compare the data against the objectives. The Mission had not required the grantee to provide this information. As a result, the Mission could not readily assess progress and determine if significant variances were occurring which required special management attention.

Recommendation No. 1

We recommend that the Director, USAID/Cameroon, require the grantee to report progress of project activities against objectives and to provide an analysis of variances between the activities and the objectives.

Discussion

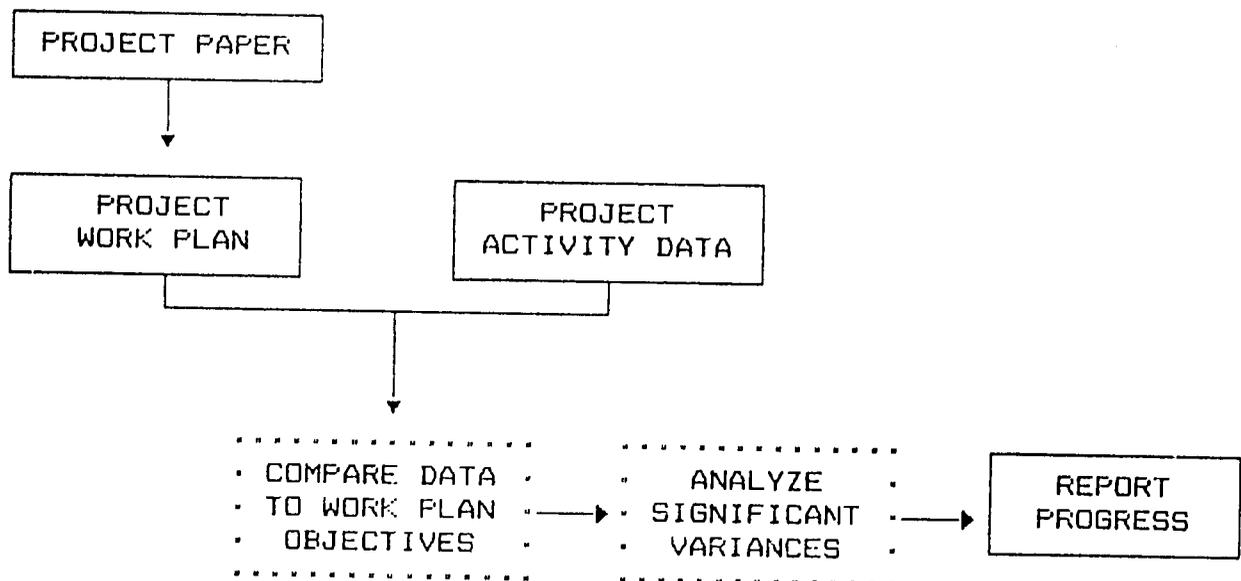
To ensure its assistance projects are effectively meeting development objectives, missions need management systems which periodically measure the results of project activities against the objectives. Such systems should include (1) quantifiable objectives, (2) results of project activities, (3) comparison between results and objectives, and (4) analysis of significant variances. The project paper usually provides verifiable indicators which can be used to measure progress against project purpose, output, and input objectives. As a result, progress in achieving purpose and output objectives and in providing project inputs usually can readily be measured as the project is implemented.

The Mission had relied on the grantee to develop a management information system to monitor project progress. The grantee's information system consisted of five-year and one-year work plans and activity data gathering and reporting at the research sites. The work plan was based on the project paper objectives for project purpose, outputs and inputs. The work plan had translated these objectives

into tasks and assigned quantitative objectives to be attained. For example, one of the project paper output objectives was to develop and implement research programs for maize, rice, sorghum and millet, including field trial demonstrations on farmers' fields. The work plan had developed discrete tasks for each crop, assigned the type and number of activities to be conducted and the yields to be achieved.

At the research sites, the research staff periodically summarized their research and institution building activities and reported them to the project headquarters at Nkolbisson. The activities were summarized by the same tasks as those outlined in the work plan. Every six months the grantee submitted to USAID/Cameroon a progress report which included (1) work plan objectives by task, and (2) the results of research and institutional development efforts. However, the report did not compare the results to the objectives. As shown below, the system was missing the critical link which could provide the grantee and the Mission an assessment of project progress.

PROJECT MANAGEMENT INFORMATION SYSTEM



..... Not performed under current system.

