



**USAID**  
FROM THE AMERICAN PEOPLE

## OFFICE OF INSPECTOR GENERAL

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AGREED-UPON PROCEDURES REVIEW OF  
USAID/MALAWI'S RESOURCES MANAGED BY THE  
INTERNATIONAL FERTILIZER DEVELOPMENT  
CENTRE (IFDC) UNDER GRANT NO. 690-G-00-02-  
00178-00 FOR THE PERIOD JUNE 18, 2002 TO JUNE  
30, 2005

AUDIT REPORT NO. 4-612-06-009-N  
June 29, 2006

PRETORIA, SOUTH AFRICA

Financial information in this report may be privileged. The restrictions of 18 USC 1905 should be considered before any information is released to the public.



**USAID**  
FROM THE AMERICAN PEOPLE

*Office of Inspector General*

June 29, 2006

MEMORANDUM FOR MISSION DIRECTOR, USAID/Malawi, Curt Reintsma

FROM: Acting Regional Inspector General/Pretoria, James C. Charlifue

SUBJECT: Agreed-Upon Procedures Review of USAID/Malawi's Resources Managed by the International Fertilizer Development Centre (IFDC) under Grant No. 690-G-00-02-00178-00 for the Period June 18, 2002 to June 30, 2005 (Report No. 4-612-06-009-N)

This memorandum transmits the subject report prepared by Agency-Contracted auditor, Graham Carr (Lilongwe, Malawi).

The review was performed in accordance with the U.S. Comptroller General's Government Auditing Standards. The review had scope limitations in that Graham Carr does not have continuing professional education and external quality control review programs that fully satisfy the requirements set forth in U.S. Government Auditing Standards, and that incurred costs were supported by photocopied documentation.

On June 18, 2002, the USAID Mission to Malawi through the Regional Centre for Southern Africa (RCSA) approved the IFDC Agricultural Input Markets Development Project (AIMs), Award Number 690-G-00-02-00178-00 which provided \$4,980,800 in grant funds to IFDC to improve support for a market driven approach to improving smallholder access to agricultural inputs in Malawi. The project is aimed at addressing constraints to sustainable agriculture development and improving small farmer access to improved quality seed, fertilizer and crop protection products through financially sustainable agricultural input supply and marketing systems. The four core components to the AIMs project are deepening of policy reforms and studies, establishing and implementing regulatory systems, developing human capital and dealer networks, and developing market information systems.

This agreed-upon procedures review was initiated at the request of the Regional Contracting Officer following an investigation conducted by USAID's Office of Inspector General/Investigations. The review covered \$2,111,232 in expenditures of USAID funds. The specific objectives of the review included:

- Conduct an agreed-upon procedures review of the fund accountability statement for the USAID-funded programs and report on factual findings related to revenues received, costs incurred, and commodities and technical assistance directly procured by USAID for the period reviewed in conformity with the terms of the agreements and generally accepted accounting principles or other comprehensive basis of accounting (including the cash receipts and disbursements basis and modifications of the cash basis).

- Evaluate and obtain a sufficient understanding of the recipient's internal controls related to the USAID-funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses. This evaluation must include the internal controls related to required cost-sharing contributions.
- Perform tests to determine whether the recipient complied, in all material respects, with agreement terms (including cost sharing, if applicable) and applicable laws and regulations related to USAID-funded programs. All material instances of noncompliance and all illegal acts that have occurred or are likely to have occurred must be identified. Such tests must include the compliance requirements related to required cost-sharing contributions, if applicable.
- Determine if the recipient has taken adequate corrective action on prior audit report recommendations.

The work conducted constituted an agreed-upon procedures review rather than an audit. Consequently, Graham Carr did not express an opinion on IFDC's Fund Accountability Statement.

The review disclosed the following findings:

- Total questioned costs of \$308,634 (\$212,687 ineligible and \$95,947 unsupported).
- Six reportable internal control weaknesses, four of which were considered material:
  - i. Payments were not adequately supported and ineligible;
  - ii. Chief of party had a significant amount of authority;
  - iii. Lack of adherence to existing policies and procedures with regard to procurement;
  - iv. Conflict of interest;
  - v. Monthly salary rates on some employees were not in agreement with signed contracts; and
  - vi. Differences between financial reports prepared by the IFDC's Malawi Office and the amounts on the consolidated report.
- Five instances of material noncompliance:
  - i. Payments not adequately supported;
  - ii. Ineligible expenditure;
  - iii. Noncompliance with IFDC procurement policies and procedures;
  - iv. Noncompliance with agreed budget provisions of hiring an average of 25 personnel and some salary payments differing from contractually agreed amounts; and
  - v. Noncompliance relating to treatment of interest earned and other credits.

Therefore, we are making the following recommendations:

**Recommendation No. 1: We recommend that USAID/Malawi determine the allowability of \$308,634 in questioned costs (\$212,687 ineligible and \$95,947 unsupported) detailed on page 10 of the Graham Carr report, and recover from the International Fertilizer Development Centre any amount determined to be unallowable.**

**Recommendation No. 2: We recommend that USAID/Malawi ensure that the International Fertilizer Development Centre correct the six reportable internal control weaknesses (payments were not adequately supported and ineligible, chief of party had a significant amount of authority, lack of adherence to existing policies and procedures with regard to procurement, conflict of interest, monthly salary rates on some employees were not in agreement with signed contracts, and differences between financial reports prepared by the Malawi Office and the amounts on the consolidated report) detailed on pages 16-25 of the Graham Carr report.**

**Recommendation No. 3: We recommend that USAID/Malawi ensure that the International Fertilizer Development Centre correct the five instances of material noncompliance (payments not adequately supported, ineligible expenditure, noncompliance with the International Fertilizer Development Centre's procurement policies and procedures, noncompliance with agreed budget provisions of hiring an average of 25 personnel and some salary payments differing from contractually agreed amounts, and noncompliance relating to treatment of interest earned and other credits) detailed on pages 28-33 of the Graham Carr report.**

In accordance with USAID's Automated Directives System (ADS) 595.3.1.1.a and 595.3.1.5.a, an audit recommendation without management decision may be elevated three months after issuance. Contract, Grant, or Agreement Officers make management decisions on questioned costs and procedural audit recommendations resulting from Office of Inspector General (OIG) desk reviews of financial audits of contractors and grantees. Mission Directors make management decisions for audit recommendations pertaining to Strategic Objective Grant Agreements that he/she signs. Please have the responsible official provide RIG/Pretoria with written notice within thirty days on any information related to actions planned or taken to implement the report recommendations.

**AGREED-UPON PROCEDURES REVIEW OF  
USAID RESOURCES MANAGED BY THE  
INTERNATIONAL FERTILIZER  
DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT  
NUMBER: 690-G-00-02-00178-00  
FOR THE PERIOD FROM  
JUNE 18, 2002 TO JUNE 30, 2005**



**AGREED-UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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## **Transmittal Letter**

The Malawi Mission Director  
The U.S. Agency for International Development  
USAID/ Malawi  
P.O Box 30455  
Lilongwe 3  
Malawi

Dear Sirs/Madam

This report presents our factual findings on whether the fund accountability statement for IFDC – Malawi Agricultural Input Markets Development Project presents fairly in all material respects, revenues received and costs incurred for the period from June 18, 2002 to June 30, 2005 in conformity with the U.S. Government Auditing Standards. The fund accountability statement is the responsibility of IFDC – Malawi Agricultural Input Markets Development Project management.

As one of our other review objectives, we evaluated and obtained a sufficient understanding of the recipients internal controls related to the USAID – funded programs, assess control risk and identify reportable conditions, including material internal control weaknesses.

With respect to these internal controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk in order to determine our review procedures for the purpose of reporting factual findings on the fund accountability statement.

As practicing members of the Society of Accountants in Malawi (SOCAM), we are expected to acquire at least 40 Continuing Professional Education (CPE) hours per annum. This is enforced by the Society on all members on an annual basis.

As practising members of the Society of Accountants in Malawi (SOCAM), we are also subjected to a compulsory Practice Review. Every practitioner is reviewed at least once in every three years.

The Practice Review Programme commenced in Malawi in October 1997. The Practice Review Committee (PRC) decided that we should have a three year review cycle which would ensure that each practitioner is reviewed at least once in that period.

In order to maintain confidentiality and objectivity during this process, it was decided that rather than using local people to carry out the review, SOCAM should use the services of the practice review team at the Public Accountants and Auditors Board of South Africa (PAAB).

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Graham Carr is a member of Nexia International, a worldwide network of independent accounting firms.  
Partners: F.S. Sakyi, D. Ngwiri (Mrs.) J.K. Ndovi, H.T. Mijoya (Mrs.) D.E.Z. Mhango - Blantyre, C.M.C. Banda - Lilongwe.  
Offices in Blantyre, Lilongwe and Mzuzu



However, the review program and compulsory CPE hours do not satisfy the U.S. Government Auditing Standards requirements of continuing education programme and external quality control review.

Consequently, we have included scope limitation paragraphs in the:

- a) The Executive summary section
- b) The Agreed Upon Procedures Review on the Fund Accountability Statement.
- c) The Agreed Upon Procedures Review on Internal Controls and
- d) The Agreed Upon Procedures Review on Compliance

This report is intended solely for the use of the International Fertilizer Development Centre (IFDC) - Malawi Agricultural Input Markets (AIMS) Development Project and USAID. However, upon release by USAID, this report is a matter of public record and its distribution is not limited.

If you have any questions concerning this report, please do not hesitate to contact us.

**Graham Carr**  
25<sup>th</sup> May 2006

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**REVIEW SUMMARY**

**Background and project identification**

The accompanying reports are given in connection with International Fertilizer Development Centre (IFDC) – Malawi Agricultural Input Markets Development Project - AIMS (program) which was funded by the US Agency for International Development (USAID).

On June 18, 2002, the USAID Mission to Malawi through the Regional Centre for Southern Africa (RCSA) approved the IFDC AIMS project, Award Number: 690-G-00-02-00178-00 which provided US\$4,980,800 in grant funds to IFDC to improve support for a program - A Market Driven Approach to Improving Smallholder Access to Agricultural Inputs in Malawi.

IFDC headquarters in Muscle Shoals, Alabama, United States of America is a non profit public voluntary organisation that combines state of the art research and development to address issues such as the alleviation of global poverty, promotion of economic development, the reduction of hunger and the protection of the environment through collaborative programs and partnerships that enrich and sustain the lives and livelihoods of poor people around the world. This unique combination of research capabilities, market development and training skills allow IFDC to develop incentive programs that are customized for needs and problems.

**Project objective**

The project is aimed at addressing constraints to sustainable agriculture development and improving small farmer access to improved quality seed, fertiliser and crop protection products (CPPs) through financially sustainable agricultural input supply and marketing systems.

There are four core components to the AIMS project which are:-

- Deepening of Policy Reforms and Studies;
- Establishment and implementation of regulatory systems;
- Developing human capital and dealer networks;
- Developing market information systems.

**Specific objectives**

The specific objectives were to:

- Promote market development by creating a cadre of entrepreneurs skilled in business management and technical knowledge.
- Stimulate demand for appropriate agricultural production technologies through demonstration/field days, technical promotion materials and use of the media (e.g. radio).
- Assist the GoM in policy reforms and marketisation of donor commodity programs.

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
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**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**REVIEW SUMMARY (CONTINUED)**

**Specific objectives**

- Design and assist with the implementation of regulatory systems for truth-in-labelling and quality control.
- Facilitate access to finance by dealers through commercial banks.
- Develop and/or strengthen national input trade associations.
- Improve market transparency by establishing a dynamic MIS for agri-inputs.

**Review scope, objectives and procedures**

The objective of the review, as set out in the statement of work for this assignment require that we conduct an agreed-upon procedures review of USAID resources managed by IFDC in order: -

- To report on factual findings on whether fund accountability statement presents fairly in all material respects, revenues received and costs incurred for the period reviewed in conformity with the terms of the agreement and generally accepted accounting principles or other comprehensive basis of accounting (including cash receipts and disbursements basis and modifications of the cash basis).
- To evaluate and obtain a sufficient understanding of the recipients internal control structure related to the USAID funded programmes, assess control risk and identify reportable conditions, including material, internal control structure weaknesses.
- To perform tests to determine whether the recipients complied, in all material respects, with agreement terms and applicable laws and regulations related to USAID funded programmes and identify all material instances of non compliance and all illegal acts that have occurred or are likely to have occurred.
- Determine if the recipient has taken adequate corrective action on prior recommendations.

**In order to fulfil these responsibilities, we:**

- Checked 100% of the evidence supporting the amounts and disclosures in the fund accountability statement;
- Assessed the accounting principles used and significant estimates made by management;
- Reviewed the general and program ledgers to determine whether costs incurred were properly recorded;
- Determined whether advances of funds were justified with documentation, including reconciliations of funds advanced, disbursed, and available and checked that all funding received by IFDC Malawi from its headquarters was appropriately recorded in the accounting records and that those records were periodically reconciled with information provided by IFDC headquarters;

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
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**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**REVIEW SUMMARY (CONTINUED)**

- Reviewed the procedures used to control the funds, the bank accounts and the controls on those bank accounts;
- Evaluated the overall presentation of the fund accountability statement;
- Obtained an understanding of internal control related to financial reporting (including safeguarding assets) and compliance with laws and regulations;
- Assessed inherent risk and control risk, and determined the combined risk;
- Evaluated the control environment, the adequacy of the accounting systems, and control procedures;
- Tested relevant internal controls over financial reporting and compliance, and evaluated the design and operating effectiveness of internal control;
- Considered IFDC's process for evaluating and reporting on internal control based on criteria established by USAID.

**Our detailed tests included the following;**

- Reviewed procurement procedures to determine whether sound commercial practices including competition were used, reasonable prices were obtained, and adequate controls were in place over the qualities and quantities received.
- Reviewed salary charges to determine whether salary rates were reasonable for that position, in accordance with those approved by USAID and supported by appropriate payroll records. Determined whether allowances and fringe benefits received by employees were in accordance with the agreements and applicable laws and regulations.
- Reviewed travel and transportation charges to determine whether they were adequately supported and approved.
- Reviewed commodities to determine whether they exist or were used for their intended purposes in accordance with the terms of the agreements, and whether control procedures exist and have been placed in operation to adequately safeguard them.
- Determined if payments were made in accordance with agreement terms and applicable laws and regulations.
- Determined if funds have been expended for purposes not authorized or not in accordance with applicable agreement terms.
- Determined whether those who received services and benefits were eligible to receive them.
- Checked whether the recipient's financial reports and claims for advances and reimbursement contain information that is supported by the books and records.

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
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UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**REVIEW SUMMARY (CONTINUED)**

- Testing of compliance with all laws and regulations applicable to IFDC i.e. tests of compliance to those deemed applicable to the fund accountability statement for the period ended 30 June 2005.
- Ensure that all assets (inventories, fixed assets, commodities, etc) procured with program funds were disposed off in accordance with the terms of the agreement.

