

UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE
INSPECTOR
GENERAL

Regional Inspector General for Audit
DAKAR

PD-ABC-119

**Audit of the Semi-Arid Food Grains
Research and Development II Project
No. 698-0452**

**Audit Report No. 7-686-91-01
October 31, 1990**

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

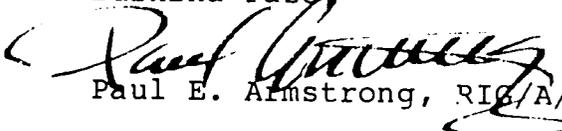
UNITED STATES ADDRESS
RIG/DAKAR
AGENCY FOR INTERNATIONAL
DEVELOPMENT
WASHINGTON, D.C. 20523

October 31, 1990

INTERNATIONAL ADDRESS
RIG/DAKAR
C/o AMERICAN EMBASSY
B.P. 49 DAKAR SENEGAL
WEST AFRICA

MEMORANDUM

TO: Wilbur G. Thomas, A.I.D. Representative,
Burkina Faso

FROM: 
Paul E. Armstrong, RIG/A/Dakar

SUBJECT: Audit of the Semi-Arid Food Grains Research and
Development II Project, Audit Report No.
7-698-91-01

Enclosed are 5 copies of the subject audit report. We provided your office with a draft of the subject report and have included your response as Appendix II to our final audit report.

The report contains eight recommendations, all of which are resolved. Please advise us within 30 days of actions taken to close these recommendations.

Att: A/S

EXECUTIVE SUMMARY

Faced with environmental problems and scarce resources, countries of the semi-arid regions of Africa are severely constrained in their efforts to increase food production. To overcome these problems, A.I.D. designed the five-year Semi-Arid Food Grains Research and Development II (SAFGRAD II) project in order to enhance coordination and cooperation among 26 African countries by pooling agricultural research resources on a region-wide basis. A.I.D. authorized the \$11.25 million project in August 1986. As of February 1990, accrued expenditures totaled \$5.6 million.

Project strategy was to establish four collaborative research networks--comprised of scientists from the 26 countries--to serve as a forum for coordinating national agricultural research programs, sharing research and improved technologies, minimizing duplication of efforts and maximizing use of available resources.

We audited the project to determine its progress towards achieving these objectives and evaluate the efficiency of its implementation.

The audit showed that, overall, the project was progressing satisfactorily towards accomplishing its objectives. However, further efficiencies could be achieved by:

- instituting a more comprehensive reporting and analysis of regional research (see page 4);
- preventing proliferation of activities beyond the scope of the SAFGRAD II project (see page 7);
- preparing a plan to enable the participating countries' officials to take over leadership of the networks by the end of the project (see page 8); and
- coordinating SAFGRAD's activities with similar programs funded by other donors (see page 8).

We also found a need for improved oversight and control over project funds. The Mission made a duplicate advance to a grantee of \$281,200, failed to record \$226,600 of project expenditures, paid unallowable costs totaling \$14,707 and allowed a foreign exchange windfall to a grantee of \$11,220 (see page 9).

The report makes eight recommendations to improve implementation. It also evaluates the project's internal controls (see page 16) and reports on compliance by A.I.D. and the grantees with applicable laws and regulations (see page 19).

A draft of this report was provided to mission officials for comment. While generally agreeing with our findings, they took exception to our finding on funds control and requested modification of several recommendations. Their response is included as Appendix II of this report.

Office of the Inspector General
October 31, 1990

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INTRODUCTION

Background

Sorghum, millet, maize and cowpeas are the staple diet of people living in some 26 countries of the semi-arid regions of Africa, which have been plagued by severe drought, famine, and rapid population growth. Governments of those countries are faced with the challenge of increasing food production in spite of limited financial and human resources, accelerated environmental degradation and weak infrastructures.

To address this problem, A.I.D. initiated a multi-phased Semi-Arid Food Grains Research and Development (SAFGRAD) program in 1977. Phase I was implemented between 1977 and 1986 at a cost of \$21 million and focused on testing, screening and adapting staple food crops; training agricultural scientists; and initiating collaborative research among the 26 participating countries. The current project, initiated in August 1986, is the second phase of the SAFGRAD program. The five-year \$11.25 million SAFGRAD II project intended to improve:

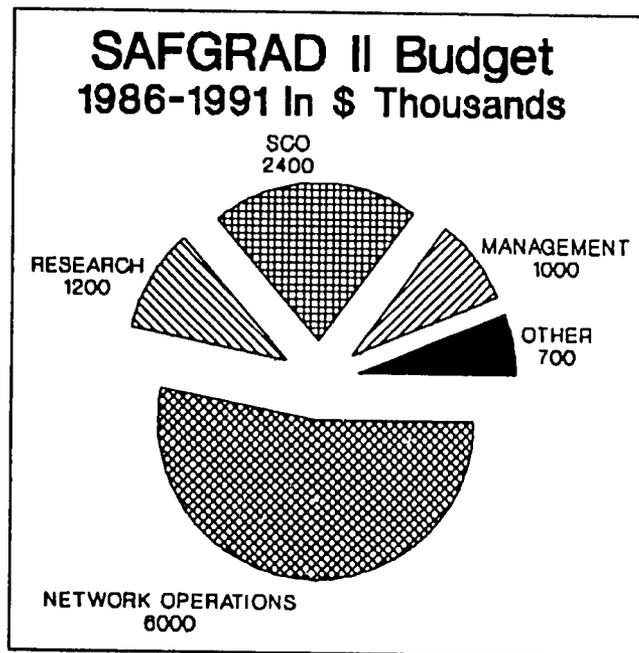
- the efficiency and effectiveness of agricultural research on staple food crops of the 26 participating countries; and
- the research capabilities of regional and national research institutions to assist these efforts.

Above purposes are to be achieved by establishing four collaborative research networks for sorghum, millet, maize and cowpeas. The networks assist scientists and policy-makers from participating countries to establish common goals, coordinate agricultural research programs, share research results and strengthen linkages with regional research centers.

To implement the project, A.I.D. awarded three grants totaling \$11.25 million. The International Institute for Tropical Agriculture (IITA) and the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) were awarded two grants totaling \$7.2 million to (i) provide administrative and technical support to the four research networks; (ii) establish advisory committees composed of African scientists; and (iii) conduct meetings, training programs and workshops.

A.I.D. granted \$4 million to the Organization of African Unity (OAU) to support a SAFGRAD Coordination Office (SCO) in Ouagadougou, Burkina Faso. SCO provides management, coordination and political support to the four networks.

The Office of the A.I.D. Representative in Burkina Faso (OAR/Burkina) is responsible for overall coordination and monitoring. As of February 1990, A.I.D.'s obligations and accrued expenditures totaled \$11.25 million and \$5.6 million respectively.



PROJECT BUDGET

Audit Objectives

The Office of the Regional Inspector General for Audit, Dakar audited the SAFGRAD II Project to answer the following objectives:

1. What is the project's progress towards improving the efficiency and effectiveness of agricultural research on staple food crops conducted by the 26 participating countries in the semi-arid regions of Africa?
2. Did A.I.D. effectively coordinate the project's activities with similar programs financed by other donors in the same regions?
3. Did OAR/Burkina exercise adequate oversight to ensure that project funds were used in accordance with applicable agreements and A.I.D. policies and procedures?

In answering these objectives, we tested whether OAR/Burkina (i) followed applicable internal control procedures and (ii) complied with certain provisions of laws, regulations and grant agreements. Our tests were sufficient to provide reasonable--but not absolute--assurance of detecting abuse or illegal acts that could significantly affect the audit objectives. However, because of limited time and resources, we did not continue testing when we found that, for the items tested, OAR/Burkina or the grantees followed A.I.D. procedures and complied with legal requirements. Therefore, we limited our conclusions concerning these positive findings to the items actually tested. But when we found problem areas, we performed additional work to:

- conclusively determine that OAR/Burkina or the grantees were not following a procedure or not complying with a legal requirement;
- identify the cause and effect of the problems; and
- make recommendations to correct the condition and cause of the problems.

Appendix I describes in detail the audit's scope and methodology.

REPORT OF AUDIT FINDINGS

What is the project's progress towards improving the efficiency and effectiveness of agricultural research on staple food crops conducted by the 26 participating countries in the semi-arid regions of Africa?

The SAFGRAD II project was to improve efficiency and effectiveness of agricultural research on staple food crops conducted by 26 participating countries in semi-arid Africa by (i) establishing four effective regional research networks and (ii) strengthening the SAFGRAD Coordination Office's support to those networks. After three and a half years of implementation, the SAFGRAD II project is making satisfactory progress towards accomplishing these outputs. It established four functional collaborative research networks, a process begun during phase I of the SAFGRAD program, which foster the exchange of knowledge and technology among 26 participating countries (See Exhibit 1). The SAFGRAD Coordination Office generally provided effective coordination, management and political support to the networks. However, we believe that improvements in two areas will considerably enhance the success of the project during the remaining 15 months of its life.

