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P.L. 480, TITLE II, CARE

USAID/PANAMA

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I BACKGROUND AND SCOPE

The Cooperative for American Relief Everywhere, Inc. (CARE) is cooperating sponsor for about 70% of the P.L. 480, Title II food programs in Panama. Operating under a 1963 basic agreement with the Government of Panama (GOP) and annual operating agreements with the Ministries of Health and Education, CARE coordinates its program with the Government of Panama, but maintains control of receipt of commodities, central warehousing and distribution.

The fiscal year 1976 program calls for a total of 6.6 million pounds of commodities in the form of rolled oats, corn soya blend and vegetable oil to be distributed to 209,000 recipients. Dry milk was not available and therefore not programmed. Distribution is done through about 2,000 schools, 260 health centers and sub-centers, 28 orphanages, 14 nurseries, 24 hospitals and 10 tubercular centers. The primary objective of the program was to provide supplemental feeding to 164,300 primary school-age children, 37,700 pre-schoolers and 7,000 expecting or lactating mothers. Plans for fiscal years 1977, 1978 and 1979 call for reducing the number of school children in the program by 30,000 each year, and increasing the pre-school maternal child health (MCH) and other child feeding programs by 15,000 recipients in fiscal year 1977 and 5,000 in each succeeding year. By 1979 total recipients in the program are projected at 144,000.

The school-age feeding group (ages 6-12) is to be gradually phased over from a nearly exclusive dependency on P.L. 480 imported commodities to a dependency on indigenous commodities under a phase-over program negotiated by CARE with the Ministry of Education. The plan assumes that the GOP will provide the necessary funds for the creation of school cafeterias and gardens for growing food that will make communities self-sufficient. The program, which began in calendar year 1975 was designed to establish 1,000 kitchens and gardens over a five-year period. Due, however, to GOP budgetary constraints, this program was interrupted in 1975, causing a six-month delay while new contracts and financing were secured. The program is continuing in 1976. CARE believes that success of the phase-over is directly related to accomplishments in the creation of community gardens and school cafeterias.

This audit was made to evaluate the management controls utilized by CARE in implementing the program, and the monitoring efforts executed by the USAID in surveillance of the program. As part of our review, we held discussions with operating officials of CARE and USAID, and reviewed internal program records. We visited CARE's two central warehouses in Panama City and, accompanied by CARE and MOE personnel, we also visited 14 selected schools and two maternal-child health centers in the provinces of Panama and Los Santos. Our audit covers the period from January 1, 1973, the out-off date of the previous audit, to August 31, 1976 and includes a review of commodity receipts for fiscal years 1975 and 1976 valued at \$1.3 million (Exhibit A). The previous audit of the CARE food program was made in 1973 (Memorandum of Audit No. 1-525-73-87) contained one recommendation which was subsequently closed. The recommendation called for CARE to expand the scope of their audits to include more field coverage and to establish controls over commodities at the sub-centers.

This report was reviewed and discussed with USAID officials who generally agree with its contents.

II SUMMARY

In general, we found that CARE was adequately controlling and properly accounting for the arrival, central storage and distribution of P.L. 480 commodities. Program monitorship needs to be more effective, however, to improve planning and implementation. Following is a digest of the significant findings and actions taken by USAID which appear in Part III of this report:

- CARE does not maintain a current list of the numbers of eligible recipients at each school and health center for use in program planning, implementation and evaluation. USAID has requested that lists be prepared and maintained.
- There is no regular program to assure that feeding programs are periodically inspected at all locations. Field visits indicate that the lack of an effective inspection program may be contributing to some of the conditions noted. The USAID has requested that a coordinated and effective inspection program be established.
- Six schools visited were not recording and reporting essential data required for effective program monitorship. The USAID has requested that specific procedures be implemented by CARE and MOE to assure that information is received.
- Conditions noted at locations visited included spoiled food, improper storage, need for daily end-use recording, disproportionate distribution, late deliveries, and a need for posters to show that the food was furnished by the people of the United States.
- The phase-over should be geared to maintaining an acceptable level of nutrition rather than to phasing out 30,000 students each year. There is insufficient documentation available on indigenous feeding programs. The USAID has requested CARE to obtain essential information on indigenous school feeding programs.

III STATEMENT OF FINDINGS AND RECOMMENDATIONS

A. Program Monitoring

1. Eligible Recipients

CARE does not maintain a current list of the numbers of eligible recipients at each school and health center. Our field inspections disclosed inconsistencies in the per capita quantities of food delivered, and in the level of inventories on hand at the centers and schools.