Our agreed upon procedures review was conducted in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. It included such tests, as we considered necessary to enable us to obtain reasonable assurance that USAID funds are being managed in accordance with:

- The project agreement between USAID and the recipient.
- USAID financial regulations, rules, practices and procedures.
- The project implementation, monitoring, evaluation and reporting procedures.
- Accounting and reporting procedures for USAID.

**Scope limitations**

- We do not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.45 of *U.S. Government Auditing Standards*. However, our current program provides for at least 40 hours of continuing education and training every year.
- We did not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraph 3.52 of *U.S. Government Auditing Standards*, since no such program is offered by professional organizations in Malawi. We believe that the effects of this departure from *U.S. Government Auditing Standards* is not material because we participate in the Society of Accountants in Malawi's compulsory practice review every three years.
- Our review was also limited in scope in the sense that all payments were checked to photocopied supporting documents since original documents were sent to IFDC headquarters.

**Review results**

*Fund accountability statement*

- We found costs amounting to US\$308,634 to be questionable (unsupported costs of US\$95,947 and ineligible costs of US\$212,687). The major part of unsupported costs relate to lack of valid third party supporting documentation. Ineligible costs relate to payments made contrary to both USAID OMB circular A-122 section 3 and IFDC procurement procedures. See note 9 on page 13.

*Internal control*

The results of our review of the internal control disclosed the following:

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**REVIEW SUMMARY (CONTINUED)**

- Payments were not adequately supported and ineligible;
- Chief of party had a significant amount of authority;
- There was lack of adherence to existing policies and procedures with regard to procurement;
- There was conflict of interest since some employees were awarded contracts;
- Monthly salary rates on some employees were not in agreement with signed contracts;
- There were differences between financial reports prepared by the Malawi Office and the amounts on the consolidated report because of adjustments resulting from misallocations or incorrect details.

**Review results**

*Compliance with agreement terms and applicable laws and regulations*

The results of our examination on compliance with agreement terms and applicable laws and regulations disclosed the following: -

- Non compliance with the Grant Agreement in that all necessary documentation could not be presented by IFDC management before the review resulting in payments not adequately supported;
- Non compliance with OMB Circular No. A-122, Attachment A, Section 2c as allowability of costs resulting in ineligible expenditure;
- Non compliance with IFDC procurement policies and procedures regarding obtaining of quotations and non compliance with Grant Agreement regarding conflict of interest matters;
- Non compliance with agreed budget provisions of hiring an average of 25 personnel resulting in 31 positions hired and non compliance with IFDC policies and procedures regarding salaries resulting in some employees' payments different from signed contract agreed salaries;
- Non compliance with OMB Circular No. A-122, Attachment A, Section 5 as regards treatment of interest earned and other credits.

*Cost sharing schedule*

The results of our review disclosed that there was no cost sharing requirement in the project agreement.

*Prior year review recommendations*

The project has never been reviewed before.

*Indirect cost rate and costs*

This is done by IFDC headquarters and as such we are unable to report on factual findings on the calculations of the indirect costs.



**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**THE BOARD OF DIRECTORS  
IFDC HEADQUARTERS  
P.O BOX 2040,  
MUSCLE SHOALS,  
ALABAMA 35662, USA**

**FUND ACCOUNTABILITY STATEMENT  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**Scope**

We have performed the procedures agreed with USAID in the scope of work as contained in Contract number 612-O-00-05-00130-00 on the attached fund accountability statement of the International Fertilizer Development Centre (IFDC) – Malawi Agricultural Input Markets (AIMs) Development Project for the period from June 18, 2002 to June 30, 2005 which we have initialled for identification purposes.

**Scope limitations**

- We do not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.45 of *U.S. Government Auditing Standards*. However, our current program provides for at least 40 hours of continuing education and training every year.
- We did not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraph 3.52 of *U.S. Government Auditing Standards*, since no such program is offered by professional organizations in Malawi. We believe that the effects of this departure from *U.S. Government Auditing Standards* are not material because we participate in the Society of Accountants in Malawi's compulsory practice review every three years.
- Our review was also limited in scope in the sense that all payments were checked to photocopied supporting documents since original documents are sent to IFDC headquarters.

**Basis of the review**

We conducted our review of the fund accountability statement in accordance with standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the review to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement. A review includes examining, on a test basis or exhaustively according to circumstances, evidence supporting the amounts and disclosures in the fund accountability statement. A review also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall fund accountability statement presentation. We believe that our review provides a reasonable basis for our factual finding report.

## GRAHAM CARR

We checked all cost transactions of the project for the period under review and tested for the following:

- Supported by valid third party documentation;
- Approved in terms of policies and procedures;
- Reasonable in terms of the USAID Grant Agreement and relevant USAID regulations
- Reviewed the general and program ledgers to determine whether costs incurred were properly recorded;

We checked all revenue transfers from IFDC headquarters and related transactions and tested as follows:

- Proper control of funds in bank accounts;
- Determined whether advances of funds were justified with documentation, including reconciliations of funds advanced, disbursed, and available and checked that all funding received by IFDC Malawi from its headquarters was appropriately recorded in the accounting records and that those records were periodically reconciled with information provided by IFDC headquarters;
- Reviewed the procedures used to control the funds, the bank accounts and the controls on those bank accounts;
- Proper advances of funds in terms of the USAID Grant Agreement and relevant regulations;
- Proper use of funds in terms of USAID regulations.

### **Findings**

The results of our tests disclosed some material questioned costs as detailed in the fund accountability statement. Our detailed findings on the fund accountability statement are shown on note 9 on page 13 but are summarised as follows: -

- We found costs amounting to US\$308,634 to be questionable (unsupported costs of US\$95,947 and ineligible costs of US\$212,687). The major part of unsupported costs relate to lack of valid third party supporting documentation. Ineligible costs relate to payments made contrary to both USAID OMB circular A-122 section 3 and IFDC procurement procedures. See note 9 on page 13.

Had we performed additional procedures, other matters may have come to our attention that would have been reported to you.

We have also issued reports on our consideration of internal control over the funds and our tests of compliance with certain provisions of laws and regulations. Those reports are an integral part of the review and should be read in conjunction with this report.

This report is intended solely for the use of International Fertilizer Development Centre (IFDC) - Malawi Agricultural Input Markets (AIMS) Development Project and USAID. However, upon release by USAID, this report is a matter of public record and its distribution is not limited. This report relates to the fund accountability statement only, and does not extend to any general purpose financial statements of IFDC taken as a whole.

  
**Graham Carr**  
25<sup>th</sup> May 2006

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER : 690-G-00-02-00178-00**

**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**FUND ACCOUNTABILITY STATEMENT**

	<b>Budget</b>	<b>Actual</b>	<b>Questioned costs</b>		
	<b>US\$</b>	<b>expenditure</b>	<b>Unsupported</b>	<b>Ineligible</b>	<b>Note</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	
<b>Grant received</b>					
<b>Agreement no:690-G-00-02-00178-00</b>					
Funds transfer from headquarters	4,980,800	1,905,190			
Other income	-	36,992		36,242	9
<b>Total revenue</b>	<b>4,980,800</b>	<b>1,942,182</b>		<b>36,242</b>	
<b>Expenditure</b>					
<b>Agreement no:690-G-00-02-00178-00</b>					
Personnel costs and fringe benefits(Note 7i)	1,037,800	632,497	139	1,020	9
Travel and transportation(Note 7ii)	405,200	91,459	-	26,475	9
Incountry operations	1,487,000	433,545	55,722	26,308	9
Communication & expendable supplies(Note 7iii)	100,200	294,356	1,954	15,562	9
Training(Note 7iv)	383,500	562,421	25,216	-	9
Equipment	172,500	96,954	12,916	107,080	9
<b>Total direct costs</b>	<b>3,586,200</b>	<b>2,111,232</b>			
<b>Indirect costs provision</b>	<b>1,394,600</b>				9
<b>Total</b>	<b>4,980,800</b>	<b>2,111,232</b>	<b>95,947</b>	<b>212,687</b>	
<b>Deficit for the period</b>	<b>-</b>	<b>(169,050)</b>			
<b>Total questioned costs</b>			<b>308,634</b>		
<b>Represented by:</b>					
Funds transfer from Emmanuel International		(207,690)			
Cash advance from IFDC Albania		(2,190)			
Headquarters costs		9,168			8
Cash at bank		54,898			
Uncleared cheques		(32,376)			
Cash on hand		231			
Loss due to Kwacha depreciation		8,909			
		<b>(169,050)</b>			

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**NOTES TO THE FUND ACCOUNTABILITY STATEMENT  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**1 BASIS OF ACCOUNTING**

The fund accountability statement has been prepared on a cash basis.

**2 BUDGET**

The total budget for the project is a grant of US\$4,980,800 of which US\$3,586,200 are direct costs while US\$1,394,600 are indirect costs with zero IFDC/other costs share.

**3 FOREIGN CURRENCY**

Funds are received in United States Dollars and accounted for in Malawi Kwacha at the rate prevailing at the date of receipt or payment.

Actual expenditure is translated into United States dollars using the monthly exchange rates. The average rate of exchange for the period under review was US\$1:MK177.

**4 GRANT RECEIVED**

A confirmation from USAID indicates that US\$4,654,196 had been disbursed to IFDC as at 31 May 2005. Funds amounting to US\$1,905,190 (excluding bank charges of \$210) were transferred from IFDC headquarters to IFDC Malawi and the balance should be accounted for by IFDC headquarters.

**5 OTHER INCOME**

	US\$
Interest received	2,240
Training contributions received	10,981
IFDC headquarters training fees	2,233
Vehicle insurance claim	20,211
VAT refund	1,327
<b>Total</b>	<b>36,992</b>

**6. INDIRECT COSTS**

Included in the budget on the fund accountability statement are indirect costs amounting to US\$1,394,600. The indirect cost rate computations are performed by IFDC headquarters and as such the calculations have not been checked in this review.

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**NOTES TO THE FUND ACCOUNTABILITY STATEMENT (CONTINUED)  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**7. DIRECT COST DETAILS**

	<b>Amount US\$</b>
<b>(i) Personnel costs and benefits</b>	
Salaries and benefits	494,383
<b>Resident expert</b>	
Shipment	5,112
Travel	34,724
Residence	98,278
	<u>632,497</u>
<b>(ii) Transport and travel</b>	
Headquarters support-travel	810
Incountry travel	90,649
	<u>91,459</u>
<b>(iii) Communication and expendable supplies</b>	
Communication/bank fees/misc.	179,695
Supplies	114,661
	<u>294,356</u>
<b>(iv) Training</b>	
Training/workshop	491,161
International study tours	71,260
	<u>562,421</u>

**8. HEADQUARTERS COSTS**

	<b>US\$</b>
IFDC transport expenses	2,177
M. Brewin Consultancy for DFID	1,010
Advance to headquarters consultancy - Mofiz	600
Advance to headquarters consultancy-Findley	1,229
Advance to headquarters consultancy-Keetch	1,229
Advance to headquarters consultancy-Burger	464
Larry Hammond July rent/security	2,459
<b>Total</b>	<u>9,168</u>

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**NOTES TO THE FUND ACCOUNTABILITY STATEMENT (CONTINUED)  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**9. QUESTIONED COSTS**

We found costs amounting to US\$308,634 to be questionable (unsupported costs of US\$95,947, ineligible costs of US\$212,687). The major part of unsupported costs relate to lack of valid third party supporting documentation. Ineligible costs relate to payments made contrary to both USAID OMB circular A-122 section 3 and IFDC procurement procedures. See details below.

<b>Expenditure heading</b>	<b>Unsupported costs US\$</b>	<b>Ineligible costs US\$</b>	<b>Appendix</b>	<b>Page</b>	<b>Finding on compliance reference</b>
Salaries and benefits	139	1,020	II	57	4
Incountry training/consultants	25,510	-	III	58 - 65	1
Incountry staff & office operations	27,114	399	IV	66 - 72	1, 2
Incountry training/development	25,373	25,909	IV	73 - 77	1, 2
Expatriate advisors	2,896	-	IV	78	1
Equipment & furnishings	12,916	107,080	IV,V	78, 88 - 100	1, 2, 3
Long term expatriate staff	45	-	IV	78	1
Expendable supplies	1,944	15,562	IV,V	79, 85-87	1, 3
Expatriate supplies	10	-	IV	79	1
Travel and transportation	-	26,475	V	80 - 84	3
Other credits and interest	-	36,242		32	5
<b>Total</b>	<b>95,947</b>	<b>212,687</b>			
<b>Total questioned costs</b>		<b>308,634</b>			



**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**THE BOARD OF DIRECTORS  
IFDC HEADQUARTERS  
P.O BOX 2040,  
MUSCLE SHOALS,  
ALABAMA 35662, USA**

**INTERNAL CONTROLS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**Scope**

We have conducted an agreed-upon procedures engagement on the fund accountability statement of IFDC-Malawi as agreed with USAID in the scope of work contained in Contract number 612-O-00-05-00130-00 for the period from June 18, 2002 to June 30, 2005.

Our engagement was undertaken in accordance with *U.S. Government Auditing Standards* issued by the Comptroller General of the United States applicable to agreed-upon procedures.

**Scope limitations**

- We do not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.45 of *U.S. Government Auditing Standards*. However, our current program provides for at least 40 hours of continuing education and training every year.
- We did not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraph 3.52 of *U.S. Government Auditing Standards*, since no such program is offered by professional organizations in Malawi. We believe that the effects of this departure from *U.S. Government Auditing Standards* is not material because we participate in the Society of Accountants in Malawi's compulsory practice review every three years.
- Our review was also limited in scope in the sense that all payments were checked to photocopied supporting documents since original documents are sent to IFDC headquarters.

The management of the International Fertilizer Development Centre (IFDC) - Malawi Agricultural Input Markets (AIMs) Development Project is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorised use or disposition; transactions are executed in accordance with management's authorisation and in accordance with the terms of agreements; and transactions are recorded properly to permit the preparation of the fund accountability statement in conformity with the basis of accounting adopted. Because of inherent limitations in any internal control, errors or fraud may nevertheless occur and not be detected. Also procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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Offices in Blantyre, Lilongwe and Mzuzu



While undertaking our agreed procedures review of the fund accountability statement of International Fertilizer Development Centre (IFDC) – Malawi Agricultural Input Markets (AIMs) Development Project for the period above, we obtained an understanding of its internal control. With respect to internal control, we obtained an understanding of the design of relevant policies and procedures used and whether they have been placed in operation, and we assessed control risks in order to determine our review procedures for the purpose of commenting on factual findings on the fund accountability statement.

We noted certain matters involving the internal control and its operation that we consider should be reportable conditions under standards established by the American Institute of Certified Public Accountants (AICPA). Reportable conditions involve matters coming to our attention relating to the significant deficiencies in the design or operation of the internal control that, in our judgement could adversely affect the recipient's ability to record, process, summarise and report financial data consistent with the assertions of management in the fund accountability statement.