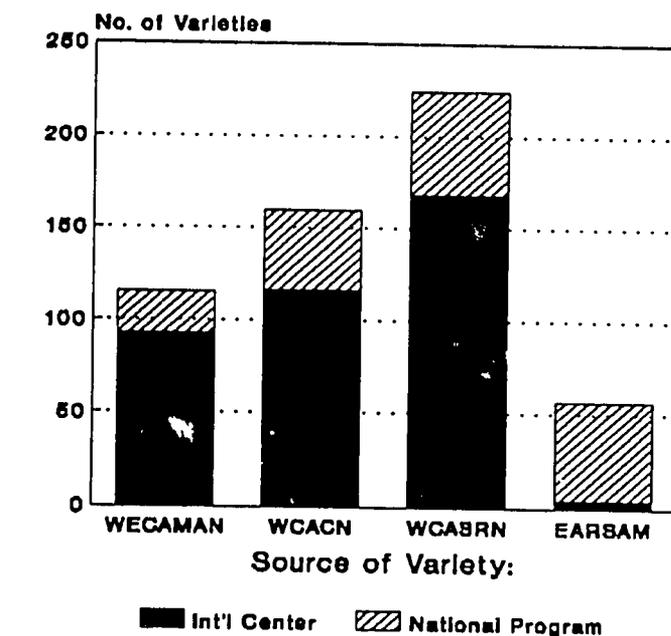
The Compilation And Analysis Of The Results Of Regional Trials Need To Be Improved

The key project objective is to strengthen the four SAFGRAD networks for sorghum, millet, maize and cowpeas, whose principal functions are to:

- minimize duplication of agricultural research among participating countries;
- promote technology transfers;
- reduce the time-frames for testing crop varieties;
- coordinate research across national boundaries; and
- overcome administrative and environmental constraints to research.

The audit showed that coordination and technical backstopping are being ably provided to the networks by ICRISAT and IITA in accordance with the grant agreements. Steering committee meetings, technical workshops and monitoring visits by cognizant officials are being conducted regularly for each network. As required by the Project Paper, an oversight committee meets annually to determine policy and evaluate progress. Regional trials, the most tangible indicator of improved efficiency and effectiveness, are being conducted in all four research networks. Through these trials, SAFGRAD countries are exchanging promising varieties of staple food crops developed in their national research centers as well as testing varieties developed by the project grantees, IITA and ICRISAT. This horizontal transfer of varieties among member countries is of considerable importance because it reduces dependence of the networks on technologies produced by international research centers and significantly develops the capabilities of the regional networks. Figure 1 summarizes, by network¹ and source, the number of varieties tested through SAFGRAD-sponsored regional trials since inception of the project.

Varieties Tested 1987 - 1989



EARSAM 1987 and 1988 data not available

FIGURE 1

¹ West and Central African Maize Network (WECAMAN), West and Central African Sorghum Research Network (WCASRN), Western and Central Africa Cowpea Network (WCACN), and East Africa Regional Sorghum and Millet (EARSAM).

Resulting from these collaborative efforts, improved varieties of staple food crops were identified and released to farmers--a concrete manifestation of the project's progress towards improving the efficiency and effectiveness of agricultural research in the region.

However, for the two ICRISAT-managed networks, data collection and analysis need improvements. Project officials were unable to provide an analysis of the East Africa Regional Sorghum and Millet (EARSAM) network's regional trials conducted in 1987 and 1988. For 1989, reporting by both EARSAM and the West and Central African Sorghum Research Network (WCASRN) was incomplete. In EARSAM's case, out of eight countries conducting trials, only two reported their results. Figure 2 shows the participation by each network in the 1989 SAFGRAD regional trials.

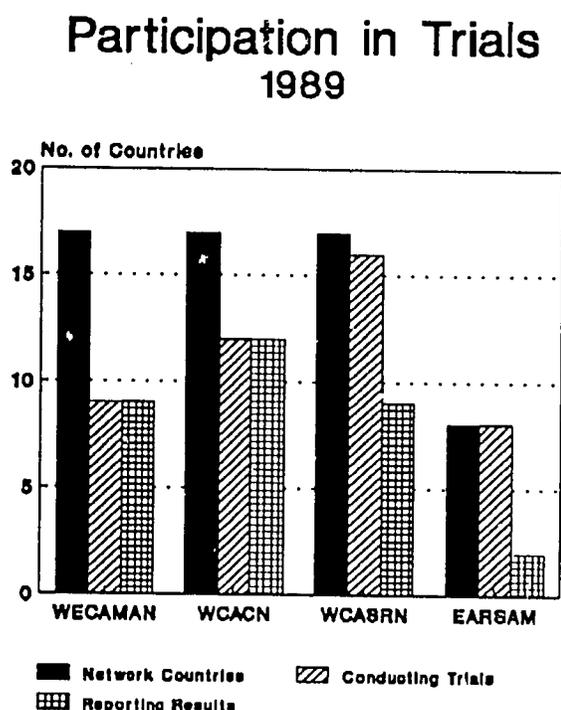


FIGURE 2

Timely and comprehensive analysis of regional trial results by all networks is critical because only with such information can meaningful assessments be made on the comparative merits of each crop and improved varieties be disseminated to farmers. The need for improved management of EARSAM and WCASRN regional trials should have been evident in ICRISAT's annual reports to A.I.D. However, late and incomplete annual reporting by ICRISAT impaired OAR/Burkina's monitoring of this important aspect of SAFGRAD's implementation.

Recommendation No. 1: We recommend that the A.I.D. Representative, Burkina Faso:

- 1.1 direct the four SAFGRAD networks to compile and analyze results of all regional trials on a timely basis; and**
- 1.2 require the responsible grantees to submit annual reports, including regional trial data, within the timeframes stipulated in their respective grant agreements.**

A.I.D. Needs To Restrict Use Of Project Funds To Approved Activities And Prepare A Plan To Transfer Network Leadership To The Participating Countries

A.I.D. provides financial assistance to the SAFGRAD Coordination Office (SCO) for coordination, management and political support to the project's four networks. In addition, the SCO receives funds from the Ford Foundation and the Canadian government to administer a fifth network. As a condition for funding, A.I.D. required that the SCO focus its activities on these five networks and prepare the national agricultural research organizations of the participating countries to eventually assume responsibilities for the SAFGRAD networks by the end of the project in September, 1991. However, we found that:

- SCO was engaged in non-project activities by actively seeking additional networks without A.I.D.'s authorization; and
- SAFGRAD officials have not yet developed a plan for handing over network responsibilities to the national agricultural research organizations of the participating countries.

Non-Project Activities -- Although project funding authorization required that the SCO focus its activities on five networks, four financed by A.I.D. and the fifth by other donors, the SCO recently added a sixth network and is negotiating with donors to take over administration of three additional networks. SCO officials informed us that they were not aware of any requirement by A.I.D. limiting their office's activities to the five original networks. Our review of the grant agreement between A.I.D. and the Organization of African Unity (OAU) showed no explicit language requiring the SCO to limit its activities. As a result of this oversight, SCO officials have actively sought to increase and diversify their activities beyond the scope of the SAFGRAD II project. Moreover, a recent management study concluded that the SCO is already in danger of overextending itself. The addition of four new networks will seriously compound the problem and result in a two-fold increase in the workloads of A.I.D.-funded officials considered vital to SAFGRAD II's success, most notably the International Coordinator and the Director of Research. This diversion of A.I.D. resources for non-project activities will undoubtedly have a detrimental effect on project implementation during the remaining 15 months of its life.

Recommendation No. 2: We recommend that the A.I.D. Representative, Burkina Faso:

- 2.1** ensure that A.I.D. resources allocated to the SAFGRAD II project are not diverted by the SAFGRAD Coordination Office to support operation of the sixth network; and
- 2.2** issue an implementation letter instructing the Organization of African Unity to require the SAFGRAD Coordination Office to restrict its activities solely to the six existing research networks until completion of the SAFGRAD II project in September, 1991.

Transferring Leadership -- As a condition for continued funding and for ensuring the sustainability of the project, A.I.D. required the SCO to prepare the national agricultural research organizations of the 26 participating countries to take over leadership of the networks by the end of the project. To accomplish this goal, the SCO was to prepare a plan for transfer of leadership by late 1989. In April 1990, it submitted a draft plan to A.I.D. which presented several options for the future administration of the networks. Interviews with SAFGRAD officials showed a lack of consensus on the proposed transfer of leadership. For example, one official stated that the required transfer of leadership had already been achieved by establishing an oversight committee and network steering committees comprised of representatives from the participating countries. SCO officials believed that the network coordinators should become part of the SCO structure. On the other hand, A.I.D. officials stated that scientists from participating countries should assume administrative and financial management of the networks. Until project managers agree on what transfer of leadership means, they will be unable to work together to effect that transfer. Therefore, A.I.D. should establish a viable plan for a transfer of leadership of the research networks without further delay.

Recommendation No. 3: We recommend that the A.I.D. Representative, Burkina Faso, in coordination with the SAFGRAD Coordination Office, define the network leadership responsibilities that participating countries are to assume by the end of the project and develop a timeframe to transfer those responsibilities.

Did A.I.D. effectively coordinate the project's activities with similar programs financed by other donors in the same regions?

In order to maximize the effectiveness of U.S. foreign assistance, A.I.D. requires close coordination of its development efforts with those of other donors. Nowhere is this need more evident than in the case of the SAFGRAD and the French-funded CORAF projects: both covering virtually the same member countries, involving the same scientists, and funding research networks on the same crop--maize.