Measuring Work Plan Objectives - The 1987 work plan set nine objectives for the testing and liaison unit at the Nkolbisson research site. The objectives ranged from the development of intercropping practices to increase productivity, to achieving institutional goals by establishing linkages with national and international organizations. In the semiannual progress report for the first half of 1987, the grantee reported various activities conducted by the testing and liaison unit, but did not compare results achieved against any of the nine objectives.

For example, one of the objectives was to conduct trials to identify low-input technologies which could maintain soil fertility while reducing inorganic fertilizer use by 30 percent. To assess performance, information was needed about the number of trials conducted, technologies identified, and whether fertilizer use could be reduced. Instead, the report from the Nkolbisson site only mentioned that on-farm and on-station trials had been conducted, as well as socio-economic surveys aimed at identifying constraints to food production in the lowland forest.

While this information was useful, it did not provide an adequate basis for the Mission to assess what had been accomplished during the reporting period compared to work plan objectives.

Similarly, the 1987 work plan required that the Rice Breeding Unit test 25 rice lines for yield at various research sites. The semiannual progress report did not state how many lines had been tested. Instead, the report presented progress in such terms as harvesting, post-harvest operations, compilation of harvest data, land preparation, fertilizer application, and seeding. While again, this was useful information, and a guide as to what types of activities had been conducted, it did not indicate how successful the breeding unit had been in meeting its work plan objectives.

USAID/Cameroon did not require the grantee to report achievements against objectives. Without comparing project achievements against work plan objectives, the Mission could not readily assess how grantee performance was contributing to work plan objectives and ultimately to the objectives of the project, i.e., research and institutional development. Furthermore, the Mission could not identify reasons for variances between the results of project activities and work plan objectives. Without this information, the Mission could not effectively ensure that satisfactory progress was being achieved.

Management Comments

The Mission generally agreed with the finding and the recommendation. The Mission acknowledged that the reports received by A.I.D. did not contain quantitative indicators of progress. However, the Mission noted that information about project results and potential problems was otherwise available, through qualified project managers, and through the data recorded by individual project researchers. The Mission stated that it would instruct the grantee to include, in its semiannual progress reports to A.I.D., a revised reporting format to compare results against work plan objectives, and to analyze variances.

Office of the Inspector General Comments

The auditors agree that data can be obtained through project managers and researchers about project results and potential problems. This data is valuable to the Mission. However, it is not a substitute for a synthesis of project activities compared to quantifiable objectives and an analysis of variances. Mission action to revise progress reports is responsive to the recommendation which is considered as resolved. It will be closed upon completion of planned actions.

2. Controls Over Project Commodities and Equipment Were Not Adequate

To ensure that project commodities and equipment are properly managed and not subject to waste, loss, unauthorized use or misappropriation, A.I.D. must direct grantees to maintain adequate controls for its assistance projects. The Mission should periodically verify that controls are in place. Controls over A.I.D.-funded commodities and equipment were not adequate, namely: (1) inventory records were lacking, (2) periodic inventories were not conducted, and (3) utilization of equipment was not monitored. In addition, during project site visits, the Mission did not verify that controls were in place. The Mission had not exercised sufficient supervision to ensure that the grantee had established and implemented proper internal controls. Without good controls, the Mission could not adequately account for about \$1.1 million of A.I.D.-funded commodities and there was potential for loss, theft and misuse.

Recommendation No. 2

We recommend that the Director, USAID/Cameroon, strengthen controls over project commodities by requiring the grantee to:

- a. establish a central inventory system at project headquarters with subsidiary records at research sites;
- b. conduct annual inventories of project commodities and submit reports which indicate, by item, the location and condition of non-expendable project commodities; and
- c. identify and repair or dispose of damaged equipment and vehicles.

Recommendation No. 3

We recommend that the Director, USAID/Cameroon, schedule periodic project site visits to review the condition, utilization and storage of project commodities.

Discussion

A.I.D. missions are responsible for ensuring that project resources are effectively accounted for and utilized. To accomplish this, missions must require grantees to establish adequate controls over project commodities and equipment. Missions should also periodically verify that controls are

in place. Good controls minimize the chances of waste, loss, unauthorized use or misappropriation. Controls include (1) adequate records of A.I.D.-owned property, (2) periodic physical inventories, and (3) proper storage and safeguarding of project commodities and equipment. In addition, A.I.D. Handbook 3 states that during mission project site visits, project managers should check on the condition, utilization, and storage of project commodities.