Our detailed findings in respect of reportable conditions are shown on page 16 - 20 and the supporting notes to which the reader is referred. The following are considered as reportable conditions: -

- Payments were not adequately supported and ineligible;
- Chief of party had a significant amount of authority;
- There was lack of adherence to existing policies and procedures with regard to procurement;
- There was conflict of interest since some employees were awarded contracts;
- Monthly salary rates on some employees were not in agreement with signed contracts;
- There were differences between financial reports prepared by the Malawi Office and the amounts on the consolidated report because of adjustments resulting from misallocations or incorrect details.

A material weakness is a reportable condition in which the design or operation of one or more of the 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 fund accountability statement may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in the management and internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above.

Our detailed findings in respect of the material weaknesses are shown on pages 16 to 25 of this report and are as follows:

- Payments were not adequately supported and ineligible;
- Chief of party had a significant amount of authority;
- There was lack of adherence to existing policies and procedures with regard to procurement;
- There was conflict of interest since some employees were awarded contracts.

This report is intended solely for the use of International Fertilizer Development Centre (IFDC) - Malawi Agricultural Input Markets (AIMs) Development Project and USAID. However, upon release by USAID, this report is a matter of public record and its distribution is not limited.

*Graham Carr*

**Graham Carr**  
25<sup>th</sup> May 2006

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**INTERNAL CONTROLS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS AND RECOMMENDATIONS**

**1. Unsupported and ineligible costs**

*Condition*

We found some payments to be inadequately supported and ineligible as detailed on note 9 to the fund accountability statement.

*Criteria*

- (a) OMB Circular No.A-122, Attachment A, General principles which specify adequate documentation as a condition for the allowability of costs and reasonableness.
- (b) Contract between IFDC and USAID which requires the grantee to maintain books, records, documents and other evidence in accordance with the grantees usual accounting procedures to sufficiently substantiate charges to the grant.

*Cause*

- (a) Lack of follow up on supporting documents after issuing a cheque and making the payment.
- (b) Lack of adherence to existing policies and procedures.

*Effect*

Inadequate supporting documentation might mean that the payments were made on expenditure not directly related to project activities.

*Recommendations*

In future, management should make every effort to ensure that:

- (a) Individuals receiving funds should be accountable for those funds and should be required to produce complete returns of actual expenditure within pre-agreed time.
- (b) Adequate supporting documentation e.g. invoices, list of recipients with recipient signatures or any appropriate documentation should be attached to the relevant payment vouchers as soon as possible.

*Management comment*

As recorded on the IFDC Malawi (AIMs) Fund Accountability Statement, a total of \$2,111,232 was expended incountry by IFDC AIMs for the period June 18, 2002, through June 30, 2005. The audit statement has noted that 100% of the records supporting these expenses for \$2,111,232 have been reviewed. IFDC through its local and Headquarters offices has provided the clarification, justification and requested support documentation (Invoice, receipt, detail for travel expenses) for all expenses with the exception of 13 payments totalling \$1309.00.

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**INTERNAL CONTROLS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS AND RECOMMENDATIONS (continued)**

**2. Chief of party having a significant amount of authority**

*Condition*

We noted that only the Chief of Party was mandated to authorize and sign for all the cheques. In absence of the Chief of Party, no payments were made and there was no one counter checking the cheques paid out.

*Criteria*

GAO – Standards for Internal Control in the Federal Government on segregation of duties require key duties and responsibilities to be divided or segregated among different people to reduce the risk of error or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions and handling any related assets. No one individual is supposed to control all key aspects of a transaction or event.

*Cause*

IFDC headquarters mandated the Chief of party.

*Effect*

The system is open to abuse since it provides no control on the counter checking of cheques issued.

*Recommendation*

The budget provided for 2 expatriate positions i.e. Chief of Party and Policy Analyst/MIS Specialists. Both could have been signatories to the bank account. In future, such control mechanisms should be put in place.

*Management comment*

It is IFDC Headquarters policy that only long term experts be authorized to sign for the IFDC bank accounts and checks. There are two other authorized signatories on all IFDC bank accounts: the President and CEO of IFDC and the Director of Finance, Administration. IFDC considers this practice of allowing only long term Experts to be signatories for project funds an internal control; this internal control further designates the COP as the primary signatory and the additional Expert would only be expected to sign for bank transactions and checks in an emergency.

The Malawi project had two long term experts and both were signatories on the bank account. The Deputy COP, Ludwig Schatz, resigned from IFDC in October, 2003, thus leaving only one in-country signatory. Mr. Schatz's replacement was not employed until August 2004. Based on the project termination date of June 30, 2005, and the fact that IFDC had two personnel as authorized signatories that could be in Lilongwe within two days, it was determined that it would not be necessary to add a second in-country signatory for the remaining 10 months of the project.

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**INTERNAL CONTROLS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS AND RECOMMENDATIONS (continued)**

**3. Lack of adherence to existing policies and procedures with regard to procurement**

**Procurement procedures on services and goods**

*Condition*

- (a) We found no evidence that consultants were screened and only best consultants were engaged to carry out the various consultancies as detailed on Appendix III on pages 66 – 79 and costs amounting to US\$25,510 have been questioned as unsupported.

The large pool of CV's that was reviewed for potential employment for a necessary project activity when the current AIMs project staff did not have the capacity to perform the activity was made available for review but was not reviewed and the selection procedure was not documented.

- (b) We found no evidence that proper procurement procedures e.g. use of approved purchase orders and requisitions, obtaining at least three quotations were adequately followed as detailed on Appendix V. Costs amounting to US\$149,117 have been questioned as ineligible (see page 23). Note that even though eight quotations were obtained from various suppliers, the ones questioned were not part of the list that had provided the quotations. This defeats the whole purpose of obtaining quotations.

*Criteria*

- (a) IFDC procurement procedures and US general requirements on procurement of goods and services both of which state that "all procurement transactions shall be conducted in a manner to provide to the maximum extent practical, open and free competition." The recipient is supposed to be alert to organisational conflicts of interest as well as non competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade.
- (b) IFDC procurement system which is based on the use of two standards forms i.e. the Purchase Requisition Form (prepared and signed by the authorised staff member and forwarded to the purchase department) and the Purchase Order Form (executed by the purchase department after determining the source and/or the vendor).

*Cause*

No documentation of the selection procedures and use of old quotations in making new purchases.

*Effect*

Services hired and goods procured might have been compromised on quality and value.

*Recommendation*

Goods should have been procured from suppliers who had provided their quotations to ensure that competitive prices and value for money are obtained. In future, quotations used should be the ones obtained within a reasonable period of making the purchase otherwise use of old quotations defeats the whole purpose of the system.

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**INTERNAL CONTROLS**

**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS AND RECOMMENDATIONS (continued)**

**Lack of adherence to existing policies and procedures with regard to procurement (continued)**

*Management comment*

- (a) When a necessary project activity required personnel other than the AIMs project staff this need for a consultant was discussed between the COP and Mr. Ian Gregory, Director of MDD, Headquarters who had overall responsibility for the Malawi field office. The COP would initiate a search locally including a review of the office pool of CVs and Mr. Gregory would notify the IFDC Headquarters Senior Personnel Officer of the criteria needed for a particular consultancy. The Senior Personnel Officer would initiate the search for a consultant that had the qualifications and experience to meet the criteria for the needed activity. This search included the use of the IFDC Headquarters database for consultants; The American Society of Agricultural Consultants; Agricultural universities and private companies. Potential applicants would be selected; Mr. Gregory and the COP would then review the applicants and determine which best suited the needs of the proposed activity. If a local consultant was available for the needed activity, had the necessary qualifications and expertise and was cost-effective, the local consultant was utilized. In the event a local consultant could not be located the selection from Headquarters was utilized.

IFDC has detailed our selection process for each of the consultants questioned by auditors on the Questioned Costs - Consultants Statement. We believe our response on this Statement is evidence that IFDC did in all instances utilize the best and most qualified consultant that was available and cost-effective for each activity. Additionally the reports and assessments prepared by the AIMs consultants were well received by the donor; and, in two instances the recommendations from their reports have been approved by the Government of Malawi and are currently in the legislature to be enacted into Law.

Our local office provided the large pool of CVs for auditors' review on September 23, 2005.

- (b) IFDC believes it is evident from the review of our records that proper procurement procedures were in place at the Malawi project.

**Travel and transportation**

The audit report records a total of 19 procurements totalling \$26,475 as unsupported based on no evidence of whether 3 quotations were obtained prior to procurement. All of these unsupported procurements were for car rentals for the project. Fifteen procurements are exempt from the 3 quotation requirement per the USAID regulations that states procurement less than USD2500 can be sourced from a single source. The other 4 procurements did require the 3 quotations, which the AIMs office had on file and provided to the auditors. The audit is disallowing these quotations because the office did not have a quote from the vendor selected and states that this defeats the purpose of obtaining quotations.

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**INTERNAL CONTROLS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS AND RECOMMENDATIONS (continued)**

**Lack of adherence to existing policies and procedures with regard to procurement (continued)**

*Management comment*

The purpose of obtaining quotations is to: (1) ensure open and free competition; (2) ensure the most economical use of project funds for procurement. In the 4 questioned procurements the project had need of a particular vehicle, a Landrover 4X4, for project activities. They effected rental from the company that could provide this vehicle to the project in a timely manner and at a rate comparable to the quotes from other vehicle companies on file. Additionally, 2 of the 4 questioned procurements are with the same company; thus the previous rental would be a "quote" from this company.

**Communications, expendable supplies**

The audit report records eleven procurements totalling \$15,562 as ineligible based on no evidence of whether 3 quotations were obtained prior to procurement. Seven of the procurements are less than \$2500 thus did not require the 3 quotations. The remaining 4 procurements (all to the same vendor) did require the 3 quotations which IFDC had on file and presented to the audit firm in Aug/05.

**Equipment**

While IFDC believes it is evident that proper procurement procedures were in place at the AIMs project it is clear from the audit report that the documentation of the procurement was negligent and in some cases non-existent. The records show that Purchase Requisitions and Purchase Orders were utilized by the project for some procurement but were not utilized for all procurement with a cost of \$25 or greater as mandated by the AIMs Personnel Manual, Headquarters and donor policy. In many instances the local office could not locate the required approval for procurement documented on the Purchase Requisition and/or Purchase Order even though the records indicated this had been prepared and processed.

IFDC recognizes from this audit that additional controls on the documentation of procurement and the retention of this documentation are needed for its field offices. To ensure that this deficiency is corrected on future procurement, IFDC has adopted new policies which will enable Headquarters review of procurement in addition to the current review of expenses.

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**INTERNAL CONTROLS  
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**FINDINGS AND RECOMMENDATIONS (continued)**

**4. Conflict of interest on procurement of goods and services**

*Condition*

We noted that some employees were involved in the award of contracts to their own organization. These organizations are as follows: -

**(a) MDT Consultants**

Mant Consultants (owned by Neil Garden) were awarded the contract for GIS mapping. The work was subcontracted to MDT Consultants because Mant Consultants did not have capacity to do the work. Instead of MDT Consultants operating under Mant Consultants, Haig L.A. Sawasawa signed a contract with MDT Consultants representing IFDC instead of the Chief of Party.

Since the contract between IFDC and MDT Consultants was not signed by the Chief of Party and therefore not binding, all payments to MDT Consultants have been questioned under Neil garden cost. (See page 49)

The conflict of interest comes in because Haig Sawasawa was an employee of IFDC and related to MDT Consultants.

**(b) Agri Consult and Suppliers – owned by Costa Mwale (the then Chief Technical Officer)**

Costa Mwale was an employee of IFDC whose company was engaged to do jingles on the radio. The company also supplied a number of items, some of which have been questioned since valid quotations were not obtained from other suppliers.

*Criteria*

General requirements of the contract between USAID and IFDC which state that “No employee, officer or agent shall participate in the selection, award or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer or agent or any member of the employee’s immediate family, the employee’s partner or an organisation which employs or is about to employ any of the parties indicated herein has a financial or other interest in the firm selected for an award. This is also included in IFDC Procurement Procedures.

*Effect*

Quality of goods and services might have been compromised because the employees were fully involved.

*Cause*

Inadequate controls on adherence to agreed procedures.

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**INTERNAL CONTROLS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS AND RECOMMENDATIONS (continued)**

*Recommendation*

In future, adequate procedures should be put in place to ensure proper adherence to rules and procedures put in place.

*Management comments*

**(a) MDT Consultants**

The person noted in the audit finding, Mr. Haig L.A. Sawasawa, did not sign a contract with MDT representing IFDC nor was he an employee of IFDC.

There was a contract dated July 20, 2004, between IFDC and MDT. This contract was executed and signed improperly by an IFDC employee, Mr. Fred Kawalewale; Mr. Haig Sawasawa signed this contract as one of two witnesses. When the IFDC COP, Dr. Herschel Weeks, learned of this contract he telephoned MDT to advise that the contract was invalid because Fred was not authorized to sign for IFDC and that it would not be honoured.

USAID had requested the AIMS project to "GPS" all identified 1,158 retail outlets of fertilizer, seeds, and crop protection products in Malawi and further requested it be done as quickly as possible. AIMS tried to find access to rental GPS units with no success. Due to the lack of capacity within the AIMS staff to carry out this requested activity, a local consultant, Neal Garden (Mant Consultants) was employed for 60 days to organize and oversee its implementation. MDT Consultants was the only entity that Mr. Garden and Fred could locate that had the required expertise, equipment, and personnel to complete the GPS activity. MDT would not rent their equipment to IFDC so it was decided to utilize MDT to perform this activity. Messrs. Mabvuto Tembo and Haig Sawasawa were employed by IFDC as temporary employees for three months effective July/2004 to perform this activity. Their salary for this short-term consultancy was paid directly to them.

There was no conflict of interest in the use of Mant Consultants or the MDT employees, Messrs. Tembo and Sawasawa. There was an improper contract executed and signed by an employee of IFDC but it was voided by the COP. Once this contract was voided the two MDT employees were signed to a three month consultancy to perform the GPS activity.

**(b) Agri Consult and Suppliers - owned by Costa Mwale (the then Chief Technical Officer)**

The decision to utilize AgriConsult and Suppliers for the media (radio/TV) component of the project was made by the COP, Dr. Weeks, after reviewing all quotations from applicable organizations. The decision was based on: AGriConsult costs were competitive and they included all components AIMS needed; the other bids had various necessary components that were "add-ons" to the quote, and AgriConsult was recommended as a good company for performance by the radio and TV station. IFDC was not aware that Costa was the owner of AgriConsult and Suppliers until advised by Mr. Laszio Sagi from the Inspector General's office on January 25, 2005. IFDC did not procure anything from AgriConsult and Suppliers from that date. All procurements paid to AgriConsult were based on the completion of the activity or the receipt of the goods.

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
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**INTERNAL CONTROLS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS AND RECOMMENDATIONS (continued)**

**5. Monthly salary rates on some employees not in agreement with signed contracts**

*Condition*

We found costs amounting to US\$1,159 to be questionable (unsupported payments: US\$139 and ineligible: US\$ 290 and differences between the rates of pay of some employees i.e. the contract rate was different from the actual rate of pay resulting in an over payment of US\$730. See Appendix II on page 57 for the details.