CARE program requirements are determined on the basis of prior deliveries of food, adjusted by information obtained from monthly reports and inspections. Past experience has shown, however, that unless such methods are accompanied by a strong inspection and reporting system, they tend to be inefficient and wasteful. Delivery errors are compounded, the phase-over cannot be realistically planned or executed, and reports which are the basis for AID/W food distribution decisions are inaccurate. Some recipient agencies run out of food prematurely while others tend to be overstocked, a condition which contributes to food spoilage and losses. The maintenance of a current list of that number of individual eligible recipients by location is an effective tool for program planning, implementation and evaluation.

USAID agrees that the current method of programming commodities on the basis of prior deliveries of food as adjusted by monthly reports and inspections, is not acceptable. It has therefore requested the MOE to prepare and submit to CARE, with copies to the Mission, an up-to-date list of schools and eligible recipients by location, and also requested CARE to keep the list current and use it for program planning and monitoring purposes. CARE has also been requested to obtain a similar list from the MOH for the MCH program.

2. Inspections

Although the GOP, CARE and USAID make inspections, there is no regular program to assure that all locations are periodically inspected.

The MOE has nine provincial inspectors (one for each province), but according to documentation available in CARE files, these inspectors reported only 303 visits during calendar year 1975, or an average of 2.8 per man month. During the same period CARE with two inspectors made 127 visits, some of which were combined visits with those of the MOE inspectors. Although CARE has since added another inspector to its staff in July 1976, much of the inspection time is being spent monitoring kitchen construction programs at certain schools instead of randomly inspecting the feeding programs at all schools. The Mission does not have a full-time inspector for the program and does not normally receive feed-back from inspections made by CARE or MOE. There appears to be enough staff for an effective monitoring program of the approximately 2335 recipient agency locations, but the effort needs to be organized and coordinated. Such problems as inspection procedures, transportation, systematized reporting and follow-up need to be worked out.

The need for an effective inspection program may in part, be contributing to the continuation of some of the conditions at schools noted in Section B, Field Visits, below.

We recommended the USAID work with CARE and GOP to establish a coordinated and effective inspection program (a) to assure periodic coverage of all P.L. 480 distribution locations, (b) to improve the quality of inspection reporting, and (c) to insure necessary follow-up so that conditions are corrected as need to be.

Subsequently, the Mission asked that CARE and the MOE periodically monitor all P.L. 480 distribution locations. Visits are to be recorded so that coverage of all sites can be documented. The USAID has also requested that the MOE work out one inspection reporting system that will be used by the MOE, CARE, and the Mission. A format for this system is being developed. To insure necessary follow-up of problems indicated in inspection visits the USAID/Food for Peace Officer (FFPO) has charged his assistant with spending one full week per month field monitoring the CARE P.L. 480 program. To the extent possible this should be follow-up monitoring called for by the reports of CARE and MOE inspectors.

It is the FFPO's opinion that the 9 MOE provincial inspectors cannot effectively monitor the 2,000+ schools in the program. Therefore, the MOE was requested to establish a system below the regional supervisor level to implement systematic monitoring of the program.

In addition, the USAID has requested CARE to assign one employee the full-time responsibility of monitoring the school feeding program. This inspector would monitor schools outside of the kitchen/garden program. Schools in the kitchen/garden program would be monitored by the person in charge of that program. The Mission is to receive copies of all MOE/CARE reports so that program monitoring can be made more effective. In addition, the USAID also has requested a bi-monthly meeting take place between CARE, the MOE and AID to establish a formalized mechanism for feedback and information exchange.

3. Reporting

Six of the fourteen schools visited were not submitting monthly Food Control Reports, a requirement established by CARE and MOE to monitor inventory levels, daily consumption of P.L. 480 food and the numbers of recipients fed. Without an effective reporting system CARE is not in a good position to know if requirements are adequately satisfied, if measures are necessary to prevent spoilage and if the phase-over program is properly founded and working.

In response to this finding the USAID has suggested to CARE that future commodity shipments be based on the receipt of the required Food Control Reports. The receipt of these reports is to be recorded by CARE along with the physical inventory count of commodities remaining at the school at the end of each reporting period. In addition, the MOE has been requested to assign an official at each school to supervise the program and take the responsibility for maintaining accurate records and submitting timely reports of the information called for in the Food Control Reports.

B. Field Visits

At the fourteen schools and two MCH centers visited, the following conditions were noted affecting implementation of the program:

1. Spoiled Food

A total of twenty-four bags of rolled oats and five bags of corn-soy mix were found spoiled at nine of the schools. The food had been reportedly received in good condition. Most of the food had been left over from the last school year's program and was not adequately protected during the vacation season. There were indications of improper storage and a need for fumigation materials or services. Spoilage was due to mold, insect infestation and rodents.