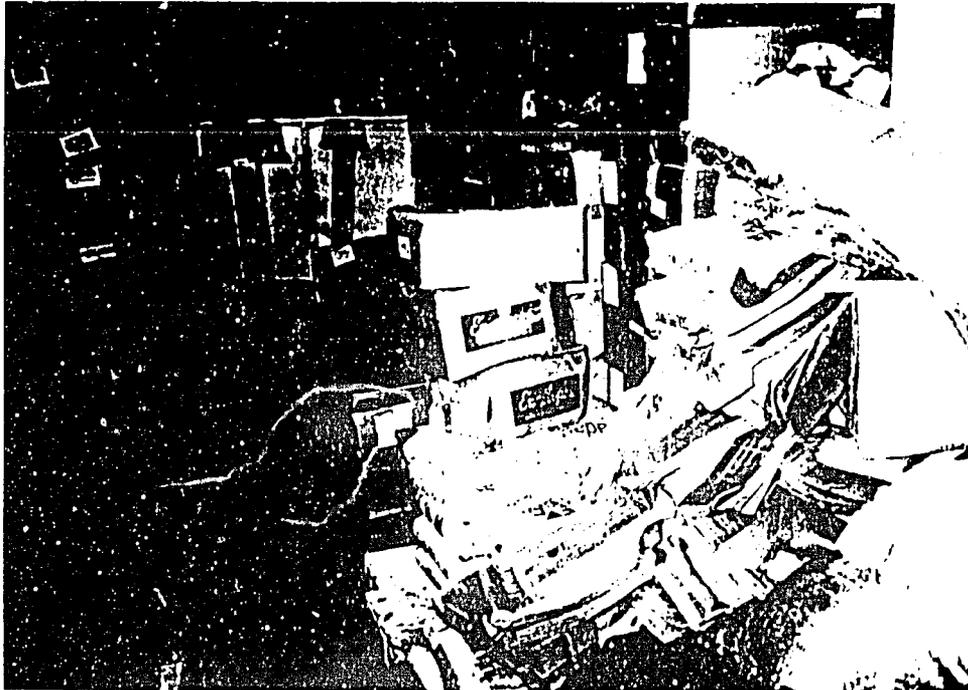
The audit found that internal controls over commodities at both the Mission and project headquarters and research sites were inadequate. Proper inventory records were not maintained, periodic physical inventories were not conducted, and equipment utilization was not monitored. In addition, the Mission did not ensure that adequate controls were in place through project site visits.

Inventory Records - In order to properly account for property located at various sites, a central inventory record with subsidiary records at each location, should be maintained. Physical inventories should be taken periodically to compare the inventory-on-hand with the recorded amounts, and adjustments made as appropriate.

The audit found that neither the Mission nor the grantee maintained adequate inventory records of project commodities. There were no central listings of such items as furniture, appliances, and laboratory and farming equipment furnished to the project. The auditors' visits to project sites at Bambui and Nkolbisson disclosed that these sites also did not maintain inventory records. According to the project administrative officer, none of the seven research sites maintained records of commodities.

Using a list of commodities developed from Mission procurement records, the auditors attempted to locate 45 stock items which were shown as assigned to Bambui and Nkolbisson. Of the items tested, five could not be found, including two three-ton trailers (see Exhibit 3). In addition, storage practices were poor as commodities and supplies were carelessly stored, especially at Nkolbisson (see photographs on page 12).

The Mission and grantee did maintain records which identified project vehicles and their location. The auditors compared the vehicles shown as assigned to the Bambui site to the vehicles on site and found the records were not accurate.



Poor Storage Practices at Nkolbisson
(October 1987)

	<u>Vehicles Assigned to the Bambui Site</u>		
	<u>Operational</u>	<u>Not Operational</u>	<u>Total</u>
Per Mission Records	2	5	7
Per Grantee Records	3	8	11
Per Audit	3	9	12

Auditors could not obtain an adequate explanation for the difference between records and the number of vehicles on hand.