*Criteria*

OMB Circular No. A-122, Attachment B, support of salaries and wages requires charges to awards for salaries and wages, whether treated as direct costs or indirect costs to be based on documented payrolls/contracts approved by a responsible official of the organisation.

*Cause*

Overlooking the signed contract or errors in making the payments.

*Effect*

Wrong claims being made from the donors.

*Recommendations*

- (a) Supporting documentations should be obtained for all payments made using project funds and the donor should also consider eligibility of such payments.
- (b) Management should have paid the employees the rates agreed in the contract otherwise the variances should be explained.

*Management comment*

IFDC has on file documentation to support all payments with the exception of 3 payments. The three payments were clerical errors: one payment the employee had a salary increase effective October 29th - the project in error paid the new rate for all workdays in October in lieu of the 3 applicable days; one payment was an underpayment of MK5,000 per month for a total of 3 months on a temporary contract; one payment was not paid per the documentation in the personnel file.

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**INTERNAL CONTROLS  
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**FINDINGS AND RECOMMENDATIONS (continued)**

**6. Differences between financial reports prepared by the Malawi Office and the amounts on the consolidated reports.**

*Condition*

We noted a number of differences between various reports as follows and as detailed on Appendix I: -

- (a) Monthly report figures on summaries sent to IFDC headquarters and the figures on IFDC headquarters reports. – Net difference of US\$ 52,077.
- (b) Detailed expenditure reports and monthly summaries prepared by IFDC Malawi.

As a result of the differences noted, we have not been able to establish whether the IFDC – Malawi expenditure records have been properly incorporated in the consolidated expenditure report.

*Criteria*

A contract between IFDC and USAID which states that the grantee shall maintain books, records, documents and other evidence in accordance with the grantees usual accounting procedures to sufficiently substantiate charge to the grant.

*Cause*

The monthly summaries prepared by IFDC Malawi are normally in a draft form. After review by the headquarters, some adjustments are made by the headquarters but these were not reflected on IFDC Malawi reports presented for review.

*Effect*

The reports presented for review might not be a true presentation of activities in terms of allocation to budget lines.

*Recommendation*

In future, all adjustments made by the headquarters, if genuine, should be communicated to the Malawi office and corrections be made in the ledgers.

*Management comment*

This difference of \$52,077 has been reconciled and detailed in our response on Appendix I. The explanation for the difference is:

- (1) The Headquarters report is the total of all expenditures for the AIMs project - both Headquarters expenses and In-Country expenses; thus there would be a variance with the reports submitted from the Malawi office for some budget line items each month since the Malawi reports contain only in-country costs.

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**INTERNAL CONTROLS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS AND RECOMMENDATIONS (continued)**

*Management comment (continued)*

- (2) The detailed expenditure reports and monthly summaries prepared by IFDC Malawi are a draft - they are reviewed upon receipt at Headquarters by the project accountant for the following:
- (a) The total amount disbursed from all cash accounts for the month must be expensed or advanced, thus the total of expenditures as submitted by the local office must agree with the total of disbursements from the cash report and the total for advances expensed from the advance statement. In the event the monthly financials do not balance Headquarters must reconcile and correct the in-country reports as needed.
  - (b) The expenditure detail report is reviewed to ensure costs are expensed to the correct budget line item per the grant document's budget notes; if recorded incorrectly entries/changes to reports are made at Headquarters to correct the Malawi reports prior to booking the expenses.
  - (c) All expenses recorded by the local office are reviewed to ensure that only legitimate, necessary expenses incurred for project activities are being expensed to the project. Any expense that is not legitimate/necessary for the project is removed from the Malawi reports and expensed to Headquarters.
  - (d) All cash reports from the local office are reconciled. Any necessary corrections are made at Headquarters.
  - (e) The advance statement is reviewed and reconciled to ensure all funds advanced are proper advances and that all outstanding advances are cleared in a timely manner.

With the Headquarters review, audit, and corrections to the monthly financials submitted by the Malawi office there are many changes to the draft reports received from the field office.



**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**THE BOARD OF DIRECTORS  
IFDC HEADQUARTERS  
P.O BOX 2040,  
MUSCLE SHOALS,  
ALABAMA 35662, USA**

**COMPLIANCE WITH AGREEMENT TERMS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**Scope**

We have performed the procedures agreed with USAID in the scope of work as contained in Contract number 612-O-00-05-00130-00 on the attached fund accountability statement of the International Fertilizer Development Centre (IFDC) – Malawi Agricultural Input Markets (AIMs) Development Project for the period from June 18, 2002 to June 30, 2005.

**Scope limitations**

- We do not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.45 of *U.S. Government Auditing Standards*. However, our current program provides for at least 40 hours of continuing education and training every year.
- We did not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraph 3.52 of *U.S. Government Auditing Standards*, since no such program is offered by professional organizations in Malawi. We believe that the effect of this departure from *U.S. Government Auditing Standards* is not material because we participate in the Society of Accountants in Malawi's compulsory practice review every three years.
- Our review was also limited in scope in the sense that all payments were checked to photocopied supporting documents since original documents are sent to IFDC headquarters.

Compliance with the agreement terms and laws and regulations is the responsibility of International Fertilizer Development Centre (IFDC) - Malawi Agricultural Input Markets (AIMs) Development Project management. As part of our agreed upon procedures review of the fund accountability statement, we performed tests of International Fertilizer Development Centre project's compliance with certain provisions of agreement terms and the laws and regulations.

Material instances of non-compliance are failures to follow requirements or violations of agreement terms and laws and regulations that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the fund accountability statement.

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Graham Carr is a member of Nexia International, a worldwide network of independent accounting firms.  
Partners: F.S. Sakyi, D. Ngwira (Mrs.) J.K. Ndovi, H.T. Mijoya (Mrs.) D.E.Z. Mhango - Blantyre, C.M.C. Banda - Lilongwe  
Offices in Blantyre, Lilongwe and Mzuzu



## Findings

We considered the following to be material instances of non compliance during our agreed upon procedures engagement of IFDC-Malawi's fund accountability statement, in accordance with the terms of agreements and in conformity with the basis of accounting adopted.

- Non compliance with the Grant Agreement in that all necessary documentation could not be presented by IFDC management before the review resulting in payments not adequately supported;
- Non compliance with OMB Circular No. A-122, Attachment A, Section 2c as allowability of costs resulting in ineligible expenditure;
- Non compliance with IFDC procurement policies and procedures regarding obtaining of quotations and non compliance with Grant Agreement regarding conflict of interest matters;
- Non compliance with agreed budget provisions of hiring an average of 25 personnel resulting in 31 positions hired and non compliance with IFDC policies and procedures regarding salaries resulting in some employees' payments different from signed contract agreed salaries;
- Non compliance with OMB Circular A-122, Attachment A, Section 5 as regards treatment of interest earned and other credits.

Non-compliance as above results in significant questioned costs being reported on fund accountability statement.

This report is intended solely for the use of International Fertilizer Development Centre (IFDC) - Malawi Agricultural Input Markets (AIMs) Development Project and USAID. However, upon release by USAID, this report is a matter of public record and its distribution is not limited.

**Graham Carr**  
25<sup>th</sup> May 2006

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**COMPLIANCE WITH AGREEMENT TERMS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS ON COMPLIANCE WITH AGREEMENT TERMS**

**1. Failure to present all required documentation for review resulting in unsupported payments**

*Condition*

Documentation necessary for carrying out the agreed upon procedures review were not readily available and a number of requests had to be sent to IFDC headquarters. Costs amounting to US\$95,947 have been questioned to this effect.

*Criteria*

OMB Circular No.A-122, Attachment A, General principles and standard provisions of contract between USAID and IFDC which require the grantee to maintain books, records, documents and other evidence in accordance with the grantee's usual accounting procedures to sufficiently substantiate charges to the grant and to make available to USAID all records and documents which support expenditures made under the program.

*Cause*

Some of the transactions originated from IFDC headquarters and copies of the documentation were not available at the Malawi office.

*Effect*

Delays in completion of the review and questioned costs amounting to US\$95,947. See summary on note 9 to the fund accountability statement.

*Recommendation*

Agreement terms regarding review arrangements should be complied with in order to save time and costs. The USAID Mission should determine the allowability of the questioned costs.

*Management comment*

IFDC is not aware that a number of requests had to be sent to IFDC headquarters for needed documentation. We received two communications from the audit firm: (1) the first communication was a List of Observations by Graham Carr Auditors that was delivered to our local office on August 1, 2005. IFDC responded on August 9, 2005. (2) the next communication was a draft report delivered to our Malawi office on August 30, 2005. This draft contained an additional 238 questioned costs that were not in the List of Observations and also the Audit Findings. IFDC responded on September 12, 2005, but the response was not presented to the audit firm until September 23, 2005, to enable the large amount of support documentation for the questioned costs to be forwarded from Muscle Shoals, AL to Lilongwe and included with our response.

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**COMPLIANCE WITH AGREEMENT TERMS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS ON COMPLIANCE (continued)**

**2. Ineligible payments**

*Condition*

We found costs amounting to US\$ 27,328 to be ineligible as detailed on pages 66 – 72 and 73 – 77 as because M&IE payments were not in line with the authorized rates and contracts for consultancy work were not authorized by IFDC Chief of Party as follows:

In country staff & office operations	\$399 (Page 13)
In country training/development	\$25,909 (Page 13)

*Criteria*

- a) OMB Circular No. A-122 Attachment A, section 2c Basic considerations of general principles which requires costs to be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organisation.
- b) OMB Circular No. A-122 Attachment B, section 37b subsection 8 which specifies the need for adequacy of the contractual agreement for the service (e.g description of service, estimate of time required, rate of compensation, and termination provisions.)

*Cause*

Overlooking procedures put in place for proper financial management.

*Effect*

Overcharging expenditure on the grant.

*Recommendation*

USAID should consider allowability of costs amounting to US\$27,328 which have been questioned due to this effect.

*Management comment*

This has been detailed in our individual responses to the Questioned Costs/Ineligible Costs.

**3. Non compliance with procurement policies and procedures**

*Condition*

We found no evidence that proper procurement procedures were followed in obtaining services of consultants and procuring goods. Refer to internal control finding 3 on page 18. Costs amounting to US\$149,117 have been questioned to this effect as summarized below:

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
INTERNATIONAL FERTILIZER DEVELOPMENT CENTRE (IFDC)  
UNDER GRANT AGREEMENT NUMBER: 690-G-00-02-00178-00**

**COMPLIANCE WITH AGREEMENT TERMS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS ON COMPLIANCE (continued)**

Ineligible travel and transportation	\$ 26,475
Ineligible equipment	\$107,080
Ineligible communication and expendable supplies	\$ 15,562
<b>Total ineligible to this effect</b>	<b>\$149,117</b>

We also noted that some employees were involved in the award of contracts to their own organization. See internal control finding 3 on page 18.

*Criteria*

- a) IFDC procurement procedures and US general requirements on procurement of goods and services both of which state that "all procurement transactions shall be conducted in a manner to provide to the maximum extent practical, open and free competition." The recipient is supposed to be alert to organisational conflicts of interest as well as non competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade.
- b) IFDC procurement system which is based on the use of two standard forms i.e. the Purchase Requisition Form (prepared and signed by the authorised staff member and forwarded to the purchase department) and the Purchase Order Form (executed by the purchase department after determining the source and/or the vendor).
- c) General requirements of the grant agreement as regards procurement of goods and services which states that 'no employee, officer or agent shall participate in the selection, award, or administration of a contract if real or apparent conflict of interest would be involved.

*Cause*

No documentation of the selection procedures.

*Effect*

Services hired and goods procured might have been compromised on quality and value.

*Recommendation*

USAID should consider allowability of costs amounting to US\$149,117 which have been questioned due to this effect.

*Management comment*

This has been detailed in our response to the Findings for Internal Control.

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
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**COMPLIANCE WITH AGREEMENT TERMS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

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**FINDINGS ON COMPLIANCE (continued)**

**4. Non compliance with agreed budget provisions and policies on salaries**

*Conditions*

- (a) On average, 31 positions were filled as regards personnel while the budget had provided for 25.
- (b) Differences between the rates of pay of some employees i.e. the contract rate was different from the actual rate of pay. See Appendix II for the over payment of US\$730 on page 57.

*Criteria*

- (a) The budget provision of 25 positions to be filled in order to run the project efficiently.
- (b) Staff contracts signed between employees and IFDC.

*Effect*

Wrong claims being made from the grant.

*Cause*

Overlooking the signed contracts and errors when making the payments.

*Recommendation*

Employees should be paid based on the rates agreed in the contract. Where there are changes, amendments should be documented and filed on personal files. USAID should determine the allowability of \$1,020 of ineligible salary costs being the amounts paid in excess of the agreed contract rates, and recover from IFDC any amounts determined to be unallowable.

*Management comment*

- (a) The grant budget document for the AIMs project provides for a projected staff of 25 for a total cost over a 3-year period of \$857,300. The actual numbers are: staff of 16 at the end of Year 1; staff totalling 29 at the end of Year 2; staff totalling 31 for a period of 10 months in Year 3. The total costs paid for all salaries and a benefit for the 3-year period as of June 30, 2005, is \$494,382.
- (b) This has been detailed in our response to the questioned costs/ineligible costs.

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**COMPLIANCE WITH AGREEMENT TERMS  
FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**FINDINGS ON COMPLIANCE (continued)**

**5. Non compliance with OMB circular A-122 section 5 and mandatory standard monetary provisions section 3 as regards to treatment of interest earned and other credits**

*Condition*

We found that the IFDC had received contributions towards award expenses, interest on federal funds and other refunds as detailed below:

<b>Financial year</b>	<b>Total Amount</b>	<b>Acceptable amount</b>	<b>Questioned amount</b>
<b>Interest</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
2003	342	250	92
2004	973	250	723
2005	925	250	675
	<hr/>	<hr/>	<hr/>
	2,240	750	1,490
Other Credits(note 5)	34,752	-	34,752
	<hr/>	<hr/>	<hr/>
	36,992	750	36,242
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Interest earned was not remitted to USAID as required by the Standard provisions of USAID awards since the recipient is supposed to retain US\$250 per year for account administration.

*Criteria*

Mandatory Standard Monetary Provisions section 3 relating to payment advances and refunds which requires interest earned on advances to be remitted to USAID and the recipient to retain up to US\$250 per year, for administrative purposes. Standard provisions of the grant agreement between IFDC and USAID which stated that if the grantee earns interest on federal advances prior to expending the funds for programme purposes, the grantee shall remit the interest annually to USAID.

OMB Circular A-122, Attachment A section 5 which requires such credits to be credited as a cost reduction.

*Effect*

Other credits and interest earned used on activities not budgeted for and other credits obtained to conceal such expenditure.

*Recommendation*

USAID should determine the allowability of the \$36,242 in questioned costs and recover from IFDC any amounts determined to be unallowable.