A.I.D. officials informed us that activities of the two networks have been carefully planned and coordinated to avoid duplication. They pointed out, for example, that research work has been divided between the CORAF and SAFGRAD networks and conferences are now scheduled so as not to conflict.

While these actions superficially coordinate the projects, they fail to resolve the underlying problem--the existence of two parallel maize networks. Two networks conducting research on the same crop with the same participating countries and scientists inevitably result in duplication of administrative and conference expenses, which constitute the major components of a network's operating costs. Only a merger of the two networks can eliminate the unnecessary costs.

The participating countries concur. As early as February 1987, senior agricultural research officials from 17 African nations recommended only one maize research network for the entire region. In December 1987, the SAFGRAD Oversight Committee expressed "great concern" over the existence of the two maize networks serving the same region. In February 1990, the same body determined that the difficulties being experienced in harmonizing the SAFGRAD and CORAF networks were largely political and referred the problem to the Secretary General of the OAU. Moreover, in May 1990, participants in the networks jointly recommended that the two networks be merged. Reasons cited by scientists include the heavy burden on their time of participating in two networks, duplicated administrative costs and divisive competition between the networks.

Hence, to maximize economy and efficiency of project implementation, A.I.D. should ensure that some \$325,000 of its funds allocated annually for the SAFGRAD maize network is reprogrammed to reduce unnecessary operating costs.

Recommendation No. 4: We recommend that the A.I.D. Representative, Burkina Faso:

- 4.1 assess the financial and operational efficiencies resulting from a merger of the CORAF and SAFGRAD maize networks; and**
- 4.2 based on that assessment, take appropriate action to eliminate duplication of activities and operating costs.**

Did OAR/Burkina exercise adequate oversight to ensure that project funds were used in accordance with applicable agreements and A.I.D. policies and procedures?

Handbook 19 requires A.I.D. officials to ensure that funds are used economically, efficiently and only for authorized purposes. We found that OAR/Burkina's internal controls over and monitoring of SAFGRAD II project funds were inadequate, resulting in payment of a duplicate advance of \$281,200 to a grantee, failure to record \$226,600 of

project expenses, payment of unallowable expenditures totaling \$14,708 and a foreign exchange windfall to a grantee of \$11,220.

OAR/Burkina Needs to Improve Its Voucher Examination Process

We reviewed OAR/Burkina's accounting records and supporting documentation for the three SAFGRAD grant agreements totaling \$11.25 million. No deficiencies were noted in administration of the OAU and ICRISAT grants, totaling \$7.15 million. However, controls over the \$4.1 million grant to IITA needed improvement.

Under this agreement, A.I.D. was to advance IITA operating funds each quarter based on its anticipated needs, which IITA would then liquidate by submitting expenditure vouchers showing costs incurred during the quarter. We found a series of material errors in the Mission's processing of these vouchers. Despite a substantial initial advance of \$403,900 made in October 1986, the Mission directly reimbursed IITA for the next three expenditure vouchers without liquidating the advance, thereby allowing IITA the use of a substantial and interest-free working capital for over a year at A.I.D.'s expense. It then paid IITA two advances for the third quarter of 1988, a normal quarterly advance of \$116,966 and a second advance of \$281,200, raising IITA's funding to levels beyond its quarterly operating needs. Thereafter, in January 1989, the Mission failed to record \$226,600 of expenses reported by IITA, resulting in a material understatement of expenditures in the project's financial reports.

The Mission attributed these findings to confusion caused by high employee turnover in its Controller's Office combined with delayed voucher submission by IITA. It further pointed out that the excess and duplicate advances were subsequently liquidated against later IITA expenditures.

While noting the Mission's comments, the frequency and materiality of these errors show a serious deficiency in OAR/Burkina's examination of IITA vouchers prior to certifying them for payment. Voucher examination, an essential element in A.I.D.'s system of internal controls, is intended to ensure that bills submitted to A.I.D. are proper, adequately supported, and paid in accordance with Federal laws and regulations. Proper examination would have precluded the above errors. The Mission Controller, who is responsible for establishing and maintaining voucher examination units, should ensure that this function is effectively performed in order to safeguard A.I.D. funds from unauthorized and inefficient use.

Recommendation No. 5: We recommend that the A.I.D. Representative, Burkina Faso:

- 5.1 correct the Mission's project accounting records to reflect the unrecorded IITA expenditures of \$226,600; and**
- 5.2 institute procedures to review and certify vouchers in accordance with A.I.D. guidelines.**

OAR/Burkina Needs to Better Monitor the Allowability of Costs Charged to the Project

As part of our assessment of the effectiveness of OAR/Burkina's fund control, we reviewed a judgmental sample of \$881,726 of project expenditures and identified questionable costs totaling \$14,708 (see Exhibit 2). These included: personal automobile insurance premiums, wages of domestic servants employed by SAFGRAD officials and private telephone bills of those officials. Moreover, project personnel used A.I.D.-financed vehicles extensively for personal travel. Our tests of two vehicle logs showed approximately 40 percent non-project use and no reimbursement to A.I.D. for these costs. IITA officials also assigned an A.I.D.-financed vehicle solely to transport their children to and from school, charging the driver's salary, vehicle operation and maintenance to A.I.D. SAFGRAD officials we interviewed stated that they believed they were entitled to these benefits.

We found that \$3,961 of project funds were spent on salaries and travel for non-project activities. Also, IITA officials used A.I.D.-funded gas coupons, but provided no accounting thereof. To make matters worse, project officials advanced \$23,852 of A.I.D. funds to employees as personal loans. However, the Mission put an end to this practice and recovered the funds prior to the audit.

We believe the above deficiencies occurred because Mission officials did not periodically review the project's local accounting records and internal controls over expenditures.

Recommendation No. 6: We recommend that the A.I.D. Representative, Burkina Faso:

- 6.1 recover from the grantees the \$14,708 of non-allowable costs itemized in Exhibit 2;**
- 6.2 require the Mission Controller to ascertain the total amount of such unallowable costs charged to the project since its inception and recover those costs;**
- 6.3 require the grantees to reimburse the project for all personal use of project vehicles since the inception of the project; and**
- 6.4 require the Controller's Office to periodically review the project's local currency accounting records and evaluate internal controls to obtain reasonable assurance that A.I.D. funds are used properly and efficiently.**

We further determined that IITA was realizing a windfall because of its method of reporting local currency costs to A.I.D. For example, in March 1989 IITA deposited \$44,023 of A.I.D.-advanced funds in its project bank account in Burkina Faso and converted it to CFA francs at the prevailing official exchange rate of FCFA 311 to the \$1. However, when the IITA central office in Nigeria reported these expenditures to A.I.D.,

it converted the costs at an arbitrary rate of FCFA 300 to the \$1, thereby realizing a windfall of \$1,614. IITA accounting records show that, as of October 31, 1989, IITA realized a gain of at least \$11,220 by using such dual exchange rates. We believe that proper review of the IITA vouchers by cognizant A.I.D. officials could have prevented these improper billing practices by the grantee.

Recommendation No. 7: We recommend that the A.I.D. Representative, Burkina Faso:

- 7.1 recover \$11,220 of improper foreign exchange windfall from IITA;
- 7.2 require the Mission Controller to investigate and recover from IITA all such gains realized since the inception of the project; and
- 7.3 instruct IITA in writing to cease this practice henceforth.

OAR/Burkina Needs to Monitor the OAU Contribution to the Project

Under the project grant agreement with A.I.D., the OAU was to contribute \$1.8 million, either in cash or in kind, to the SAFGRAD II project. The OAU prepared a schedule for us showing its estimated support over the life of the project to be \$2.1 million. This figure includes \$700,000 for "tax exemption" on staff salaries and imported equipment. By including this amount as a part of its contribution, OAU, in essence, is charging the project those taxes, notwithstanding the grant agreement provisions exempting SAFGRAD II from all duties and taxes. Also included was \$400,000 of OAU headquarter staff costs for which no documentary evidence was furnished. OAR/Burkina informed us that the Mission did not monitor the OAU's compliance with this important provision of the grant agreement. Consequently, there is no evidence as to what extent OAU is fulfilling its financial commitment to the SAFGRAD II project.

Recommendation No. 8: We recommend that the A.I.D. Representative, Burkina Faso:

- 8.1 establish a system for monitoring the OAU's contribution to the SAFGRAD II project, including a reliable verification of the validity of reported contributions; and
- 8.2 require the OAU to provide A.I.D. a periodic accounting of its contribution of \$1.8 million over the life of the project.