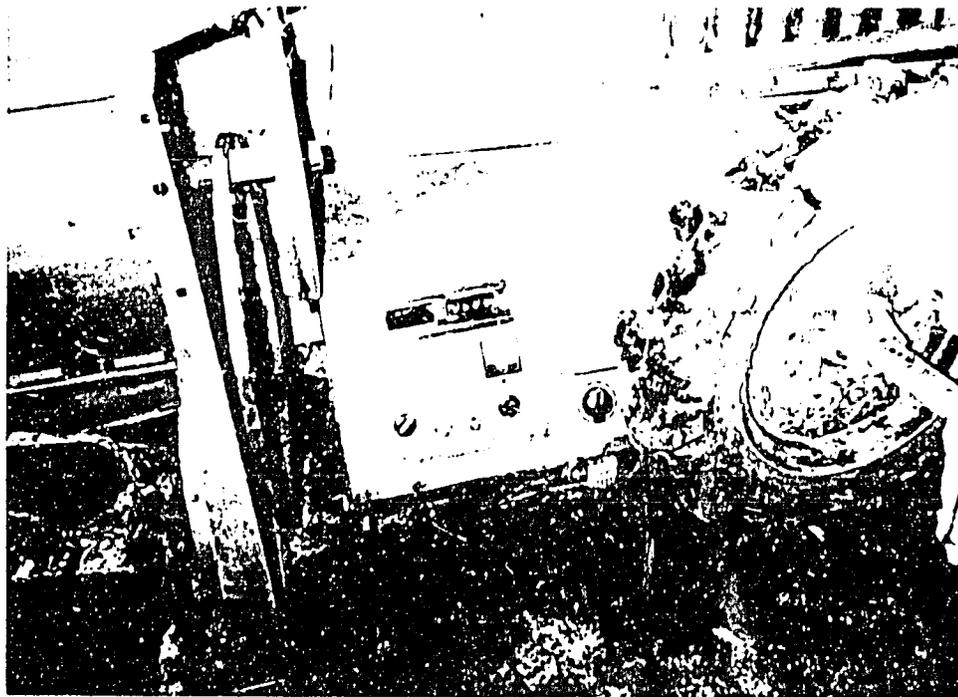
Utilization of Equipment - Since neither the Mission nor the project headquarters maintained adequate inventory records or conducted periodic inventories, they had not monitored equipment utilization and therefore were unaware of the high level of inoperative project equipment. As a result, they had not suggested measures for the use, repair or disposal of the equipment.

Of the 45 stock items tested, 43 were laboratory or farming equipment. The audit found that 22 of these were not in use: 14 were out of service due to mechanical problems and 8 were operational but for various reasons were not currently being utilized by the project (see Exhibit 3). For example, a \$15,000 tractor had been inoperative for a year. At Nkolbisson, a \$3,500 seed counter was found rusting among other pieces of inoperative equipment (see photograph on page 14).

Site Visits - When conducting project site visits, the Mission did not report on the condition, utilization, and storage of project-supplied commodities. Such visits should have ensured that there was a system of records documenting arrival and disposition of commodities, that storage was adequate, and that commodities were in a usable condition. Available evidence showed that the Mission conducted few site visits. The audit found only four reports of site visits on file covering eight years of project activity. While the Mission indicated that more visits were conducted, such visits were few according to host country and technical assistance team personnel at the two research sites visited by the auditors.

Without good controls, the Mission could not adequately account for about \$1.1 million of A.I.D. commodities and there was potential for loss, theft or misuse. In addition, the Mission was unaware that a large percentage of the project equipment was not being adequately utilized. Without central and subsidiary records and periodic physical

inventories, the Mission lacked the means to assure that project commodities were in place, were operational, and were used as intended. Had adequate inventory controls been in place, and regular site visits been conducted, the Mission would have had much better oversight of project commodities and equipment.



Four inoperative seed counters were found during the audit. The \$3,500 counter shown in this photo was found rusting among other pieces of inoperative equipment at Nkolbisson Station.

(October 1987)

Management Comments

Management officials agreed with the finding and recommendations. To deal with Recommendation No. 2, the Mission planned to issue a Project Implementation Letter requesting the grantee to strengthen the inventory system at project headquarters and at research sites. The letter will require the grantee to submit an annual inventory of non-expendable project commodities to A.I.D., as well as recommendations for the disposal of inoperative equipment and vehicles.

The Mission suggested that Recommendation No. 3 be deleted because it had issued a schedule of periodic site visits, in October 1987, to be conducted by the Mission project officer. The schedule includes dates, purposes, and format requirements for site visits scheduled for fiscal year 1988, and includes oversight of condition, use, and storage of project commodities.