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**COMPLIANCE WITH AGREEMENT TERMS  
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**FINDINGS ON COMPLIANCE (continued)**

*Management comment*

The \$36,242 recorded as a questioned amount consists of:

- \$2240 interest earned on the IFDC Malawi bank accounts
- \$10,981 training contributions received for the AIMs project which were credited to the AIMs project budget line item Training
- \$2233 training fees for IFDC Headquarters training programs unrelated to the AIMs project
- \$20,211 vehicle insurance refund for a project vehicle which was credited to the AIMs project budget line item Equipment
- \$1327 VAT refund for July/04 expenses for the AIMs project which was credited to the project budget line item Office Operations

The training contributions, vehicle insurance refund, and VAT refund were credited to the project when received as evidenced by the IFDC monthly financial reports.

The \$2233 training fee for a Headquarters training program was unrelated to the AIMs project - IFDC simply used our bank account to deposit the funds received for this fee which is permissible under USAID regulations.

IFDC will remit the total interest earned on the Malawi bank accounts of \$2240 to the Department of Health and Human Services per the grant document.

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**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**FIXED ASSET LIST**

<b>Voucher #</b>	<b>Date Acquired</b>	<b>Vendor</b>	<b>Description/Mfg/ Model/Serial No.</b>	<b>Cost Kwacha</b>	<b>USD</b>	<b>Title Vested</b>
45849	22-07-02	Dell Direct Sales	Monitor flat panel		451	Govt of Malawi
			USB Keyboard		22	
45850	22-07-02	Dell Direct Sales	Cordless Optical Mouse		43	
08-001	18-07-02	Lord's	Cell phone Nokia 5210 Serial #067024663807211133	18,600	241	Govt of Malawi
08-020	05-08-02	Lord's	Cell phone Nokia 3330 Serial #51735084660	12,900	167	Govt of Malawi
08-026	13-08-02	Wood Industry Corp	L Shaped Desk Bookshelf	20,833 4,000	270 52	Govt of Malawi
08-061	14-08-02	Olivetti	Compaq Presario Computer CPU #050BA26ZB196 UPS 600 Canon LBP 810 Serial # L10576E	133,688 9,688 38,363	1,735 126 498	Govt of Malawi
08-061	23-08-02	Olivetti	Canon Printer BJC-85 Serial No. XDY07153 Canon Scan D660u Serial No. DZM163412 (4) UPS Compact fit centralion	31,015 21,700 34,085	403 282 442	

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**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**FIXED ASSET LIST (CONTINUED)**

<b>Voucher #</b>	<b>Date Acquired</b>	<b>Vendor</b>	<b>Description/Mfg/ Model/Serial No.</b>	<b>Cost Kwacha</b>	<b>USD</b>	<b>Title Vested</b>
08-066	14-08-02	Brysons Ltd	(3) Highback swivel armchairs (3) Highback swivel armchairs (6) Office armchairs (4) 8' office tables (4)metal 4-drawer file cabinets Corner desk L-shape Computer table (6) mobile drawers	41,400 27,600 34,776 73,600 46,000 16,560 14,260 57,960	537 358 451 955 597 215 185 752	Govt of Malawi
08-066	20-08-02	Wood Industry Corp	(4) Office Desks (4) Conference Chairs (4) Bookshelves -	37,589 17,203 16,128	509 233 218	Govt of Malawi
09-005		Wood Industry Corp	Balance Due Vo#08-066 (4) Office desks (4) Conference Chairs (4) Bookshelves -	1,611 717 672		
09-118	06-09-02	Wood Industry Corp	Wardrobe Office Desk Conference Chair Bookshelf with 4 shelves	8,100 8,550 4,050 3,780	104 110 52 49	Govt of Malawi
09-122	11-09-02	Lords	Binder - Rexel CB400 Phone - Nokia 5210 Serial #BLB-2 Calculator - Canon 1211-DLE Serial #40014127	32,500 16,900 14,900	418 218 192	Govt of Malawi

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**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**FIXED ASSET LIST (CONTINUED)**

<b>Voucher #</b>	<b>Date Acquired</b>	<b>Vendor</b>	<b>Description/Mfg/ Model/Serial No.</b>	<b>Cost Kwacha</b>	<b>USD</b>	<b>Title Vested</b>
09-126	29-08-02	Brysons Ltd	Bookshelf	8,740	113	Govt of Malawi
"	23-08-02	"	Full Height Cabinet	15,180	195	
			Tall Swing Door Cupboard	12,788	165	
			Typist Swivel Armchair	7,820	101	
			(7) Upright Visitors Chairs	40,572	522	
09-134		Olivetti MW Ltd	Compaq Pessario Computer Serial #3DIAJXDWSOSZ Monitor # 102BA26ZA986	133,688	1,721	Govt of Malawi
			Compaq Pressario Computer Serial #3DIAJXDWSOXM Monitor # 050BA26ZB128	133,688	1,721	
			Compaq Pressario Computer Serial #3DIABJXDWFIDY Monitor # 050BA26ZB167	133,688	1,721	
			Compaq Pressario Computer Serial #3DIABJXDWF180 Monitor # 050BA26ZB117	133,688	1,721	
JV3/09/02	26-09-02	CFAO Malawi	2002 Nissan Truck 1400 VIN # A023212		6,000	IFDC
10-072	18-10-02	WICO	Office Desk	16,202	204	GOM
10-073 01-080	24-10-02	Mapanga Furniture	(2) Chairs (balance of payment)	10,769 2,154	135 25	Govt of Malawi

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**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**FIXED ASSET LIST (CONTINUED)**

Voucher #	Date Acquired	Vendor	Description/Mfg/ Model/Serial No.	Cost Kwacha	USD	Title Vested
JV3/10/02	01-10-02	CONRICO Int Ltd	2002 Land Rover 110 VIN #SALLDHF72A640296	26,134	26,134	IFDC
02-176 JV3/10/04		Manica Malawi Ltd CGU Insurance LTD	freight/customs on LandRover settlement of claim	26,133	293 -20,211	
JV3/10/02	08-10-02	Stansfield Motors Ltd	2002 Motorcycle Yamaha Chassis #3HA098300		2,495	IFDC
46460	29-10-02	P C Mall	Epson Powerlite51C Projector 1200 Serial #DD8602X0075K		1,640	Govt of Malawi
Bk Draft 06-090	Nov/02	DNA Sherwood Pty (bal of pym)	(3) Samsung Air Cond 9000 BTU (5) Samsung Air Cond 12000 BTU Canon Digital Copier Model #IR600 Serial # UJJ08534 Telex Caramate Projector Model #4484AF		1,155 2,345 3,543	Govt of Malawi
01-098		Gladness Freight ""	freight/customs on air con/ projector/copier	5,868	67	
01-099		Anderson Engineering ""	Install air conditioners (final payment installaton)	11,069	126	
03-172				98,232	1,103	
04-121				19,646	219	

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**FIXED ASSET LIST (CONTINUED)**

Voucher #	Date Acquired	Vendor	Description/Mfg/Model/Serial No.	Cost Kwacha	USD	Title Vested
46688	11-12-02	Dell Marketing	Dell Computer Latitude C840 CPU DSNTWD4K420 Monitor DSNMXX03K648		2,190	Govt of Malawi
JV3/01/03	Jan/03	Toyota Malawi Ltd Toyota Malawi Ltd	Toyota Tazz 130 VIN#AHT54EEE9009826994 Toyota Hiace Super 16 VIN#AHT41YH6309044528		7,157 14,780	Govt of Malawi
46756	Feb/03	Dell Marketing	Dell Computer Latitude C840 CPU # 3J578A01 M#MY004D025476032AEDSSZ5		2,855	Govt of Malawi
46757		Dell Marketing	Dell Computer Latitude C840 HGT5HOJ M#MY04D025476032AEDT3B		2,855	Govt of Malawi
46758		Dell Marketing	Dell Computer Latitude C840 CPU CN03J10129612BF M#CNO4R8694780435KLINE		2,855	Govt of Malawi
02-108		DHL	customs clearance computers	4,000	45	
02-129	Oct/02	COSTCO Wholesale	HP Laptop Computer XF328 Serial No. TW23803278 HP Printer PSC2210X1 Serial No. MYY279B174Z		1,200 350	Govt of Malawi
02-148	Feb/03	AIATECH	Siemens Opear PABX\$4866	868,057	4,974	Govt of Malawi
02-173		""		101,917		
03-164		""	AIATECH Network Hub for Computers \$5895 Serial#08027ZAV2520502BF	9,898	6,027	Malawi

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**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**FIXED ASSET LIST (CONTINUED)**

<b>Voucher #</b>	<b>Date Acquired</b>	<b>Vendor</b>	<b>Description/Mfg/ Model/Serial No.</b>	<b>Cost Kwacha</b>	<b>USD</b>	<b>Title Vested</b>
02-150	18/02/03	Furniture/FittingCentre	Secretarial Chair	12,473	140	GOM
02-151	18/02/03	Wood Industries Corp	Office Desk L Shaped Desk Mobile Pedestal Pedestal	8,820 34,609 12,371 10,414	99 389 139 117	Govt of Malawi
02-152	19/02/03	Wood Industries Corp	4-Drawer Filing Cabinet 3-Shelf Bookcase	29,676 25,996	333 292	Govt of Malawi
03-170	15/03/03	M. Abubaker	(3) Cellphones Ser #0504299 Ser #351343 Ser #029827	51,000	573	Govt of Malawi
03-182	25/03/03	Motor-Quip	Pro 30 Battery Charger	45,000	505	GOM
47141	Apr/03	PCMall	Microsoft Software Project Pro 2002		895	GOM
JV3/04/03	Apr/03	LSO - used Equip	Panasonic Fax KXFT21SA 1JCRA0117204 HP Printer Deskjet 940C Serial #CN23C1B41 Canon Photocopier NP6317 Serial #UKB15158 Dell Computer DHS CPU#CPC1HOJ M#MY0023DDC4663226R84H5		199 179 1,830 980	Govt of Malawi

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**FIXED ASSET LIST (CONTINUED)**

<b>Voucher #</b>	<b>Date Acquired</b>	<b>Vendor</b>	<b>Description/Mfg/ Model/Serial No.</b>	<b>Cost Kwacha</b>	<b>USD</b>	<b>Title Vested</b>
JV3/04/03	Apr/03	LSO - used Equip	Dell Computer		980	Govt of Malawi
			CPU#BNZ9HOJ			
			Mon#MT023DDC4663227290W4			
			Dell Computer		980	
			CPU#HGT5HOJ			
			Mon#MY023DC466322718176			
			Dell Computer		980	
			CPU#CNOC114970			
			Mon#MY04DO25476032AEDSYS			
			Dell Computer		980	
			CPU#J342H4J			
			Mon#MY023DDC4663227Q83VT			
			HP Laserjet Printer 1200		417	
			Ser #CNC2382896			
Dell CD Writer		147				
Serial # TW23803278						
HP Scanner 3400		96				
Serial #MT06KB13DF						
Nobo Quatiar Projector		489				
Serial #0601049855						
(5) UPS units		575				
(5) Bookshelves		181				
Table - Rectangular		76				
(6) Office Chairs		536				
(2) Computer Tables		239				
(4) Office Desks		445				

**AGREED UPON PROCEDURES REVIEW OF USAID RESOURCES MANAGED BY  
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**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**FIXED ASSET LIST (CONTINUED)**

<b>Voucher #</b>	<b>Date Acquired</b>	<b>Vendor</b>	<b>Description/Mfg/ Model/Serial No.</b>	<b>Cost Kwacha</b>	<b>USD</b>	<b>Title Vested</b>
JV3/04/03	Apr/03	LSO - used Equip	Safe Leader Filing Cabinet (2) Conference Tables Metal Filing Cabinet Shelving Resource Center Office Table 6 Feet Reception Desk Office Table 6 Feet (2) Office Extension Tables (3) Basic Desks (2) Office Tables 4 Feet Desk (2) Mobile Drawer Units (2) Chairs (2) Computer Tables Office Desk and Chair		226 135 302 99 1,178 139 86 167 261 167 200 100 191 135 239 120	Govt of Malawi
JV3/05/04	Apr/03	DNA Sherwood	(3) Dell Computers PPO4L Serial #CN07X0921296131A6906 Serial #CN07X0921296131A6909 Serial #CN07X0921296131A6930		6,993	Govt of Govt
05-044	May/03	Wood Industries Corp	Office Desk	30,000	795	Govt
05-176		""	(balance of payment)	42,800		of Malawi
05-159		Brysons Limited	Conference Table (2) Grey Chairs	35,880	392	Govt of Malawi

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**FIXED ASSET LIST (CONTINUED)**

<b>Voucher #</b>	<b>Date Acquired</b>	<b>Vendor</b>	<b>Description/Mfg/ Model/Serial No.</b>	<b>Cost Kwacha</b>	<b>USD</b>	<b>Title Vested</b>
07-104	July/03	Lords Best Collection	(4) Nokia (Nokia-1) (Nokia-2) (Nokia-3) (Nokia-4)	87,600	966	Govt of Malawi
07-106		Olivetti Malwai Ltd	HP Printer 1300N Serial#SG33LB10TF	151,708	1,673	Govt of Malawi
08-135	Aug/03	Broadway Trading	(2) Portable projection screens	153,900	1,483	GOM
08-158		Lords Best Collection	Cellphone Serial #3514789053	23,900	230	GOM
08-180		Agri Consult/Supply	Portable projection screen	77,950	751	GOM
09-117	Sep/03	WICO	Office Desk	10,000	93	
09-152		Broadway Trading	TouchMate Monitor Ser#FBJJ2BO25789Z	55,000	514	GOM
09-175		Broadway Trading	(2) Sony LCD DigitalProjectors Ser# 11382 Ser# 15908	1,070,550	4,999 4,999	Govt of Malawi
09-189		IT Center	(4) Dell Computers CPU CNOC11497082134 Mon#MY04DO25467032AEDSYS CPU# G4JOOJ Mon#CNO4R8694780435KLOX CPU#CNOC11497082134P62J6 Mon#CNO4R8694780435KLINE CPU#CNOC11497032134P62F7 Mon#CNO4R8694780435KLINA	708,996	6,623	Govt of Malawi

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**FIXED ASSET LIST (CONTINUED)**

<b>Voucher #</b>	<b>Date Acquired</b>	<b>Vendor</b>	<b>Description/Mfg/ Model/Serial No.</b>	<b>Cost Kwacha</b>	<b>USD</b>	<b>Title Vested</b>
09-192		WICO	Office Desk	64,728	605	GOM
09-199		Mapanga Furn LTD	Secretarial Chair	11,374	106	GOM
09-257		Eaglet General Dtrs	(2) Projection Screens	153,900	1,437	GOM
09-258		Telecon Systems LTD	Blantyre Zone Office	77,550	724	GOM
09-261		AGRI Consult/Supplies	(1) Projection Screen	76,950	719	GOM
09-267		WICO	Rectagular Table Office Desk 14 foot (2) Office Desks 8 foot Globus Filing Cabinet Mobile Pedestal 1500 X 800 System -extension	13,000 16,500 52,998 32,951 13,705 34,075	121 154 495 308 128 318	Govt of Malawi
09-288		A R General Dealers	Sony Digital Video Camera Model #DCRTRV147E Serial # 359488	111,580	1,042	Govt of Malawi
09-302		Brymsons Ltd	Executive L Shaped Desk Computer Table M/Back Swivel Armchair Metal 2-drawer filing cabinet	56,283 31,725 22,325 16,450	526 296 209 154	Govt of Malawi
09-318 JV5/11/03			HP Printer 5650 (134.99) Ser #MY35M1M4MH HP Printer 7130 (449.99) Ser #SG33LB105V HP Printer 7130 (349.99) Ser #SG33LB10TF		628 307	Govt of Malawi