**AUDIT OF THE SEMI-ARID FOOD GRAINS
RESEARCH AND DEVELOPMENT II PROJECT**

Member Countries of the SAFGRAD Networks

	WECAMAN	WCASRN	WCACN	EARSAM
Benin	X	X	X	-
Burkina Faso	X	X	X	-
Burundi	-	-	-	X
Cape Verde	X	-	X	-
Cameroon	X	X	X	-
CAR	X	X	X	-
Chad	X	X	X	-
Côte d'Ivoire	X	X	X	-
Ethiopia	-	-	-	X
Gambia	X	X	X	-
Ghana	X	X	X	-
Guinea	X	X	X	-
Guinea Bissau	X	X	X	-
Kenya	-	-	-	X
Mali	X	X	X	-
Mauritania	X	X	X	-
Niger	X	X	X	-
Nigeria	X	X	X	-
Rwanda	-	-	-	X
Senegal	X	X	X	-
Sierra Leone	-	X	-	-
Somalia	-	-	-	X
Sudan	-	-	-	X
Tanzania	-	-	-	X
Togo	X	X	X	-
Uganda	-	-	-	X
<u>TOTAL</u>	17	17	17	8

WECAMAN - West and Central African Maize Network

WCASRN - West and Central African Sorghum Research Network

WCACN - Western and Central Africa Cowpea Network

EARSAM - East Africa Regional Sorghum and Millet

**AUDIT OF THE SEMI-ARID FOOD GRAINS
RESEARCH AND DEVELOPMENT II PROJECT**

Schedule of Questioned Costs

International Institute of Tropical Agriculture

<u>Date</u>	<u>Amount</u>
Wages of Domestic Cooks Employed by SAFGRAD Officials:	
01-27-89	FCFA 24,000
01-30-89	24,000
02-25-89	24,000
02-28-89	24,000
08-02-89	24,000
08-18-89	24,000
08-31-89	24,000
08-31-89	24,000
09-30-89	24,000
09-30-89	24,000
10-25-89	24,000
10-31-89	24,000
12-01-89	24,000
12-01-89	24,000
12-20-89	24,000
12-27-89	24,000
01-30-89	102,000
01-30-89	<u>102,000</u>
Total	FCFA <u>588,000</u>
Private Telephone Bills of SAFGRAD Officials:	
10-12-88	FCFA 5,190
10-31-88	87,780
01-20-89	92,180
07-06-89	57,610
09-21-89	2,180
09-29-89	257,841
10-25-89	24,620
10-30-89	5,398
12-05-89	7,690
12-15-89	6,820
01-30-90	<u>20,170</u>
Total	FCFA <u>567,479</u>

Miscellaneous Costs:

10-18-88	Cocktail Party	FCFA 371,750	
01-17-89	Business Cards	12,000	
01-20-89	Personal Auto Insurance	133,410	
03-06-89	Study of IITA Regulations	90,000	
03-20-89	Cocktail Party	150,000	
09-14-89	Newspapers	52,000	
11-04-89	Lease Tax	215,650	
11-16-89	Missing Fuel Coupons	50,000	
08/88-12/88	Vehicle Allowance		\$2,637
08/88-12/99	Non-Project Salaries:		
	Kabore, P.		1,115
	Kabore, E.		<u>986</u>
	Total	FCFA <u>1,074,810</u>	<u>\$4,738</u>

SAFGRAD Coordination Office

9-30-89	Travel Costs to the Pan-Earth Conference, Director of Research	FCFA 511,576
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Note: The above unallowable costs total \$14,708 at the current exchange rate of FCFA 275 = \$1.

Unreimbursed Personal Use of Official Vehicles

<u>Vehicle Assignment</u>	<u>Period Reviewed</u>	<u>Kilometers Reviewed</u>	<u>Personal Kilometers</u>	<u>Personal Use</u>
OAU International Coordinator	3/27/90-4/26/90	1,922	754	39.2 %
IITA Cowpea Coordinator	4/1/90-4/30/90	1,383	556	40.2 %

REPORT ON INTERNAL CONTROLS

We audited the Semi-Arid Food Grains Research and Development II project for the period October 1, 1986 through March 31, 1990, and have issued our report thereon dated October 31, 1990.

We conducted our audit in accordance with generally accepted government auditing standards, which require that we plan and perform the audit to fairly, objectively and reliably answer the objectives of the audit. Those standards also require that we:

- assess the applicable internal controls when necessary to satisfy the audit objectives; and
- report on the controls assessed, the scope of our work, and any significant weaknesses found during the audit.

In planning and performing the audit, we considered A.I.D.'s internal control structure to determine our auditing procedures in order to answer each of the three audit objectives and not to provide assurance on the internal control structure.

The management of A.I.D., including OAR/Burkina, is responsible for maintaining adequate internal controls. Recognizing the need to re-emphasize the importance of internal controls in the Federal Government, Congress enacted the Federal Manager's Financial Integrity Act (The Integrity Act) in September 1982. This Act, which amends the Accounting and Auditing Act of 1950, makes heads of executive agencies and other managers as delegated legally responsible for establishing and maintaining adequate internal controls. Also, the General Accounting Office (GAO) has issued "Standards for Internal Controls in the Federal Government" to be used by agencies in establishing and maintaining such controls.

In response to the Integrity Act, the Office of Management and Budget (OMB) has issued guidelines for the "Evaluation and Improvement of Reporting on Internal Control Systems in the Federal Government." According to these guidelines, management is required to assess the expected benefits versus related costs of internal control policies and procedures. The objectives of internal control policies and procedures for federal foreign assistance programs are to provide management with reasonable--but not absolute--assurance that resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data is obtained, maintained, and fairly disclosed in reports. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Moreover, predicting whether a system will work in the future is risky because (1) changes in condition may require additional procedures or (2) the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purposes of this report, we have classified significant internal control policies and procedures applicable to each of the audit objectives by categories. For each category, we obtained an understanding of the relevant policies and procedures and determined whether they have been placed in operation--and we assessed the control risk. In doing this work, we found certain problems that we consider reportable under standards established by the Comptroller General of the United States. Reportable conditions are those relating to significant deficiencies in the design or operation of the internal control structure which we become aware of and which, in our judgment, could adversely affect OAR/Burkina's ability to assure that resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data is obtained, maintained, and fairly disclosed in reports.

Audit Objectives One and Two

The first and second audit objectives were to gather and verify information, the sources of which included OAR/Burkina and grantee progress reports; interviews with project officials and participating national scientists; various evaluation and consultancy reports; and OAR/Burkina project records. For these objectives, we considered applicable internal controls cited in the Project Officers' Guidebook of A.I.D. Handbook 3. We assessed OAR/Burkina's project monitoring procedures, including its SAFGRAD status reports, site visits and operational files, and noted no material deficiencies.

Audit Objective Three

This objective relates to the Mission's oversight and accounting for A.I.D. funds. In planning and performing our audit of OAR/Burkina's accounting for SAFGRAD II funds, we considered the applicable internal control policies and procedures cited in A.I.D. Handbooks 3 and 19 and the Controller's Handbook. For the purpose of this report, we have classified the relevant policies and procedures into the disbursement and reporting processes. We assessed OAR/Burkina's administrative approval and examination of vouchers, monitoring of host-country contributions and recording of project expenditures.

We noted three reportable conditions relating to the design or operation of the above processes:

- The Mission allowed an unauthorized revolving fund of \$403,900, paid a duplicate advance of \$281,200 and failed to properly record \$226,600 of project expenses because it did not effectively perform the voucher examination process.
- The Mission did not identify questionable and unallowable costs totaling \$14,708 charged to the project because it did not exercise adequate oversight over project expenditures.
- The Mission did not establish procedures for monitoring the required \$1.8 million of host-country contributions.

A material weakness is a reportable condition in which the design or operation of the specified internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial reports on projects funds being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal controls would not necessarily disclose all matters that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable conditions described under audit objective number three are material weaknesses.

REPORT ON COMPLIANCE

We audited the Semi-Arid Food Grains Research and Development II project for the period October 1, 1986 through March 31, 1990 and have issued our report thereon dated October 31, 1990.

We conducted our audit in accordance with generally accepted government auditing standards, which require that we plan and perform the audit to fairly, objectively and reliably answer the audit objectives. Those standards also require that we:

- assess compliance with applicable requirements of laws and regulations when necessary to satisfy the audit objectives (which includes designing the audit to provide reasonable assurance of detecting abuse or illegal acts that could significantly affect the audit objectives); and
- report all significant instances of noncompliance and abuse and all indications or instances of illegal acts that could result in criminal prosecution that were found during or in connection with the audit.

Noncompliance is a failure to follow requirements, or a violation of prohibitions, contained in statutes, regulations, contracts, grant and binding policies and procedures governing entity conduct. Noncompliance constitutes an illegal act when the source of the requirement not followed or prohibition violated is a statute or implementing regulation. Noncompliance with internal control policies and procedures in the A.I.D. Handbooks generally does not fit into this definition and is included in our report on internal controls. Abuse is furnishing excessive services to beneficiaries or performing what may be considered improper practices, which do not involve compliance with laws and regulations.

Compliance with laws, regulations, contracts and grants applicable to the Project is the overall responsibility of OAR/Burkina's management. As part of fairly, objectively and reliably answering the audit objectives, we performed tests of OAR/Burkina, grantee and contractor compliance with certain provisions of Federal laws and regulations, grants and contracts. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests of compliance disclosed the following significant instance of noncompliance:

- Audit Objective No. 1 - ICRISAT did not ensure that the results of regional trials organized through the East Africa Regional Sorghum and Millet network were compiled and reviewed annually, as required by Section II of the Grant Agreement.

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, OAR/Burkina, the grantees and the contractors complied, in all significant respects, with the provisions referred to in the fourth paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that OAR/Burkina, the grantees and the contractors had not complied, in all significant respects, with those provisions.