Office of the Inspector General Comments

Mission actions are responsive to concerns raised about controls over project commodities. Recommendation No. 2 is considered resolved, and Recommendation No. 3 is considered closed upon issuance of this report. Recommendation No. 2 can be closed when the Mission provides this Office with a copy of the Project Implementation Letter.

B. Compliance and Internal Control

Compliance

The audit disclosed two instances of noncompliance. The Mission failed to comply with the A.I.D. requirement that an adequate inventory system be in place to account for project commodities. Also, in fiscal year 1987, the host country did not contribute the full amount required by the project grant agreement (see page 17 "Other Pertinent Matters"). With the exception of these instances, nothing came to the attention of the auditors which would indicate that items not tested were in noncompliance. The review of compliance was limited to the issues discussed in this report.

Internal Control

Internal controls needed improvement. Finding 1 deals with the need to improve the system to measure project results. Finding 2 discusses the need to establish better controls over project commodities. The review of internal controls was limited to the issues discussed in this report.

C. Other Pertinent Matters

USAID/Cameroon was concerned about the shortfall of host country contributions to Phase II of the National Cereals Research and Extension Project due to the austerity budget faced by the Government of the Republic of Cameroon. Host country contributions were not a problem under Phase I, as the government consistently honored its commitments, providing up to 40 percent of total project costs. In 1987, however, the Mission shifted \$176,000 of project funds to cover host country shortfalls in contributions. Recently, the grantee sought additional A.I.D.-funding for project travel and per diem for a participant returnee. Potential problems in meeting grantee contributions were also noted in a previous audit in Cameroon. 1/

Because it is difficult to predict the impact of future austerity budgets on the grantee's ability to meet its contribution, USAID/Cameroon should monitor the issue closely. Should shortfalls continue, the Mission may have to reassess the level of contributions which the host government can fund and the extent of program activities which can be conducted as a result for this and other projects.

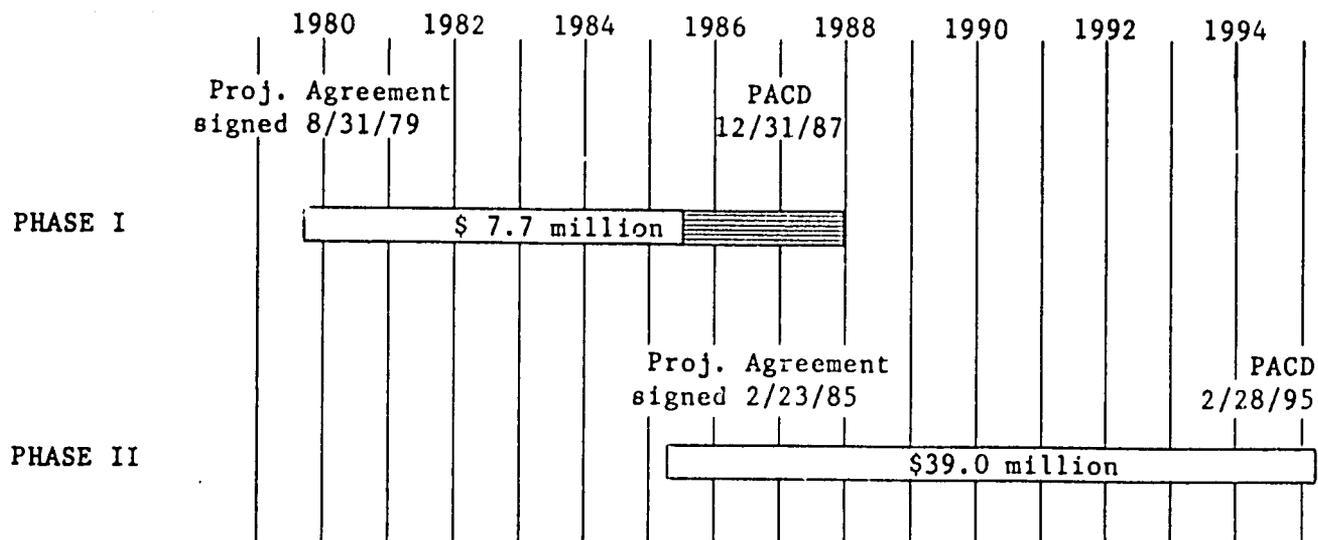
1/ Audit of the Agricultural Education Project in Cameroon, Audit Report No. 7-631-87-9, dated July 6, 1987.