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**FIXED ASSET LIST (CONTINUED)**

<b>Voucher #</b>	<b>Date Acquired</b>	<b>Vendor</b>	<b>Description/Mfg/ Model/Serial No.</b>	<b>Cost Kwacha</b>	<b>USD</b>	<b>Title Vested</b>
10-079B	Oct/03	Byrmsons	(3) M/Back Swivel Arm Chairs (3) Metal 4-drawer file cabinets (3) Coffee chairs (R9) (20) Office chairs Coffee Table large Metal 2-drawer filing cabinet	66,975 70,500 52,523 211,500 14,688 16,450	624 657 490 1,971 137 153	Govt of Malawi
10-081B		Telecom Systems	Alcatel Office PABX Ser # LSA320100151	427,230	3,982	GOM
JV3	Oct/03	Daeta International	(3) Toyota Landcruisers		49,067	IFDC
JV3	Jan/04		Engine #1H20437451 Chassis #JTECB01JT01014367		24,533	
JV3	Mar/04		Engine# 1H20437474 Chassis #JTECB01JT01014367 Engine #1H20436457 Chassis #JTCCB01J901014225		24,533	
764477	Mar/04	Cargomate	Clearing/Handling Vehicles	93,600	868	IFDC
763037	Nov/03	A R General Dlrs	(5) MS Windows XP (5) MS Office Software	486,039	4,578	GOM
764367	Jan/04	Mapanga Furn Ltd	Highback swivel chair	18,849	176	GOM
764431	Feb/04	Brymsons Ltd	(2) 4-drawer metal file cabinets	48,175	447	GOM
764400 02-056		MultiChoice Radio&Electrical Serv	DSTV & installation JVC 20" TV Serial #AV21FMG3BC	56,444 54,433	524 506	Govt of Malawi
""		""	Kenwood DVD Player	50,270	467	



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**Appendix I**

**DIFFERENCES BETWEEN AMOUNTS ON FINANCIAL REPORT PRODUCED BY IFDC  
MALAWI AND AMOUNTS ON CONSOLIDATED REPORT**

<b>Month</b>	<b>Cost description</b>	<b>IFDC MW Report US\$</b>	<b>HQRS Report US\$</b>	<b>Difference  US\$</b>
Sep 02	Supplies <i>We cannot locate a MW report that records any amount for Supplies in Sep/02. The report received at Hdq had 0.00 for Supplies; in reviewing the in-country financials it was discovered that Exp Supplies had been expensed to Office Misc and Equipment in error. The amounts of 75,538.88 (\$972.69) from Office Misc and 23,730.00 from Equipment (\$305.57) were expensed to Exp Supplies to correct this error.</i>	2,733	1,278	1,455
Aug 02	Incountry - misc office <i>This was the first month of reporting financials for the AIMs project; many expenses were not classified correctly. InCountry Misc Office had Exp Supplies expenses of \$1898.16 included in error; Exp Supplies had \$1351.05 Misc Office expenses included in error. To correct: the total for Misc Office was decreased by the \$1898.16 that was expenses for office supplies and increased by \$1351.05 (expenses for internet, email, photocopying, courier charge) which had in error been expensed to Exp Supplies. Additionally, in the review by Hdq an expense of \$25.90 for a business dinner was corrected to In-Country Travel in lieu of Misc Office. The amount submitted of \$2524.05 - 1898.16 +1351.05-25.90 = \$1951.04 as reported on the Hdq monthly financial statement.</i>	2,524	1,951	573
Oct 02	Training <i>The MW office submitted expenses of \$1128.03 for Training. (1) The accountant, Ishmael, advised in his email of Nov 5th that 16,000 expensed to Training on Vo. 010-057 was actually an advance. Per his email we corrected the expense by deducting \$201.01 (16,000/79.61) from Training and adding to Advances. (2) The project had ordered caps from Hdq to use in their training programs; the caps at a cost of \$162.00 were shipped to Malawi and expensed to Training. \$1128.03 - 201.01 + 162.00 = \$1089.02 as recorded on the Hdq financial statement.</i>	1,128	1,089	39

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<b>Month</b>	<b>Cost description</b>	<b>IFDC MW Report US\$</b>	<b>HQRS Report US\$</b>	<b>Difference US\$</b>
Nov 02	Incountry office - travel <i>The MW office submitted 28,901.55 (\$354.54) as InCountry - Travel. In Hdq review of the financials 3 expenses for reimbursement of mileage claim for use of personal vehicle had in error been expensed to Office Vehicle Ops in lieu of InCountry Travel. These expenses on Vo. 11-127,11-128,11-129 totaling MK21,349.57 (\$261.90) were corrected to InCountry Travel by Hdq. \$354.54 + 261.90 = \$616.44 as recorded on Hdq statement.</i>	701	616	84
Feb 03	Incountry office - miscellaneous <i>The exp detail and the Summary of Exp Detail submitted by the MW office records \$1502.53 for InCountry Office - Misc as does the Hdq monthly financial statement. The MW expenses for office misc are MK133,830.68; using the exchange rate for the month of 89.07 = \$1502.53. There is no discrepancy with the Hdq statement.</i>	1,519	1,503	17
Mar 03	Incountry office - office rent/utilities <i>The MW office submitted expenses of \$6.16 for InCountry Office Rent/Util/Maint. They also received a refund of MK400,000 (\$4490.85) for the cancellation of the office annex lease. This refund was credited to the line item InCountry Office Rent/Util/Maint. \$6.16 - \$4490.85 = \$4484.69 as recorded on the Hdq monthly statement.</i>	6	-4,485	4,491
	Equipment <i>The MW office submitted expenses of 60,898 (\$683.71) for Equipment in Mar/03. (1) In the Hdq review of the financials it was noted that \$1102.86 cost for installation of the airconditioners had been expensed to Office Misc in lieu of Equipment. This correction was made prior to booking the expenses at Hdq. (2) Hdq had procured 3 carrying cases for the project in Feb/03 and had in error expensed these items to Equipment in lieu of Exp Supplies. The cases had a cost of \$48.35/each; the credit to Equipment and debit to Exp Supplies totaling \$145.05 was made in Mar/03. \$683.71+1102.86-145.05 = \$1641.42 as recorded on Hdq statement.</i>	2,292	1,641	650

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<b>Month</b>	<b>Cost description</b>	<b>IFDC MW Report US\$</b>	<b>HQRS Report US\$</b>	<b>Difference  US\$</b>
Apr 03	<p>Incountry office op - vehicle maintenance</p> <p><i>The MW office submitted expenses of 132,481.61 (\$1479.41) for InCountry Vehicle Ops/ Maintenance. In the Hdq review of the financials it was noted that a PSV license for local staff for 4,000 had been expensed to S&amp;B in lieu of Vehicle Ops/Maint. This was corrected prior to booking the MW office expenses. <math>4,000/89.55 = \\$44.67 + 1479.41 = \\$1524.08</math> as recorded on the Hdq statement.</i></p> <p>Domestic training</p> <p><i>(1) The MW office submitted expenses of \$1703.65 for Apr/03. They also received a refund of 82,524.00 (\$921.54) for excess payment on Vo. 03-184 which had been expensed to Training thus the credit was applied to Training.</i></p> <p><i>(2) Hdq paid for \$659.00 for training supplies the project procured from LSO with USAID approval.</i></p> <p><i><math>\\$1703.65-921.54+659.00 = \\$1441.11</math> as rec</i></p>	1,569	1,524	45
		1,704	1,441	263
May 03	<p>Incountry office - miscellaneous</p> <p><i>The MW office submitted expenses of \$6647.84 for InCountry Office - Misc. In the review by Hdq an expense of 80,834.00 (\$882.85) for office maintenance had been charged to Misc in lieu of Office rent/util/maintenance. This was corrected by Hdq and expensed to Office Maint.</i></p> <p><i><math>\\$6647.84-882.85 = \\$5764.99</math> as recorded on Hdq statement.</i></p> <p>Trainings</p> <p><i>The MW office submitted expenses of \$6944.73 for InCountry Training. In the review by Hdq an expense of K35,880 (\$391.87) for purchase of office furniture Vo. 05-159 had been expensed to Training in lieu of Equipment. This correction to Equipment was made by Hdq in booking the May expenses.</i></p> <p><i><math>\\$6944.73-391.87 = \\$6552.86</math> as recorded on Hdq statement.</i></p>	6,648	5,765	883
		6,945	6,553	392

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MALAWI AND AMOUNTS ON CONSOLIDATED REPORT**

<b>Month</b>	<b>Cost description</b>	<b>IFDC MW Report US\$</b>	<b>HQRS Report US\$</b>	<b>Difference  US\$</b>
Jul 03	Local STC <i>The MW office submitted expenses of \$3341.32 for STC. These expenses consisted of \$2977.28 payment for local STC and \$364.04 payment for lodging for the Hdq STC, Maria Wanzala. The Hdq monthly financial statement records costs separately for Hdq consultants and local STC. Maria's expenses are recorded as Hdq STC and not Local STC.</i>	3,341	2,977	364
Aug 03	Local STC <i>The MW office submitted expenses of \$3159.86 for STC Travel. Two of the expenses for travel were actually advances to Hdq STCs Messrs. Findley and Keetch on Vo. 08-008 and 08-009 for \$413.45 each. This correction deleting the expense to Travel and recording as Advance was made by Hdq. \$3159.86-413.45-413.45 = \$2332.96 which was lodging expenses for Findley and Keetch paid by the project. As noted previously the Hdq statement records costs separately for Hdq STC and local STC. The \$2332.96 is recorded on the Hdq statement as Hdq STC and not Local STC.</i>	3,160	-	3,160
Oct 03	Incountry office - vehicle maintenance <i>The MW office submitted expenses of \$1132.34 for vehicle ops/maint. The office also received a \$66.00 reimbursement for personal mileage of a project vehicle. \$1132.34-66.00 = \$1066.34 as recorded on the Hdq statement.</i> Training - inter, study tour <i>This expense on Vo. 10-057B payment to Dr. Mataya for Oct/03 salary was incorrectly expensed to Training by the MW office. This was corrected at Hdq and expensed to S&amp;B in lieu of Training.</i>	1,132  3,530	1,066  -	66  3,530

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Nov 03	<p>Training - domestic</p> <p><i>(1) The MW office submitted expenses of \$26,011.38 for Training. They also cancelled check no. 753485 for \$161.32 which had been expensed to Training.</i></p> <p><i>(2) Two refunds received by MW office in Oct/03 were not booked at Hdq until Nov/03: refund of \$38.81 for Vo. 09-245; refund of \$276.49 for Vo. 10-02B; both vouchers had been expensed to Training.</i></p> <p><i>\$26,011.38-161.32-38.81-276.49 = \$25,534.76 as recorded on Hdq statement.</i></p>	26,011	25,535	477
Dec 03	<p>Incountry office - office rent/utilities</p> <p><i>The MW office submitted expenses of \$292.42 for InCountry Office Rent/Util/Maint. The also cancelled check no. 763033 issued in Nov/03 to ESCOM for 25,309.68 (\$254.31) for electric bill for Taurus house.</i></p> <p><i>\$292.42-254.31 = \$54.03 as recorded on Hdq statement.</i></p> <p>Trainings</p> <p><i>(1) The MW office expensed \$28,427.66 to Training in Dec/03. They also cancelled check no. 763030 for K5788.20 (\$54.52) which had been expensed to Training.</i></p> <p><i>(2) In the Hdq review of the financials Vo. 763087 for vehicle rental of \$8153.99 which had been expensed to Training in error was corrected to InCountry Vehicle Ops/Rental/Maint.</i></p> <p><i>\$28,427.66-54.52-8153.99 = \$20,219.15 as recorded on Hdq statement.</i></p>	292	54	238
Feb 04	<p>Incountry off - misc office</p> <p><i>The MW office submitted expenses for \$4745.28 for Misc Office. They also received a refund of \$3172.50 (MK345,802.50) from Laser Group for internet service which was credited to Misc Office.</i></p> <p><i>\$4745.28-3172.50 = \$1572.78 as recorded on Hdq statement.</i></p>	28,428	20,219	8,209
		4,745	1,573	3,173

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	<p>training</p> <p><i>The MW office submitted expenses of \$17,477.06. Training supplies ordered from IFDC stock for the AIMs project were not forwarded to Malawi and were returned to stock. Training was credited \$1352.72 for this return. \$17,477.06-1352.72 = \$16,124.34 as recorded on Hdq statement.</i></p>	17,477	16,124	1,353
	<p>supplies</p> <p><i>The MW office submitted expenses of \$3458.12 for Exp Supplies. (1) In the Hdq review of the financials Vo. 02-056 purchase of a TV and VCR for \$971.63 had been expensed to Exp Supplies in error. This was corrected by Hdq to Equipment. (2) Hdq procured and shipped supplies requested by the AIMs project for \$128.63 \$3458.12-971.63+128.63 = \$2614.63 as recorded on Hdq statement.</i></p>	3,458	2,615	843
Apr 04	<p>STC - Travel</p> <p><i>The MW office submitted expenses of \$254.52 for STC travel - these expenses were lodging for Paul Makepeace a Hdq STC. As noted previously expenses for Hdq STC and Local STC are recorded separately on the Hdq monthly financial report. This expense is recorded on the Hdq STC.</i></p>	255	-	255
May 04	<p>STC - Travel</p> <p><i>The MW office submitted expenses of \$308.13 for STC travel - these expenses were lodging for Paul Makepeace a Hdq STC. As noted previously expenses for Hdq STC and Local STC are recorded separately on the Hdq monthly financial report. This expense is recorded on the Hdq STC.</i></p>	308	-	308
	<p>Incountry travel</p> <p><i>The MW office submitted expenses of \$2689.52 for InCountry Travel. The Hdq review of the financials noted that lodging expenses for participants to an AISAM meeting (\$32.61) and lodging for a Uganda study tour (\$81.63)</i></p>	2,690	2,575	114