CARE and the MOE have since been requested by USAID to supply instructional materials to all schools on proper storage of commodities.

2. End-Use Accountability

Six schools were not recording daily end-usage of P.L. 480 foods.

3. Disproportionate Distribution

Schools were not receiving food in proportion to the numbers of students being fed. For example, the numbers of beneficiaries ranged from ten to twenty per bag of rolled oats delivered. All schools were supplementing P.L. 480 to some extent at various intervals with indigenous foods, however, three schools were serving less than five full meals per week; and one school was not following prescribed formulas.

One health center had not given out any food for more than a month because its stocks had been depleted.

4. Late Deliveries

Food was not received at the schools in time for the opening (April 7) of the 1976 school year. Eight schools received deliveries two weeks after school opened, four schools four weeks after, and two schools nine weeks after. The delay was generally due to late arrival of third quarter commodities in-country, but, there were also delays resulting from the complex in-country transportation system in which some schools are responsible for picking-up commodities from intermediary delivery points.

5. No Posters

Twelve schools did not have posters or similar media displayed to show that the food was furnished by the people of the United States of America. CARE and the USAID are aware of this problem and have been working on the format for a new poster, no source of funding has yet been determined.

C. Phase over Program

Since the percentage of indigenous foods served varies from school-to-school, the phase-over should be geared to the quantities of P.L. 480 needed to supplement feeding programs on a school-by-school basis to maintain

an acceptable level of nutrition, rather than on phasing-out a designated 30,000 students each year as indicated in CARE program plans. MOE nutritionists, to some extent, are reviewing the food programs at individual schools, but there is insufficient documentation available at present on indigenous feeding programs for CARE or the MOE to be able to effectively plan the quantities of P.L. 480 needed to supplement such programs.

The FFPO fully concurs that the phase-over should be geared to maintaining an adequate nutritional level rather than to phasing-out 30,000 recipients per year. Accordingly the Mission has requested CARE to obtain the following information on indigenous school feeding programs on a school by school basis:

- a) Amount of money and in-kind contributions made by parent organizations.
- b) Amount of other funds and in-kind contributions made to the school lunch program.
- c) Size of school garden and approximate annual production.

With this information, an estimate of the level of local self-sufficiency can be calculated. First estimates by the schools are to be refined by field visits and this data is to be eventually used to more effectively plan phase-over timing.

D. School Gardens

The schools visited were in various stages of implementing school gardens to supplement the student feeding program, but many were not having much success. Difficulties were primarily due to lack of technical assistance, seeds, fertilizer and tools.

These gardens, if successful, could to some extent, expedite the phase-over to indigenous foods. Although we are not making a specific recommendation, the USAID or CARE may wish to investigate the aspects of offering advice or assistance to the GOP.

EXHIBIT A

USAID/PANAMA
P.L. 480 TITLE II PROGRAM - CARE
COMMODITIES RECEIVED FOR FY 1975 AND FY 1976
As of JULY 31, 1976

| <u>Type of Food</u> | <u>Net Weight</u> | <u>Ocean Freight Cost</u> | <u>Commodity Value</u> | <u>Total Cost</u> |
|---------------------|-------------------|---------------------------|------------------------|--------------------|
| <u>1975</u> | | | | |
| Rolled Oats | 1,780,900 | \$ 71,696 | \$228,570 | \$300,266 |
| W. S. B. | 369,700 | 13,121 | 48,178 | 61,299 |
| C. S. B. | 1,752,900 | 67,273 | 246,553 | 313,826 |
| C. S. M. | 298,350 | 10,914 | 54,646 | 65,560 |
| Oil | <u>341,418</u> | <u>12,722</u> | <u>137,664</u> | <u>150,386</u> |
| Total 1975 | <u>4,543,268</u> | <u>\$175,726</u> | <u>\$715,611</u> | <u>\$891,337</u> |
| <u>1976</u> | | | | |
| Rolled Oats | 803,900 | \$ 35,356 | \$101,211 | \$136,567 |
| C. S. M. | 1,047,800 | 42,857 | 218,526 | 261,383 |
| Oil | <u>46,893</u> | <u>1,988</u> | <u>16,797</u> | <u>18,785</u> |
| Total 1976 | <u>1,898,593</u> | <u>\$ 80,201</u> | <u>\$ 336,534</u> | <u>\$ 416,735</u> |
| TOTALS | <u>6,441,861</u> | <u>\$255,927</u> | <u>\$1,052,145</u> | <u>\$1,308,072</u> |

Note: CARE has commodities pending for arrival for FY 1976.

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