MANAGEMENT COMMENTS AND OUR EVALUATION

While OAR/Burkina generally agreed with the report's findings and recommendations, it requested several recommendations be modified to give the Mission more discretion in determining the most effective corrective action. Where appropriate, we incorporated these changes. The Mission also stated that it already has taken steps to implement some recommendations.

However, OAR/Burkina requested that Recommendation No. 5 and the related discussion of the Mission's voucher review process be deleted in its entirety. It cited the circumstances surrounding each reported deficiency, including high personnel turnover in its Controller's Office and delayed voucher submission by the grantee. It further pointed out that, while it paid IITA two advances for the third quarter of 1988, both were properly recorded in the accounts and later liquidated. None of the Mission's comments justify deletion of this section of the report. Voucher examination is a critical function of A.I.D. financial management and accounting control, and the audit shows deficient examination by OAR/Burkina.

The Mission's comments are included as Appendix II of the report.

SCOPE AND METHODOLOGY

Scope

We audited the Semi-Arid Food Grains Research and Development II project in accordance with generally accepted government auditing standards. We conducted the audit from March 12, 1990 through June 22, 1990 and covered the systems and procedures relating to project inputs financed by A.I.D. from October 1, 1986 (project inception) through March 31, 1990. We conducted our field work in the offices of OAR/Burkina, at the OAU's SAFGRAD Coordination Office, and at project sites of IITA and ICRISAT in Ouagadougou, Burkina Faso and Bamako, Mali.

The audit did not assess the impact of resident research and on-farm testing financed by the project. This activity was conducted during the first cropping season of the project as part of the transition from phase I to phase II of the SAFGRAD program.

Methodology

The methodology for each audit objective follows.

Audit Objective One

The first audit objective consisted of obtaining and verifying information to determine the status of the project in relation to its stated purpose. We relied primarily on interviews with project officials and participating national scientists, reviews of OAR/Burkina project implementation reports, grantee progress reports, reports of the Steering and Oversight Committees, and other relevant documents. We assessed the level of participation by national agricultural research programs in the networks, especially in relation to regional trials, as a key criteria in determining the progress of the project towards improving the efficiency and effectiveness of research in the region. This assessment included reviews of attendance at meetings and workshops, number of crop varieties and countries involved in regional trials and progress towards transferring network leadership to national scientists.

Audit Objective Two

To accomplish the second objective, we obtained information on other donors' activities similar to the SAFGRAD II project, interviewed OAR/Burkina and A.I.D./Washington officials on action taken to coordinate these activities, interviewed participating national scientists and reviewed minutes of relevant meetings. Based on this information, we reached a conclusion of the adequacy of A.I.D.'s efforts to coordinate the project with those of other donors.

Audit Objective Three

For the third objective, we visited project locations, tested internal controls and reviewed the allowability of local expenditures. After assessing the allowability of preliminary samples from each grantee, we expanded our examination when necessary. Our coverage, selected judgmentally by month, totaled \$881,726. We also reviewed accounting records and supporting documentation at the Mission's Office of Financial Management, examined project equipment and determined whether it was used in an authorized manner. We completed these reviews by interviewing appropriate project officials.

ACTION: RIG INFO: AMB DCM

APPENDIX II

Page 1 of 11

VZCZCDK0584
 PP RUFHDK
 DF RUFHOC #4974/01 2631431
 ZNR UUUUU ZZH
 P 201406Z SEP 90
 FM AMEMBASSY OUAGADOUGOU
 TO RUFHDK/AMEMBASSY DAKAR PRIORITY 7039
 INFO RUEHC/SECSTATE WASHDC 5186
 BT

20 SEP 90
 CN: 52547
 CHRG: RIG
 DIST: RIG

UNCLAS SECTION 01 OF 06 OUAGADOUGOU 04974

AIDAC

FOR CRAIG NORBY, RIG/A/DAKAR

E.O. 12356: N/A
 SUBJECT: BURKINA/RESPONSE TO DRAFT AUDIT REPORT OF THE
 -- SEMI-ARID FOOD GRAINS RESEARCH AND DEVELOPMENT
 -- PROJECT (SAFGRAD II) - PROJECT NO. 698-0452.

REF: DRAFT AUDIT REPORT OF THE SAFGRAD PROJECT DATED
 -- AUGUST 14, 1990

OAR/BURKINA RESPONSE TO THE DRAFT AUDIT OF THE SAFGRAD
 II PROJECT (REF) FOLLOWS:

1. RECOMMENDATION NO. 1:

OAR/BURKINA CONCURS WITH THIS RECOMMENDATION. THERE IS NO QUESTION THAT TIMELY REPORTING ON THE RESULTS OF ALL REGIONAL TRIALS CAN SERVE AS A CONSTANT REMINDER THAT NETWORK COORDINATION BE EXEMPLIFIED TO THE BENEFIT OF ALL PARTICIPANTS IN THE NETWORKS BY OUTPUTS OF REGIONAL COLLABORATIVE TRIALS.

AS FURTHER BACKGROUND TO THIS QUESTION, THE EARSAM (EAST AFRICA SORGHUM & MILLET NETWORK) ANNUAL REPORTS HAVE BEEN SUBMITTED AT THE END OF EACH CALENDAR YEAR, AND HAVE BEEN VERY LIMITED IN REGIONAL TRIAL RESULTS. THIS HAS BEEN POINTED OUT REPEATEDLY TO THE ICRISAT NETWORK COORDINATOR AND TO THE ICRISAT DEPUTY DIRECTOR GENERAL IN NAIROBI, KENYA IN JUNE 1990 BY USAID SENIOR PROJECT ADVISOR AND THE SAFGRAD COORDINATION OFFICE. THE WEST AND CENTRAL AFRICAN SORGHUM RESEARCH NETWORK'S REPORTING WAS MUCH DELAYED DUE TO THE TRANSFER OF THE NETWORK COORDINATOR/TEAM LEADER FROM BURKINA FASO TO MALI. AFTER THE CURRENT NETWORK COORDINATOR WAS CONFIRMED AS FULL TIME NETWORK COORDINATOR BY ICRISAT, IN RESPONSE TO REPEATED INSISTANCE BY OAR/BURKINA, THE 1987 AND 1988 ANNUAL REPORTS WERE SUBMITTED. THE 1989 ANNUAL REPORT HAS BEEN REQUESTED IN JULY 1990, AND IS APPARENTLY BEING SENT BY ICRISAT, INDIA TO USAID/BURKINA FASO.

THE IITA MAIZE AND COWPEA NETWORKS HAVE REPORTED THEIR

RESULTS IN ANNUAL REPORTS, AND THE 1989-1990 DRAFT REPORT HAS BEEN RECEIVED. THE PARTICIPATION BY NATIONAL PROGRAM SCIENTISTS HAS BEEN VERY GOOD IN THESE NETWORKS, AS MANY COUNTRIES HAVE CONTRIBUTED VARIETIES TO THE TRIALS, AND RESULTS ARE SHARED WIDELY. THE MAIZE NETWORK COORDINATOR HAS NOW COMPILED A LIST OF IMPROVED MAIZE VARIETIES TESTED OVER THE LAST DECADE, WITH CONSIDERABLE DETAIL INCLUDED ON PARENTAGE, AGRONOMIC CHARACTERISTICS AND VARIETY DESCRIPTION.

IN SUMMARY, REPORTING BY ICRISAT ON REGIONAL TRIAL RESULTS HAS BEEN DELAYED DUE TO OTHER PROGRAM ACTIVITIES IN ICRISAT. THIS HAS BEEN POINTED OUT, AND COMPILATION OF RESULTS, ANALYSES AND REPORTS HAVE BEEN PROMISED. NURSERY RESULTS IN MAIZE BY IITA HAVE BEEN REPORTED AND ANALYSED. IT SHOWS THE VALUE OF THE MAIZE AND COWPEA RESEARCH AND ITS USE IN FUTURE NETWORK ACTIVITIES. THE SAFGRAD COORDINATION OFFICE HAS BEEN INFORMED (COPY OF OAR/BURKINA LETTER DATED 09/13/90 BEING POUCHED THIS DATE) OF THE NEED TO PRESS THE STEERING COMMITTEES AND ALL THE PARTNERS IN THE NETWORKS TO INTENSIFY THE USE OF THE BEST VARIETIES BASED ON THE TRIAL RESULTS. THEREFORE, THIS RECOMMENDATION SHOULD BE DELETED.