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	<i>had been incorrectly expensed to InCountry Travel in lieu of Training. These two expenses were deducted from Travel and added to Training. \$2689.52-32.61-81.63 = \$2575.28 as recorded on Hdq statement.</i>			
Jul 04	Supplies	8,216	7,715	501
	<i>The MW office submitted expenses of \$8214.81 for Exp Supplies. The Hdq review noted that expenses for demo plots totaling \$500.25 had been expensed in error to Supplies in lieu of Training. This was corrected by Hdq. \$8214.81-500.25 = \$7714.56 as recorded on the Hdq statement.</i>			
Aug 04	Supplies	21,438	20,847	591
	<i>The MW office submitted expenses of \$21,437.88 for Exp Supplies. The Hdq review deducted \$591.36 from Supplies and expensed to Office Misc for various expenses for office materials. \$21,437.88-591.36 = \$20,846.52 as recorded on Hdq statement.</i>			
Sep 04	Equipment	-	-2,950	2,950
	<i>This credit to Equipment is the result of Hdq review of the items expensed to Equipment from inception of the project. Only items costing \$100 or more are expensed to Equipment; a review of the actual vouchers revealed that items recorded as more than \$100 on the monthly financials were in some cases multiple items in lieu of one. Thus these items were corrected by expensing Exp Supplies and crediting Equipment.</i>			
Oct 04	Equipment	-	20,211	-20,211
	<i>This is actually a credit to Equipment of \$20,211.13 as recorded on the Hdq monthly statement. It is the insurance claim for the totaled project vehicle that was paid to the MW office in Oct/04 - 2,157,740/106.76 = \$20,211.13</i>			

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Nov 04	LT Expatriate staff - residence <i>The MW office submitted expenses of \$8851.91 for Expat Residence. They also received a deposit from the departing COP H Weeks of \$97.93 to pay for a personal expense at his residence. \$8851.91-97.93 = \$8753.98.</i>	8,852	8,754	98
	Equipment <i>This is a refund received by the MW office for a duplicate payment to WICO in Oct/04 for office furniture expensed to Equipment as recorded on the Summary of Cash Balances for Oct/04.</i>	-	-1,655	1,655
Jan 05	Expandable supplies <i>The amount recorded on the Hdq statement is \$1923.57 and not the 1500.00 noted. The MW office submitted expenses of \$1523.53 for Exp Supplies. In Jan/05 correcting entries were made at Hdq for Exp Supplies ordered by Hdq and shipped to Malawi in December that were expensed to Equipment in error. In Jan \$400.04 was expensed to Exp Supplies and credited to Equipment. \$1523.53+400.04 = \$1923.57 as recorded on the Hdq monthly statement.</i>	1,524	1,500	24
Mar 05	Domestic training <i>(1) The MW office submitted expenses of \$11,814.03 for Training. They also received contributions for the private sector meeting (Training) of \$6123.20. Additionally, a reimbursement of \$523.71 was received for excess travel expenses that had been expensed to Training. (2) Hdq procured training supplies of \$1145.40 and shipped to Malawi. \$11,814.03-6123.20-523.71+1145.40 = \$6312.52</i>	11,814	6,313	5,502
	Equipment <i>There is no expense to Equipment in Mar/05. The balance of (\$6569.27) is the total for Year 3 and not the amount for the month.</i>	-	-6,569	6,569

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**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**Appendix I**

**DIFFERENCES BETWEEN AMOUNTS ON FINANCIAL REPORT PRODUCED BY IFDC  
MALAWI AND AMOUNTS ON CONSOLIDATED REPORT**

<b>Month</b>	<b>Cost description</b>	<b>IFDC MW Report US\$</b>	<b>HQRS Report US\$</b>	<b>Difference  US\$</b>
May 05	Training <i>The MW office submitted expenses of \$13,281.89 for Training. They also cancelled check no. 968 for \$1570.14 which had been expensed to Training. \$13,281.89-1570.14 = \$11,711.75 as recorded on Hdq statement.</i>	13,282	11,712	1,570
Jun 05	LT Expatriate staff - residence <i>The MW office submitted expenses of \$3,293.28 for Expat Residences. This is also the amount recorded on the Hdq monthly statement. There is no discrepancy.</i>	3,769	3,293	476
	Incountry - M/v maintenance <i>The MW office submitted expenses of \$2250.59 for InCountry Vehicle Ops. They also cancelled check no. 761 for \$1043.21 payable to Pegas Panel which was credited to Vehicle Ops/Maint. \$2250.59-1043.21 = \$1207.38 as recorded on Hdq statement.</i>	2,251	1,207	1,043
	- office rent <i>(1) The MW office submitted expenses of \$7180.05 for Office Rent/Util/Maint. They also cancelled check no. 765 payable to ESCOM for \$105.47. This was credited to the office rent/util/maint. (2) Hdq paid \$58.00 add'l premium for insurance coverage of office equipment and furnishings. \$7180.05-105.47+58.00= \$7132.58 as recorded on Hdq statement.</i>	7,180	7,133	47
	Training <i>The MW office submitted expenses of \$13,901.17 for Training. They also cancelled check nos. 803, 857,963,989 totaling \$886.49 which had been expensed to Training. Additionally the MW office received a refund of \$107.88 from Chemicals and Marketing for training expenses on Vo. 787. \$13,901.17-886.49-107.88 = \$12,906.80 as recorded on Hdq statement.</i>	13,901	12,907	994

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**Appendix I**

**DIFFERENCES BETWEEN AMOUNTS ON FINANCIAL REPORT PRODUCED BY IFDC  
MALAWI AND AMOUNTS ON CONSOLIDATED REPORT**

<b>Month</b>	<b>Cost description</b>	<b>IFDC MW Report US\$</b>	<b>HQRS Report US\$</b>	<b>Difference  US\$</b>
	Supplies <i>The MW office submitted expenses of \$2118.53 for Exp Supplies. They also cancelled check no. 960 for \$118.81 which had been expensed to Supplies. \$2118.53-118.81 = \$1999.72 as recorded on Hdq statement.</i>	2,119	2,000	119
	Equipment <i>As previously noted this is not a monthly expense; it is the inception Year 3 balance for Equipment. There were no expenses to Equipment in June/05.</i>	-	-6,569	6,569
May 05	Local STC <i>The MW office cancelled check no. 375 for \$463.74 which had been expensed to Local STC travel.</i>	-	-464	464
	Training <i>The MW office submitted expenses of \$37,873.83 for Training. They also received a refund of \$324.55 for Vo. 02-051 training expenses. Additionally the MW office received \$3537.32 as contribution for private sector meeting (Training). \$37,873.83-324.55-3537.32 = \$34,011.96 per Hdq statement.</i>	37,874	34,012	3,862
	Supplies <i>(1) The MW office submitted expenses of \$1566.94 for Exp Supplies. (2) Hdq procured supplies for \$100.05 per the AIMs project request and shipped to Malawi. \$1566.94+100.05 = \$1666.99 as recorded on Hdq statement.</i>	1,567	1,667	-100
	Equipment <i>There were no expenses to Equipment in Apr/05. As previously noted this is the Year 3 balance for Equipment and not a monthly expense.</i>	-	-6,569	6,569

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**Appendix I**

**DIFFERENCES BETWEEN AMOUNTS ON FINANCIAL REPORT PRODUCED BY IFDC  
MALAWI AND AMOUNTS ON CONSOLIDATED REPORT**

<b>Month</b>	<b>Cost description</b>	<b>IFDC MW Report US\$</b>	<b>HQRS Report US\$</b>	<b>Difference US\$</b>
Feb 05	Incountry travel <i>The MW office received a refund of \$16.04 for Vo. 01-052 travel expenses. This was credited to Expat - Travel where it had been expensed.</i>	-	-16	16
	VAT refund <i>The MW office received a refund for the project July/04 VAT as recorded on the Summary of Cash Balances.</i>	-	-1,325	1,325
	Training <i>The MW office submitted expenses of \$18,004.89 for Training. They also received a contribution of \$463.65 for the policy workshop which was credited to Training. \$18,004.89-463.65 = \$17,541.24 as recorded on Hdq statement.</i>	18,005	17,541	464
		274,386	222,309	52,077
		274,386	222,309	52,077

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**Appendix II**

**QUESTIONED COSTS - SALARIES AND BENEFITS**

Date	Voucher/ cheque no.	Total amount	Unsupported amount		Ineligible costs		Comment
			MK	US\$	MK	US\$	
15/10/02	022	4,070	820	10			No supporting receipts for cell phone recharge voucher for Veronica Chipeta.
16/10/02	026	3,435	2,435	31			No supporting receipts for cell phone recharge voucher for David Kamchacha.
03/10/02	049	1,623	1,623	20			No supporting receipts for cell phone recharge voucher for David Kamchacha.
29/01/03	102	239,150			25,400	290	Additional salary payment to Annie Napho Liabunya of MK25,400 has no schedule to show the genesis of it. Salary in the contract was MK25,000.00 but was paid MK50,400.
28/01/04	764381	8,300	8,300	77			Payment voucher for reimbursement to Veronica Chipeta missing.
		<u>256,578</u>	<u>13,178</u>	<u>139</u>	<u>25,400</u>	<u>290</u>	

**PAYROLL VARIANCES TO CONTRACT AMOUNTS**

Month	Employee Details	Amount in	Amount in	Variance	
		contract MK	payroll MK	MK	
Oct 03	Dr. Charles Mataya	322,000	378,687	(56,687)	(546)
Sep 03	Alexander Nganga	45,000	40,000	5,000	48
Jul 03	Lisa Madsen	2,500	32,844	(30,344)	(292)
Nov 03	Robin Kuntengera	16,125	9,900	6,225	60
		<u>385,625</u>	<u>461,431</u>	<u>(75,806)</u>	<u>(730)</u>
<b>Total questioned costs</b>				<u>139</u>	<u>1,020</u>

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**Appendix III**

**QUESTIONED COSTS - CONSULTANTS**

Date	Voucher/ cheque no.	Details	Unsupported amount		Comment
			MK	US\$	
<b>David Balmer</b>					
07/10/02	010-061	Consultation fees	81,150	1,019	The consultant was engaged to prepare a logistics update to assist George Dimithe (IFDC Scientist Economist) for 2 days. The file has no information on how the contract was awarded.
07/10/02	010-062	Transportation	44,743	562	
<i>Management comment</i>					
When the AIMs project was initiated the original action plan submitted with the proposal was two years old. The USAID CTO requested that this action plan be updated. Dr. Dimithe, PH D Economist, from Hdq who has helped develop the the original action plan was assigned this activity. He requested the logistics data be updated prior to his arrival in country. Mr. Balmer was selected on the following basis: There was no logistics expert on staff or available from the the project's pool of CVs. Mr. Balmer had previous experience in Logistics with the British Army; he was currently in Malawi and available for the job; his cost was within the budgeted amount for this STC.					
<b>Mrs Fanny Kasokomera</b>					
25/11/02	011-108	Consultation fees	24,426	300	F. Kasokomera was contracted to review office procedures, office set-up and communication/mail handling for 14 days. The consultants file has no information as to how the contract was awarded.
10/12/02	012-113	Consultation fees	24,641	286	
16/12/02	012-121	Consultation fees	17,000	197	
<i>Management comment</i>					
Once the AIMs office was established and beginning operations, the COP determined there was a need for a review of the office procedures, set-up, communications, mail handling, other office practices to ensure that office practices were organized and efficient. The selection of Mrs. Kasokomera was made from the project CV pool and was based on her experience of 25 years as an Executive Secretary/Office Administration.					
<i>amount c/f</i>			191,961	2,364	

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Date	Voucher/ cheque no.	Details	Unsupported amount		Comment
			MK	US\$	
		<i>amount b/f</i>	191,961	2,364	
<b>Maria Gianaks</b>					
01/04/05	2	Consultancy fee - part payment	81,691	722	Maria was contracted to design a programme through a position paper and thereafter a draft proposal to mitigate impact of HIV/Aids on Agricultural Food Production. No information as to how the contract was awarded.
					<i>Management comment</i>
					The Aims project was requested by the USAID Mission Director to assess the impact of HIV/AIDS on agriculture and food production. Ms. Gianaks was highly recommended to IFDC by the Assistant Country Director of the World Food Program in Malawi. Her CV was reviewed and compared to other consultants available in Malawi. She was selected on the basis of her skills and experience and a strong recommendation from the WFP. As this assessment had a direct impact on the work of WFP feeding program in Malawi, her consulting costs were shared with WFP.
<b>Oliver Chilemba</b>					
14/04/04	27	Financial review of AIMS project	153,171	1,415	Chilemba was contracted to conduct a financial review of IFDC/AIMS project for 6 months to 31/12/03. No information on how the services were sourced.
					<i>Management comment</i>
					Mr. Chilemba was selected from the office CV pool and on the recommendations of the local GTZ project based on his skills and experience. The COP wanted an independent financial review of the project to ensure there were no anomalies. Certain identified items were corrected as a result of this audit.
		<i>amount c/f</i>	426,823	4,501	

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**QUESTIONED COSTS - CONSULTANTS**

Date	Voucher/ cheque no.	Details  <i>amount b/f</i>	Unsupported amount		Comment
			MK	US\$	
			426,823	4,501	
<b>Theodore Gadeshi</b>					
16/03/03	03-092	M & IE	30,000	337	Theodore is an Agro business Consultant in Albania who was contracted to increase knowledge and build the capacity of the local direct importers and agriculture input dealers in the area of international procurement of fertilisers. No information on how the contract was awarded to him.
25/03/03	03-110	M & IE	30,000	337	
10/04/03	04-050	M & IE	15,000	168	
<i>Management comment</i>					
Theodore Gadeshi was previously employed by IFDC for a project in Albania. He was responsible for assisting fertilizer dealers in Albania to procure products in the international market. His experience and skills were well suited to the SOW required in Malawi and his consultancy rate was within the AIMs budget for this activity.					
<b>Collins Mkandawire</b>					
26/11/03	763058	Consultancy fee and travel (K160,041.18-consult) (K24,144.00 - travel)	184,185	1,735	Collins was awarded a contract to assist/liase between AIMs and SPLIFA, representing dealer development with retailers working with the SPLIFA project. No information on how the contract was awarded.
<i>Management comment</i>					
In July 2003 the British government (DFID) agreed to fund a voucher program to provide agriculture inputs to 100,000 households in Malawi as a payment for labor on public works schemes. This program titled SPLIFA was a partner to the AIMs project whose objective was to improve smallholder access to ag inputs. accomplish the objectives of AIMs and liase with SPLIFA, it was determined that a consultant would be hired to develop the current dealer association in Malawi (AISAM). Collins was selected because he was already involved with the association and knew all of the dealers and their locations.					
<i>amount c/f</i>			686,008	7,077	

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**QUESTIONED COSTS - CONSULTANTS**

Date	Voucher/ cheque no.	Details  <i>amount b/f</i>	Unsupported amount		Comment
			MK	US\$	
<b>Professor James Banda</b>			686,008	7,077	
12/04/03	04-067	Consultancy fee	20,000	223	Professor Banda tendered his CV for consideration for any consultant work and he was offered a contract. No details of work to be done in the file and the file does not contain any copy of the signed contract and specific work to be done.
17/04/03	04-126	Consultancy fee	70,902	792	
<i>Management comment</i>					
Professor Banda was selected from based on his CV. He was hired to assist the COP with administrative data collection and report writing at a time when the project activities stretched the capacity of the project staff and COP. He had the capacity and experience to assist the COP. He collated internal and field data to assess programs, wrote progress reports, and drafted some work plans.					
<b>Jones Silungwe</b>					
07/04/04	18	Consultancy	163,382	1,509	No file was opened for Jones Silungwe because he did not want to enter into a specific contract, therefore his services were just invoiced to IFDC. However, no information is available to establish how his services were sourced.
<i>Management comment</i>					
Mr. Silungwe was the Malawi representative of Malawi "CropLife" - the national association of the pesticide industry in Malawi. He was contracted to perform training in crop protection chemicals after the deputy COP, who had been conducting this training, left the project. Mr. Silungwe was the only qualified and available person to perform these trainings.					
<i>amount c/f</i>			940,292	9,601	