AUDIT OF
THE NATIONAL CEREALS RESEARCH
AND EXTENSION PROJECT IN CAMEROON

PART III - EXHIBITS AND APPENDICES

National Cereals Research and Extension

Life of Project 1/



PACD: Project Assistance Completion Date.

 : Phase I Extension - Delays in construction of staff housing in Phase I resulted in its extension and overlap with Phase II.

1/ Dollars show only A.I.D. contribution.

Life of Project Funding
(in million \$ U.S.)
as of September 30, 1987

	<u>Phase I</u> (631-0013)	<u>Phase II</u> (631-0052)
<u>A.I.D. CONTRIBUTION</u>		
<u>Grant</u>		
Technical Assistance	\$4.1	\$14.3
Capital Assets/Commodities	0.7	2.0
Participant Training	0.5	2.3
Other	0.2	4.0
Contingency	0.6	2.2
Inflation	<u>1.6</u>	<u>10.6</u>
	\$7.7	\$35.4
 <u>Loan</u>		
Construction	0.0	3.6
 <u>CAMEROON CONTRIBUTION</u>		
Personnel	1.1	6.6
Capital Assets/Commodities	4.8 *	1.0
Other (research, adm., maint.)	0.2	5.9
Inflation	<u>0.5</u>	<u>11.9</u>
	\$6.6	\$25.4
 PROJECT TOTALS	 <u>\$14.3</u>	 <u>\$64.4</u>

* Mostly land provided by the Government as in-kind contribution.

Audit Test of Commodities
at Bambui and Nkolbisson Centers
in November 1987

<u>Items Selected</u> <u>from USAID Records</u>	<u>Results of Test</u>			<u>Cost of</u> <u>Items</u>
	<u>Item Not</u> <u>Located *</u>	<u>Item Not</u> <u>Operational</u>	<u>Operational</u> <u>But Not</u> <u>Used</u>	
4 Seed Counters		4		\$14,200
4 Toledo Grain Scales	1	2	1	4,300
3 Digital Scales		3		9,300
4 Bag Closers			3	2,200
3 Husker-Shellers		1	1	4,800
3 Seed Cleaners			3	1,500
2 MF 265 Tractors		1		30,000
2 MF 290 Tractors				66,000
4 Disc Plows				12,700
2 Rotary Cutters		1		4,000
4 Disc Harrows				14,300
2 Three-Ton Trailers	2			5,000
2 Ridgers	1			4,000
2 Boxes Tractor Parts	1			6,000
1 Row Cultivator				2,000
2 Autoclaves		1		3,200
1 Binocular Microscope	-	1	-	1,700
<u>45</u> TOTALS	<u>5</u>	<u>14</u>	<u>8</u>	<u>\$185,200</u>

* Additional items could not be located. However, site personnel indicated items were at subsite locations. Time did not permit the auditors to substantiate the site personnel statements.

~~UNCLASSIFIED~~
UNCLASSIFIED

Appendix 1
Page 1 of 2

ACTION: RIG-2 INFO: DCM

VZCZCD80022
OO RUEHDK
DE RUEHYD #0093 0061117
ZNR UUUUU ZZH
R 061116Z JAN 88
FM AMEMBASSY YAOUNDE
TO AMEMBASSY DAKAR 3103
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FOR P. DARCY, RIG/A/DAKAR

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TAGS: N/A

SUBJECT: USAID RESPONSE TO DRAFT AUDIT REPORT OF THE NATIONAL CEREALS RESEARCH AND EXTENSION (NCRE) PROJECT IN CAMEROON, REPORT NO. 7-631-88-XX