2. RECOMMENDATION NO. 2:

OAR/BURKINA FULLY CONCURS WITH THIS RECOMMENDATION. OAR/BURKINA CORRESPONDENCE, DATED JUNE 25, 1990, WAS SENT TO THE INTERNATIONAL COORDINATOR AND OAR/STRC REPRESENTATIVE IN BURKINA FASO, OBJECTING TO THE PROPOSED OAU/STRC SIGNING OF AN AGREEMENT WITH ICRAF FOR AN ADDITIONAL IFAD FUNDED NETWORK IN AGROFORESTRY TO BE PLACED UNDER THE SAFGRAD/SCO. OAU/STRC LAGOS WENT AHEAD AND SIGNED THE AGREEMENT WITH ICRAF TO PUT THE AGROFORESTRY NETWORK UNDER THE SAFGRAD/SCO IN SPITE OF RECOMMENDATION BY OAR/BURKINA AGAINST THE SIGNING. VERBAL JUSTIFICATION FURNISHED BY THE SAFGRAD/SCO IS THAT ONLY LIMITED TIME WILL BE NEEDED FROM SAFGRAD/SCO STAFF IN THE ACCOMODATION OF THE NEW NETWORK AND THE NETWORK WILL BE FULLY FUNDED BY ANOTHER DONOR. SAFGRAD/SCO POINTED OUT THAT MOST OF THE NEGOTIATIONS WITH ICRAF WERE COMPLETED BEFORE 1990, AND OAR/STRC

LAGOS HAS WELCOMED THE NEW NETWORK AS AN ADDITIONAL LINK WITH ANOTHER SAFGRAD DONOR, THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD).

3. RECOMMENDATION NO. 3:

OAR/BURKINA IS IN FULL AGREEMENT WITH THIS RECOMMENDATION AND HAS CONSIDERED THIS ISSUE TO BE AT THE FOREFRONT OF THE SAFGRAD PROJECT FOR SOME TIME. NETWORK LEADERSHIP RESPONSIBILITIES ARE CURRENTLY SHARED BY THE INTERNATIONAL AGRICULTURAL RESEARCH CENTERS (IARCS), THE OAR/STRC/SAFGRAD COORDINATION OFFICE (SCO) AND THE NETWORK SCIENTISTS PARTICIPATING IN NETWORK STEERING COMMITTEES (NARS). IN SAFGRAD II A MAJOR EFFORT IS ORIENTED TOWARDS SHIFTING MORE NETWORK LEADERSHIP AWAY FROM THE IARCS TOWARDS THE NARS, WITH SCO TAKING A COORDINATION/MANAGEMENT ROLE IN THIS FAVOR.

USAID, IN CALLING FOR SAFGRAD/SCO TO FOCUS ON THE SHIFTING OF RESPONSIBILITIES AND AUTHORITY TO THE NETWORKS, ASKED SCO TO PREPARE A STRATEGIC PLAN TO ADDRESS THE PRACTICAL IMPLICATIONS OF SUCH A SHIFT AND PROPOSED DEFINITIONS OF SUCH A SHIFT. OVER A PERIOD OF ONE YEAR SCO CONSULTED INTENSIVELY WITH IARCS, STEERING COMMITTEES, OVERSIGHT COMMITTEE AND NARS SCIENTISTS ON SCENARIOS IN WHICH MORE NARS LEADERSHIP WILL COME FORWARD.

USAID ALSO INVITED A SAFGRAD STREAMLINING CONSULTANT TO PROPOSE WAYS THAT SUCH NARS DRIVEN NETWORKS CAN BE BETTER INSTITUTED. THIS REPORT SHOWED THAT CONSIDERABLE TRANSFER OF NETWORK LEADERSHIP HAS IN FACT TAKEN PLACE, WITH STEERING COMMITTEES ASSUMING THE RESPONSIBILITIES OF RESEARCH COORDINATION AND OF ADMINISTRATIVE MANAGEMENT. MUCH HAS BEEN DONE BY THE SAFGRAD COORDINATION OFFICE TO ORGANIZE THE COMMITTEES AND THEIR FUNCTIONING, AND TO KEEP THE IARC SUPPORTED NETWORK COORDINATORS ON BOARD AS TECHNICAL AND COMMITTEED NETWORK SCIENTISTS.

LAST AUGUST 1990, THE USAID REDSO/WCA/ADO PROVIDED A REVIEW OF THE SAFGRAD II IMPLEMENTATION EFFORTS AND PROGRESS ACHIEVED TOWARDS TRANSFER OF LEADERSHIP. HIS FINDINGS CONCURRED WITH PORTIONS OF THE FORMER CONSULTANTS REPORT CITING THAT CONSIDERABLE SHIFT IN NETWORK LEADERSHIP HAD ALREADY OCCURRED IN TERMS OF NARS STEERING COMMITTEES DRIVING THE NETWORKS AT THIS POINT. HOWEVER, CONSIDERATION OF TRANSFER OF TOTAL LEADERSHIP (ADMINISTRATIVE, FINANCIAL MGT. ETC.) TO NARS MUST BE POSTPONED UNTIL MID 1990'S, WHEN IT IS EXPECTED THAT SEVERAL NARS, WITH LARGE BILATERAL PROJECT TRAINING COMPONENTS, WOULD HAVE MORE TRAINED AND EXPERIENCED MANPOWER. THE REPORT SUMS UP THE FINDING AS FOLLOWS; QUOTE, THEREFORE DURING THE REMAINDER OF THE PRESENT PHASE AND DURING A POSSIBLE PHASE III CONTINUATION WITH THE PRESENT ARRANGEMENTS

APPEARS IDEAL, END QUOTE. RFESO/WCA/ADO REPORT BEING
POUCHED THIS DATE.

A TENTATIVE TIME FRAME FOR TRANSFER OF THE NETWORK
LEADERSHIP RESPONSIBILITIES WOULD INVOLVE THE FOLLOWING:

-- CONTINUATION OF NETWORK COORDINATORS SUPPORTED
THROUGH THE IARCS UNTIL MID-WAY DURING A POSSIBLE PHASE
III (1994-95).

-- DURING PREPARATION OF A PHASE III, PLANS SHOULD BE
FORMULATED TO IDENTIFY SUITABLE NARS NETWORK
HEADQUARTERS. CRITERIA CAN BE SUGGESTED FOR DEFINING
THE NARS WITH MOST LEADERSHIP CHARACTERISTICS. THE
NUMBERS AND QUALITY OF STAFF EXPERIENCED IN THE
RELEVANT COMMODITY WOULD FIGURE GREATLY AMONG THESE
CRITERIA.

-- EXPERIENCE OF NARS SCIENTISTS IN NETWORK LEADERSHIP
IS GROWING THROUGH STEERING COMMITTEES. SCO CAN
FACILITATE THE DIRECT TRANSFER OF NETWORKS TO NARS
DURING A PHASE III, ACTING AS A MIDDLEMAN AND
CONTINUING TO BACKSTOP THE NARS SCIENTISTS IN THEIR
ADMINISTRATIVE NETWORK CAPACITY. THIS APPEARS LEAST

CONFUSING, LEAST DISRUPTIVE AND MOST COST EFFECTIVE.

-- IN SUMMARY, THE CONTINUING SHORTAGE OF EXPERIENCED NARS SCIENTISTS IN ALL NETWORK COUNTRIES MAKES AN EARLIER TRANSFER UNREALISTIC. A TRANSFER OF LEADERSHIP TO EXPERIENCED NARS SCIENTISTS, AND A SCALING DOWN OF IARC INVOLVEMENT AS NARS SCIENTISTS GAIN IN STATURE, APPEARS A REASONABLE TRANSFER OF RESPONSIBILITIES. SCO'S FUNCTION WILL BE THE BROKERING OF THIS SHIFT AWAY FROM IARC LEADERSHIP TOWARDS NARS SCIENTISTS AS APPROPRIATE IN THE RESPECTIVE REGIONS OF SUB-SAHARAN AFRICA.

THEREFORE OAR/BURKINA REQUESTS THAT RECOMMENDATION NO. 3 BE MODIFIED TO READ: "WE RECOMMEND THAT THE AID REPRESENTATIVE BURKINA FASO, IN COORDINATION WITH THE SCO, DEFINE THE NETWORK LEADERSHIP RESPONSIBILITIES THAT PARTICIPATING COUNTRIES CAN ASSUME AT PRESENT THEN DEVELOP A TIMEFRAME FOR TRANSFER OF LEADERSHIP TO THE NARS BASED ON THE PROJECT EVALUATION RESULTS. THIS TIMEFRAME ALONG WITH ITS INTERIM GOALS AND LONG-TERM OBJECTIVES (A) MUST BE INCLUDED AS A SCOPE OF WORK IN ANY PROPOSED AID FUNDED AMENDMENT TO THE PROJECT, (B) MUST HAVE BOTH CONTRACTOR, SCO, AND PARTICIPATING HOST GOVERNMENT WRITTEN CONCURRENCE TO THE ADHERANCE TO THE TIMEFRAME AND ITS INTERIM GOALS AND LONG-TERM OBJECTIVES AS A CONDITION PRECEDENT TO DISBURSEMENT OF FUNDS AND (C) THRU A SECOND CONDITION PRECEDENT HAVE A CONTRACTOR SCO, AND PARTICIPATING HOST GOVERNMENT WRITTEN PROTOCOL AGREEING THAT FAILURE TO MEET THE TIMEFRAME'S GOALS AND OBJECTIVES MAY AT OAR/BURKINA'S DISCRETION BE A CAUSE FOR TERMINATING DISBURSEMENTS UNDER THE AMENDMENT AND ANY FUTURE AMENDMENTS.

THE EVALUATION OF SAFGRAD II IS SCHEDULED FOR JANUARY - FEBRUARY 1991. IN THE SCOPE OF WORK OF THE EVALUATORS, THE RECOMMENDATION MADE BY THE RIG ON NARS LEADERSHIP RESPONSIBILITIES WILL BE INCLUDED. SIMULTANEOUSLY, OAR/BURKINA WILL COORDINATE WITH SCO ON A TIME FRAME TO TRANSFER THOSE RESPONSIBILITIES DURING A POSSIBLE PHASE III OF SAFGRAD II.

4. RECOMMENDATION NO. 4:

THIS IS A WELL RECOGNIZED ISSUE. THE SPECIFIC PROBLEM REGARDING THE APPARENT DUPLICATION OF EFFORT/OVERLAP OF THE CORAF/MAIZE WEST AFRICA NETWORK WITH THE SAFGRAD/MAIZE WEST AFRICA NETWORK WAS RECOGNIZED BY USAID AND SAFGRAD/SCO EARLY ON AND CONSEQUENTLY WAS THE SUBJECT OF A HARMONIZATION MEETING CALLED BY USAID/SAFGRAD IN MAY 1990.

REPRESENTATIVE STEERING COMMITTEE MEMBERS FROM BOTH NETWORKS RAISED THE ISSUE AS AN UNNECESSARY BURDEN ON THE LIMITED TIME OF NATIONAL PROGRAM SCIENTISTS AS WELL AS THE DONORS. THE FOLLOWING TWO RECOMMENDATIONS RESULTING FROM THE HARMONIZATION MEETING ARE DIRECTLY

RELATED TO THE OVERLAP ISSUE; "THE MEMBERS OF THE HARMONIZATION COMMITTEE, RECOGNIZED THE PROBLEMS POSED BY THE EXISTENCE OF THE COPAF AND SAFGRAD NETWORKS WITHIN THE SAME SUB-REGION, RECOMMENDED THAT TWO NETWORKS SHOULD BE MERGED TO FORM ONE NETWORK WITH ONE STEERING COMMITTEE WITHIN THE NEXT TWO YEARS" AND "WHILE WAITING FOR THE MERGER OF THE TWO NETWORKS, EACH NETWORK SHOULD RESPECT THE CALENDAR OF EVENTS OF THE OTHER SO AS TO AVOID CONFLICTS IN THE TIMING OF ACTIVITIES". THE OVERALL PROBLEM OF OVERLAP SEEMS TO BE AT THE LEVEL OF THE DONORS RATHER THAN THE NATIONAL AGRICULTURAL RESEARCH SYSTEMS (NARS) THEMSELVES AND THEREFORE NEEDS TO BE RESOLVED THROUGH DONOR INITIATIVE THEMSELVES.

THE PROBLEM OF DUPLICATION/COORDINATION OF DONOR EFFORTS HAS APPARENTLY BEEN RAISED RECENTLY FOR DISCUSSION IN MEETINGS OF THE SPECIAL PROGRAM FOR AFRICAN AGRICULTURAL RESEARCH (SPAAR), WHICH COULD CONCEIVABLY BE DEVELOPED AS A POTENTIALLY EFFECTIVE FORUM FOR SUCH COLLABORATION AMONG DONORS. A PRIMARY OBJECTIVE OF THE SPAAR, CREATED IN 1985 IS: "TO INCREASE THE EFFECTIVENESS OF DONOR ASSISTANCE TO AFRICAN AGRICULTURAL RESEARCH SYSTEMS THROUGH BETTER COORDINATION OF EXISTING RESOURCES; AVOIDANCE OF

DUPLICATION OF EFFORT; EXCHANGE OF INFORMATION ON PAST, CURRENT, AND FUTURE ACTIVITIES; AND COLLABORATIVE INITIATIVES TO ADDRESS PARTICULAR PROBLEMS IN AGRICULTURAL RESEARCH". AS THE SPAAR IS AN INTER-DONOR GROUP ESTABLISHED SPECIFICALLY FOR THE PURPOSES OF ENHANCING DONOR COLLABORATION AND COOPERATION IN AGRICULTURAL RESEARCH FOR AFRICA, IT SEEMS, AT THE PRESENT TIME TO BE THE MOST IMMEDIATE AND APPROPRIATE FORUM FOR SUCH COLLABORATIVE EFFORTS AMONG DONORS TO TAKE PLACE. HOW EFFECTIVE THE SPAAR WILL BECOME IN CARRYING OUT ITS MANDATE REMAINS TO BE SEEN AND WILL MOST CERTAINLY BE DIRECTLY DEPENDENT ON ACTIVE

PARTICIPATION BY THE MEMBER DONORS.

IN CONCLUSION, WE ALSO REQUEST THAT RECOMMENDATION 4.2. BE MODIFIED TO DESIGNATE THE APPROPRIATE AID/W BUREAU STAFF RATHER THAN THE AID/REP OAR/BURKINA PRESENT FINDINGS TO THE AA/AFR.

5. RECOMMENDATION NO. 5:

OAR/BURKINA NEEDS TO IMPROVE ITS VOUCHER EXAMINATION PROCESS

THERE HAVE BEEN 7 TURNOVERS IN THE POSITION OF CONTROLLER AT OAR/BURKINA INVOLVING 5 PERSONS DURING THE PERIOD JANUARY 1983 TO JULY 1990 AND THREE PROJECT VOUCHER EXAMINERS DURING THE SAME PERIOD. YES, IN 10/89 THE CONTROLLER IN TURNOVER NO. 5 DID NOT CORRECTLY PROCESS IITA VOUCHER NO. 9 PREPARED ON 1/6/89 BY IITA BY NOT RECORDING DOLS 226,600 IN CLAIMED EXPENDITURES DUE IN PART TO AN INADEQUATE REVIEW BY PROJECT VOUCHER EXAMINER 3. YET, THE CONTROLLER DURING TURNOVER NO. 1 MADE A SIMILAR PROCESSING ERROR ON IITA VOUCHERS 6 & 7 IN JULY 83 AND MARCH 84 DUE IN PART TO AN INADEQUATE REVIEW BY PROJECT VOUCHER EXAMINER 1. CONTROLLER 1'S OVERSIGHT WAS DISCOVERED IN 3/85 BY THE CONTROLLER OF TURNOVER 2 WHO IMMEDIATELY CORRECTED THE PROBLEM. THE CONTROLLER FOR TURNOVER NO. 7 HAS CORRECTED THE DOLS 226,600 UNDERSTATEMENT OF EXPENSES. THESE ERRORS WERE DUE TO TURNOVER IN POSITIONS, UNFAMILIARITY WITH THE ADMITTEDLY VERY UNCONVENTIONAL FORMAT OF IITA CLAIMS, IITA MAKING ERRORS ON ITS OWN CLAIMS, AND IITA CONTINUALLY SUBMITTING EXPENDITURE REPORTS OUT OF SEQUENCE THUS MAKING IT EXTREMELY DIFFICULT TO TIE IN CUMULATIVE TOTALS AND TRACK ADVANCES. THEREFORE, THESE ERRORS SHOULD NOT BE ASCRIBED TO ANY LONG TERM INHERENT WEAKNESS IN THE VOUCHER EXAMINATION PROCESS AND OAR/BURKINA REQUESTS THAT RECOMMENDATION NO. 5.3 BE DELETED.

THERE DOES NOT EXIST A DOLS 281,200 DUPLICATE ADVANCE PAYMENT. THE ERROR REFERRED TO IN THIS FINDING DOES NOT EXIST AND RECOMMENDATION 5.2 SHOULD BE DELETED. IITA DOES NOT OWE OAR/BURKINA DOLS 281,200. A REVIEW OF THE FINANCIAL DATA (TO INCLUDE THE OAR/BURKINA

ADVANCE RECORD) REVEALS THAT A DUPLICATE PAYMENT DID NOT OCCUR BUT THAT IITA SIMPLY REQUESTED TWO IDENTICAL ADVANCES OF DOLS 281,200 FOR TWO SEPARATE ADVANCE PERIODS. IITA EXPLAINED THIS IN A LETTER DTD 6/7/88 ACCOMPANYING VOUCHER NO. 6 & 7A TO WHICH A COPY OF IITA VOUCHER 6A WAS ATTACHED. THE FINANCIAL DATA REVEALS THE FOLLOWING:

IITA BV - NO.	AID BV NO.	IITA DATE PREPARED	AID/PAID	ADVANCE PERIOD	AMOUNT
-----	-----	-----	-----	-----	-----
5	1117	2/25/88	5/10/88	1-3/88	296,110
7A	1328	6/07/88	6/20/88	4-6/88	290,974
6A	1519	2/25/88	8/19/88	3-9/88	251,200
8A	0082	8/12/88	10/11/88	7-9/88	116,966
9A	0362	10/19/88	12/28/88	10-12/88	194,346

IITA VOUCHER NO. 6A WAS PREPARED ON 2/25/88 BUT OFFICIALLY SUBMITTED TO AID ON 8-11-88. THE EXPENDITURES CLAIMED ON VOUCHER NO. 6 WERE LIQUIDATED AGAINST IITA'S OUTSTANDING ADVANCE ON 06/20/88 WHILE VOUCHER 6A WAS PAID AS AN ADVANCE ON 8/19/88 DURING THE PERIOD FOR WHICH THE ADVANCE WAS INTENDED. ALL THE ADVANCES ARE CORRECTLY RECORDED ON THE ADVANCE RECORDS.