1. USAID HAS REVIEWED SUBJECT DRAFT REPORT. NO FACTUAL ERRORS WERE FOUND AND USAID COMMENTS RE: RECOMMENDATIONS FOLLOW.
2. RECOMMENDATION NO. 1: USAID CONCURS WITH RECOMMENDATION AND PLANS TO ISSUE A PIL REQUESTING THE GRANTEE, INSTITUTE OF AGRONOMIC RESEARCH (IRA), TO UPGRADE THE EFFECTIVENESS OF THE INVENTORY SYSTEM AT PROJECT HEADQUARTERS AND THE SUBSIDIARY RECORDS AT RESEARCH SITES AND TO COMPLETE THE INVENTORY OF ALL PROJECT FUNDED COMMODITIES. THE PIL WILL REQUIRE IRA TO SUBMIT TO AID ANNUAL INVENTORY REPORTS WHICH INDICATE, BY ITEM, THE LOCATION AND CONDITION OF ALL NON-EXPENDABLE PROJECT COMMODITIES AS WELL AS RECOMMEND ACTION TO BE TAKEN FOR ANY DAMAGED OR OUT OF SERVICE PROPERTY.
3. RECOMMENDATION NO.3: USAID CONCURS WITH RECOMMENDATION NOT BE INCLUDED IN FINAL REPORT BASED UPON FOLLOWING ACTION TAKEN. ON OCTOBER 23, 1987, USAID AGRICULTURE AND RURAL DEVELOPMENT OFFICE CHIEF APPROVED A SCHEDULE OF PERIODIC PROJECT SITE VISITS BY USAID NCRE PROJECT OFFICER. THIS SCHEDULE INDICATES DATES, PURPOSES, AND FORMATTING REQUIREMENTS (OF TRIP REPORTS) SPECIFIC TO PROJECT SITE VISITS FOR FY 88 AND INCLUDES OVERSIGHT OF CONDITION, USE, AND STORAGE OF PROJECT COMMODITIES.
4. RECOMMENDATION NO. 3: USAID CONCURS WITH RECOMMENDATION. HOWEVER, USAID TAKES EXCEPTION TO LANGUAGE ON PAGE 23 OF DRAFT REPORT WHICH STATES THAT BECAUSE OF THE GAP IN REPORTING, USAID CANNOT QUOTE ADEQUATELY ASSESS HOW WELL THE PROJECT WAS PROGRESSING, OR PROMPTLY BECOME AWARE OF POTENTIAL PROBLEMS. UNQUOTE. USAID HAS HAD TWO QUALIFIED PH.D AGRONOMISTS AS PROJECT OFFICERS MANAGING THIS PROJECT SINCE ITS INCEPTION IN

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1980. THE FILES WHICH WERE REVIEWED BY THE AUDITORS MAY NOT BE AS COMPLETE AS ONE WISHES THEM TO BE IN REPORTING SITE VISITS, BUT THE LACK OF SUCH REPORTS SHOULD NOT BE CONSTRUED AS AN INADEQUACY TO ASSESS PROGRESS AND HAPHAZARD AWARENESS OF POTENTIAL PROBLEMS.

AS NOTED BY THE AUDITORS, PROJECT ACHIEVEMENTS PER WORK PLAN OBJECTIVE ARE RECORDED IN DETAIL BY INDIVIDUAL RESEARCHERS. THE BASIC CONCERN TO THE AUDITORS AROSE WHEN STAFF REPORTS WERE SYNTHESIZED INTO AN OVERALL NCRE/IRA PROGRESS REPORT FOR SUBMISSION TO AID. THIS SYNTHESIZING PROCESS DID NOT CARRY FORWARD QUANTITATIVE INDICATORS. HOWEVER, IT IS NOT TO SAY THAT USAID NOR IITA AND IRA ARE UNAWARE OF PERFORMANCE OR POTENTIAL PROBLEM AREAS.

USAID WILL REQUIRE IITA TO INCLUDE IN ITS SEMI-ANNUAL PROGRESS REPORTS TO AID AND IRA A REVISED REPORTING FORMAT TO TRACK PROGRESS AGAINST WORK PLAN OBJECTIVES AND ANALYZE VARIANCES BETWEEN ACTIVITIES AND OBJECTIVES. TO ACCOMPLISH THIS, USAID WILL PREPARE A BASIC FORMAT THAT ENSURES APPROPRIATE OBJECTIVE REPORTING AND WILL EFFECT THIS CHANGE BY AMENDING THE IITA CONTRACT.

5. REQUEST YOU ADVISE USAID YOUR CONCURRENCE WITH PROPOSED CORRECTIVE ACTION DISCUSSED ABOVE WITH REGARD TO RECOMMENDATIONS 1 AND 3 AND WITH REQUEST TO DELETE RECOMMENDATION NUMBER 2 FROM FINAL AUDIT REPORT. BRYNN
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Auditor's Note

Order of presentation of findings in report was revised subsequent to receipt of comments. Recommendation Nos. 1 and 2 are now Recommendation Nos. 2 and 3. Recommendation No. 3 is now Recommendation No. 1.

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