VOUCHER 8A WAS NOT PAID UNTIL TWO MONTHS AFTER VOUCHER 6A. VOUCHER 9A WAS THE LAST ADVANCE GIVEN UNTIL 10/89. YOU WILL NOTE THAT CAREFUL ATTENTION WAS MADE TO SPACE THE PAYMENTS IN TWO MONTH INTERVALS IN ORDER TO CONTROL THE ADVANCES.

THE PROBLEM WITH THE DOLS 403,900 ADVANCE WAS COMPLETELY UNDERSTOOD BY THE CONTROLLER FOR TURNOVER NO. 3 ON 11/87 WHO COMMUNICATED TO IITA IN A LETTER DATED 12/23/87 HIS CONCERN OVER IITA'S ADVANCE REQUESTS. THE CONTROLLER FOR TURNOVER NO. 3 CLEARLY IDENTIFIES THE ADVANCE PROBLEM (TO INCLUDE THE DOLS 403,900) AND CLEARLY TOOK ACTION ON IT. OAR/BURKINA IN REFTEL OUAGA 3827 DTD 7/17/88 HAS ALREADY ALLUDED TO THE PROBLEMS IN GETTING FINANCIAL REPORTS AND BACK-UP DOCUMENTATION FROM IITA. WHEN PLACING THE ACTUAL IITA CLAIMS IN PROPER PERIODIC SEQUENCE OF EXPENDITURES (NOT IN ACCORDANCE WITH HOW THESE CLAIMS WERE CHRONOLOGICALLY SUBMITTED) THEN COMPARING THEM TO ADVANCES MADE/OUTSTANDING, THE RECORD REVEALS THAT OAR/BURKINA WAS QUITE FAMILIAR WITH THE ADVANCE PROBLEM, AND THAT THE ADVANCE PROBLEM DID NOT EXIST AFTER 12/88 (OR APPROXIMATELY ONE YEAR AFTER CONTROLLER NO. 3 BEGAN ACTION TO CURTAIL THE LEVEL OF IITA'S ADVANCE). IN SHORT, ACTION WAS TAKEN AS SOON AS THE PROBLEM BECAME APPARENT.

AT 12/31/88 THE ADVANCE OUTSTANDING TO IITA WAS DOLS 527,585 WITH THE LATEST EXPENDITURE REPORT AS OF 09/30/88. ONE ADVANCE WAS MADE FOR DOLS 135,200 IN 10/89 AND ONLY ONE EXPENDITURE REPORT FOR THE PERIOD 10-12/88 WAS PROCESSED (ALSO ON 10/89) DURING THE ENTIRE PERIOD 1-12/89.

OAR/BURKINA DID NOT RECEIVE EXPENDITURE REPORTS FOR THE PERIODS 1-3/89 AND 7-12/89 UNTIL 6/30/90. THESE REPORTS REVEALED EXPENDITURES TALLING DOLS 481,297. WHEN THE UNRECORDED EXPENSES OF DOLS 226,600 AND THE DOLS 10,589 RECORDED EXPENDITURES FOR THE PERIOD 10-12/88 ARE CONSIDERED THEN TOTAL EXPENSES FOR THE PERIOD ENDING 12/89 AMOUNTS TO DOLS 719,486 VERSUS THE OUTSTANDING ADVANCE AT 12/88 OF DOLS 527,585 PLUS ONE ADVANCE MADE IN CY 89 OF DOLS 135,200 FOR A TOTAL ADVANCE OF DOLS 643,025 WHICH LEAVES THE ADVANCE OUTSTANDING AS OF 12/89 AT A NEGATIVE DOLS 75,401. FURTHERMORE, HAD THE DOLS 226,600 BEEN RECORDED, THE ADVANCE (TAKEN IN ACTUAL PERIODIC SEQUENCE OF DISBURSEMENTS AND NOT IN CHRONOLOGICAL SEQUENCE OF CLAIMS SUBMISSION TO OAR/BURKINA) AT 12/31/88 WOULD HAVE STOOD AT DOLS 280,905 WHICH GIVEN IITA EXPENDITURE RATES DOES NOT APPEAR EXCESSIVE. HAVING GIVEN THIS INFORMATION, OAR/BURKINA REQUESTS THAT RECOMMENDATION 5 AND THE FINDING TO WHICH IT RELATES BE DELETED IN THE ENTIRETY.

ONE PROBLEM DOES REMAIN, IITA HAS NOT ACKNOWLEDGED THE RECEIPT OF THE DOLS 281,200. OAR/BURKINA CONTACTED THE U.S. TREASURY TO OBTAIN A COPY OF THE CANCELLED CHECK. TREASURY RESPONDED IN REFTEL PARIS 11069 DTD 9-5-90

STATING THAT THE CHECK WAS STILL OUTSTANDING. APPARENTLY, IITA HAS NOT RECEIVED THIS CHECK. OAR/BURKINA WILL PLACE A STOP ORDER PAYMENT ON THE CHECK, PLACE A REQUEST FOR A CREDIT FROM TREASURY, THEN ADJUST THE FINANCIAL RECORDS ACCORDINGLY. GIVEN THIS INFORMATION, IITA WAS IN A NEGATIVE CASH SITUATION ON 12-31-89 OF DOLS 356,601 AND HAS OPERATED FROM 1/90 TO THE PRESENT ON ITS OWN FUNDS. FROM THIS DISCUSSION, OAR/BURKINA HOPES THE RIG/LAKAR BETTER UNDERSTANDS THE COMPLEXITIES OF CASH ADVANCE MANAGEMENT RELATING TO IITA AND WILL AGREE THAT RECOMMENDATION NO. 5 AND THE STATEMENTS SUPPORTING IT SHOULD BE DELETED FROM THE REPORT.

6. RECOMMENDATIONS 6 TO 8:

OAR/BURKINA NEEDS TO BETTER MONITOR THE ALLOWABILITY OF COSTS CHARGED TO THE PROJECT

THE DOLS 14,708 IN UNALLOWABLE COSTS REPRESENTS 1.7 PERCENT OF THE SAMPLE OF THE TOTAL EXPENDITURES EXAMINED. OAR/BURKINA AGREES TO RECOVER THESE COSTS FROM IITA AS REQUESTED BY RECOMMENDATION 6.1. HOWEVER, UNLESS THE DOLS 14,708 REPRESENTS A MATERIAL ERROR RATE WITHIN A SPECIFIC ACCOUNT OR GROUP OF ACCOUNTS, TO

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REVIEW ALL GRANT EXPENDITURES IN ALL ACCOUNTS SINCE THE INCEPTION OF THE GRANT TO FERRET OUT ALL POTENTIALLY DISALLOWABLE COSTS APPEARS NOT TO BE JUSTIFIED FROM THE 1.7 PERCENT ERROR RATE OF THE SAMPLE. RECOMMENDATIONS 6.2 AND 6.3 SHOULD BE REVISED TO INDICATE THE SPECIFIC REPORT LINE ITEMS AND THE SPECIFIC IITA EXPENDITURE ACCOUNTS INVOLVED SO THE SCOPE OF THE EFFORT CAN BE MORE MANAGEABLE.

IT IS APPARENT, THE CONTROLLER'S OFFICE AT OAR/BURKINA DOES NOT AT THIS TIME HAVE THE RESOURCES BOTH POSITIONS AND FUNDING TO MEET THE DEMANDS OF RECOMMENDATION 6.4. HOWEVER, THE PROJECT UNDER WHICH THIS GRANT WAS MADE RESERVES FUNDS FOR INDEPENDENT AUDITS. THEREFORE, OAR/BURKINA STRONGLY REQUESTS THAT RECOMMENDATIONS 4.1, 6.2, 6.3, 6.4, 7.2, 8.1, AND 8.2 BE MODIFIED TO DIRECT OAR/BURKINA'S AID/REP TO ENLIST THE SERVICE OF INDEPENDENT AUDIT FIRM(S) TO PERFORM THE SCOPE OF WORK REQUIRED BY THESE RECOMMENDATIONS.

OAR/BURKINA WILL COLLECT THE DOLS 11,220 DUE TO IMPROPER APPLICATION OF EXCHANGE RATES BY IITA UNDER RECOMMENDATION 7.1 AND NOTIFY IITA IN WRITING TO CEASE THIS PRACTICE AS REQUIRED BY RECOMMENDATION 7.3. THOUGH OAR/BURKINA CAN ENLIST AN INDEPENDENT AUDIT FIRM TO PERFORM THE WORK REQUIRED UNDER RECOMMENDATION 7.2, OAR/BURKINA STRONGLY BELIEVES THAT WHAT THE RIG/DAKAR AUDITOR DISCOVERED SHOULD RECEIVE PRIORITY ATTENTION BY RIG/DAKAR SINCE IITA HAS MANY GRANTS WORLD-WIDE WITH AID. OAR/BURKINA CONSIDERS RECOMMENDATION 7.2 AS AN ISSUE WHICH COULD DEVELOP INTO A VERY SENSITIVE ENGAGEMENT. ACCORDINGLY, THIS RECOMMENDATION COULD BEST BE HANDLED AT THE IG LEVEL IN AID/W RATHER THAN BE DELEGATED TO THE MISSION LEVEL. BEECROFT

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