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**QUESTIONED COSTS - CONSULTANTS**

Date	Voucher/ cheque no.	Details  <i>amount b/f</i>	Unsupported amount		Comment
			MK	US\$	
			940,292	9,601	
<b>Mike Brewin</b>					
27/05/03	05-178	Consultancy fee for work on DFID	92,484	1,010	Contracted to for work on DFID proposal. The payment is questioned because the activities are not related to IFDC activities. This payment is ineligible.
<i>Management comment</i>					
As noted this payment was not for the AIMs project. It was expensed to the project in May/2003 but when the voucher was reviewed at Hdq this was corrected in Sept/2003. The expense was credited back to the AIMs project as evidenced on the Sept/03 Hdq Financial Statement. I have provided a detail of the Sept/03 entry to the local office.					
<b>Dr. A. Daudi</b>					
08/07/03	07-083	Consultancy for CRP surveys	92,500	1,020	Consultants file has the signed contract between IFDC Malawi and the consultant but no information on how the consultants services were sourced.
23/07/03	07-102	Consultancy for CRP surveys	85,000	937	
25/07/03	07-110	Consultancy for CRP surveys	92,500	1,020	
<i>Management comment</i>					
As mandated by the SOW of the AIMs project, the project had to perform an audit of all illegally stored and out-of-date chemicals in Malawi. Dr Daudi is a expert in Malawi on crop chemical storage. He was also the only resident expert that had access to locations of chemicals being stored illegally. Based on his unique qualifications, he was hired for this activity.					
		<i>amount c/f</i>	1,302,776	13,588	

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Date	Voucher/ cheque no.	Details  <i>amount b/f</i>	Unsupported amount		Comment
			MK	US\$	
			1,302,776	13,588	
<b>Maria Wanzala</b>					
17/07/03	07-046	Travel expenses	33,013	364	Maria was contracted to do evaluation and verification of Baseline survey and progress report. No information on the file to indicate how the contract was awarded to her.
<i>Management comment</i>					
Maria Wanzala is a Ph D Economist employed by IFDC who had responsibility for technical oversight of the AIMs project from Hdq. She visited the project in that capacity; her major task was to verify the baseline survey indicators and recommend improvements where required.					
<b>Jim Findlay</b>					
05/08/03	08-008	M & IE for one week in Malawi	42,907	413	Sent from Headquarters and IFDC Malawi only paid for his allowances.
04/08/03	08-133	Lodging for Keetch & Findlay	20,000	193	The file has no information as to how the contract was awarded.
08/08/03	08-144	Lodging for Keetch & Findlay	101,731	980	
19/08/03	08-171	Lodging for Keetch & Findlay	118,884	1,146	
03/09/03	09-141	Lodging for Keetch & Findlay	141,374	1,320	
<i>Management comment</i>					
As mandated by the SOW of the AIMs contract an assessment of current CPP laws/regs was to be conducted by the project. Mr. Findley is a Crop Protection Product Specialist selected from the Hdq consultant data base. The selection was based on appropriate skills, experience in the region and a previous, similar consultancy in Mozambique for IFDC. His recommendations from this assessment have been approved by the government of Malawi and are currently in the legislature to be enacted into Law.					
		<i>amount c/f</i>	1,760,687	18,004	

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Date	Voucher/ cheque no.	Details	Unsupported amount		Comment
			MK	US\$	
		<i>amount b/f</i>	1,760,687	18,004	
<b>David Keetch</b>					
05/08/03	08-009	M & IE for one week in Malawi	42,907	413	Sent from Headquarters and IFDC Malawi only paid for his allowances.
25/08/03	08-092	Taxi charge from airport	1,500	14	No information available as to how his services were sourced.
24-30/09/03		Lodging for Keetch, Web & Ambal	308,148	2,878	
			40,000	374	
<i>Management comment</i>					
As mandated by the SOW of the AIMs contract an assessment of current seed laws/regulations was to be conducted by the project. Mr. Keetch is a Seed specialist selected from the Hdq consultant data base. The selection was based on appropriate skills, experience in the region and a previous, similar consultancy in Mozambique for IFDC. His recommendations from this assessment have been approved by the government of Malawi and are currently in the legislature to be enacted into Law.					
<b>Management Solutions Consultants</b>					
04/08/03	08-132	Consultancy policy review	98,525	949	Invoice not available.
<i>Management comment</i>					
This was payment to Management Solutions Consulting for a review/revision of the Personnel Manual drafted for the AIMs project. The review was to ensure the Personnel Manual was compliant with the laws of Malawi governing employment of local staff. This was a one-time payment based on an agreed fee and invoiced to IFDC/Malawi.					
		<i>amount c/f</i>	2,251,767	22,633	

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Date	Voucher/ cheque no.	Details  <i>amount b/f</i>	Unsupported amount		Comment
			MK	US\$	
			2,251,767	22,633	
<b>Neil Garden</b>					
30/09/04	09-062	Lodging expenses	3,325	31	Neil Garden was offered a contract for GIS Data Collection details as Mart Consultant. The file has no information of the evaluation procedure. The contract was terminated because the contract was for 2 months and the information in the file indicates that the line item was over the budget.
03/09/04	438	Consultancy fee	215,118	2,009	
08/09/04	453	Travel expenses	89,541	836	

**Management comment**

USAID requested the AIMS project to "GPS" all identified 1,158 retail outlets of fertilizer, seeds, and crop protection products in Malawi and further requested it be done as quickly as possible. AIMS tried to find access to rental GPS units with no success. In addition there was a lack of capacity to carry out the activity within the AIMS staff (GPSing all 1,158 retail locations, hire and manage a team, rent vehicles and GPS units). The activity also required specialized software that AIMS did not have. Based on this a local consultant, Neal Garden, who had skills in GPS survey was hired to organize this activity and oversee its implementation in cooperation with the COP and AIMS employee, Fred Kawalewale. Mr. Garden and Fred could not find the required GPS units along with trained personnel but did find MDT Consultants who had the required expertise, equipment, and personnel to complete the activity. MDT would not rent their equipment to the AIMS project so it was decided to utilize MDT to perform this activity. With the utilization of MDT to complete this task Mr. Garden's consultancy was completed.

<u>2,559,751</u>	<u>25,510</u>
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**Appendix IV**

**QUESTIONED COSTS**

Date	Voucher cheque no	Total amount	Unsupported amount		Ineligible costs amount		Comment
			MK	US\$	MK	US\$	
<b>In Country Staff, Office Operations</b>							
27/08/02	08-048	6,220	3,000	39			Payment to New Electronic World for electronic accessories not supported by a receipt
31/08/02	08-064	9,740	3,740	49			Payment to Power Park for cleaning of the office supported by a quotation only instead of invoice/receipt.
31/08/02	08-065	11,906	11,906	155			Payment to Delt Limited for office supplies is not supported by a receipt or invoice
02/09/02	09-114	60,000	60,000	773			Payment to Mvalo & Company as retainership fee is not supported by an invoice or receipt.
16/10/02	031	2,450	2,450	31			The details on the attached photocopied invoice were faint hence questioned.
31/10/02	055	600			600	8	Lunch allowance on 23/10/02 paid to Veronica Chipeta not among the approved rates of allowances and it has therefore been questioned as ineligible
31/10/02	056	600			600	8	Lunch allowance on 23/10/02 paid to David Kamchacha not among the approved rates
11/10/02	065	22,820	22,820	287			Telephone bills for the month of August 2002 to Malawi Telecoms Limited has no receipt/invoice.
02/12/02	012-107	89,350	89,350	1,036			Amount paid to Ludwig Schatz as refund for publications has been questioned because there were no supporting documents e.g cash receipts or cash sales
21/01/03	01-047	1,800	1,800	21			Payment voucher for payment to Crossroad BP express shop missing.
27/01/03	01-065	4,495	4,495	51			Payment voucher for payment to David Kamchacha missing.
27/01/03	011-066	600			600	7	Lunch allowance to Justice Dustan Chimgonda not verified to authorised rates
27/01/03	01-074	5,000	5,000	57			Payment voucher for payment to the Republic of Malawi for road licence for BM 4701 missing.
28/01/03	01-077	600			600	7	Lunch allowance to Justice Dunstan Chimgonda not agreeing with authorised rates.
29/01/03	01-078	600			600	7	Lunch allowance to Justice Dunstan Chimgonda not agreeing with authorised rates.
30/01/03	01-082	600			600	7	Lunch allowance to Justice Dunstan Chimgonda not agreeing with authorised rates.
31/01/03	01-085	600			600	7	Lunch allowance to Justice Dunstan Chimgonda not agreeing with authorised rates.
21/01/03	01-112	900	900	10			Payment to Mobil Oil Malawi for phone recharge voucher not supported by receipt.
03/02/03	02-024	600			600	7	M & IE allowance paid to Justice Chimgonda not agreeing with authorised rates.
04/02/03	02-027	600			600	7	M & IE allowance paid to Justice Chimgonda not agreeing with authorised rates.
<i>amount c/f</i>		220,082	205,462	2,508	5,400	63	

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**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**Appendix IV**

**QUESTIONED COSTS**

Date	Voucher cheque no	Total amount	Unsupported amount		Ineligible costs amount		Comment
			MK	US\$	MK	US\$	
<b>In Country Staff, Office Operations (continued)</b>							
<i>amount c/f</i>		220,082	205,462	2,508	5,400	63	
04/02/03	02-031	600			600	7	M & IE allowance paid to Costa H. L. Mwale not agreeing with authorised rates
04/02/03	02-031	600			600	7	M & IE allowance paid to Alick Botha not agreeing with authorised rates.
18/02/03	02-081	600			600	7	M & IE allowance paid to Justice Chingonda not agreeing with authorised rates.
18/02/03	02-082	600			600	7	M & IE allowance paid to Alick Botha not agreeing with authorised rates.
18/02/03	02-083	600			600	7	M & IE allowance paid to Veronica Chipeta not agreeing with authorised rates.
28/02/03	02-178	1,350	1,350	15			Payment to Telekon networks Ltd for a recharge voucher not supported by a receipt
22/03/03	03-112	600			600	7	Meal allowances not agreeing with authorised rates
25/03/03	03-120	3,500			3,500	39	Meal allowances not agreeing with authorised rates
30/09/03	V.294	17,350	17,350	162			Payment to Vincent Mzembe only supported by a quotation and not a receipt.
16/09/03	V.067	175,231	175,231	1,637			Payment voucher for payment to Ishmael Munthali for travel expense to Mzuzu not seen.
30/09/03	V.323	181,400	181,400	1,694			Travel expenses to David Kamchacha for Mzuzu and Blantyre training not supported by receipts.
10/04/03	051	600			600	7	Lunch allowance to Costa Mwale not among the approved rates of allowances
28/04/03	099	600			600	7	Lunch allowance to Costa Mwale not among the approved rates of allowances
30/04/03	137	13,016	13,016	145			Payee details on paid cheque different from cashbook details. Cashbook = DHL while on cheque = Symon Nyirongo.
09/05/03	05-033	11,000	11,000	120			Amount paid to Lisa Madsen as part payment for painting offices - not supported by any agreement between the painter and IFDC.
09/05/03	05-034	7,076	7,076	77			Amount paid to Shoprite & other for the painting materials - voucher & supporting documents missing.
17/05/03	05-079	1,475	1,475	16			Amount paid to Peter Gowelo for travel expenses - no receipts or cash sales to support the amount paid.
17/05/03	05-080	1,500	1,500	16			Amount paid to Peter Gowelo for honorarium - the voucher & supporting documents were missing.
27/05/03	05-125	1,770	1,770	19			Amount paid to Fred Kawalewale for meals with Norwegian Church Aid - not supported by receipts.
<i>amount c/f</i>		639,550	616,630	6,410	13,700	156	

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**Appendix IV**

**QUESTIONED COSTS**

Date	Voucher cheque no	Total amount	Unsupported amount		Ineligible costs amount		Comment
			MK	US\$	MK	US\$	
<b>In Country Staff, Office Operations (continued)</b>							
<i>amount c/f</i>		639,550	616,630	6,410	13,700	156	
30/05/03	05-139	6,100	2,100	23			Amount paid to BP Malawi for fuel - no fuel receipts to support the payment.
27/05/03	05-177	208,090	208,090	2,273			Amount paid to Laser Group for band fee for Internet - voucher & supporting document missing.
13/06/03	V.32	940	940	11			Cell phone recharge voucher for Annie Liabunya - not supported by a receipt or invoice.
13/06/03	V.38	1,001	1,001	11			Payment to Bisnowaty Service Station was supported by photocopied documents which could not be seen properly.
17/06/03	V.30	3,000	3,000	34			No fuel receipt attached for BM 4213.
27/06/03	V.075	3,500	3,500	39			No fuel receipt for BM 4704 instead was supported by fuel receipt for vehicle BM 4213
30/06/03	V.83	2,600	2,600	29			Payment for telephone bills in Blantyre office was not supported by a receipt or invoice
15/07/03	07-038	300	300	3			Payment voucher for the payment to ESCOM is missing.
21/08/03	08-083	17,400	17,400	168			Payment to Peter Pangani for meals and incidentals in Lilongwe has no payment voucher
31/10/03	100B	13,794	13,794	129			No detailed mileage claim computation for travel expenses for Fred Kawalewale.
29/10/03	095B	13,700	13,711	128			Payee details on paid cheques different from invoice cheque: TL Chirwa & invoice: Sandstone Building Contractors.
01/10/03	001	20,000			20,000	186	Meal allowance for AIMs staff at the agricultural show had no schedule of recipients signatures.
12/11/03	763008	10,139	10,139	95			Voucher & receipts for a payment to Blantyre Water Board for September - October water bills for Blantyre office missing.
20/11/03	763041	152,000	152,000	1,432			Payment to Jussab for spare tyre KA 559 has no supporting documents.
01/12/03	12-003	6,160	960	9			Amount paid to Patrick Chidothi as travel expense had no supporting document e.g cash sales, receipts.
13/12/03	12-040	4,000	4,000	37			Amount paid to Y. Tsukusula for electrical repairs at Ludwig's house (travelling specialist) - not supported by receipts.
<i>amount c/f</i>		1,102,273	1,050,164	10,830	33,700	342	

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**Appendix IV**

**QUESTIONED COSTS**

Date	Voucher cheque no	Total amount	Unsupported amount		Ineligible costs amount		Comment
			MK	US\$	MK	US\$	
<b>In Country Staff, Office Operations (continued)</b>							
<i>amount c/f</i>		1,102,273	1,050,164	10,830	33,700	342	
30/12/03	12-064	10,000	10,000	93			Amount paid to Alick Botha as travel expense - not supported by receipts/cash sales
31/10/03	12-074	40,449	22,334	208			Amount paid to Ishmael Munthali for operating & motor vehicle expenses not supported by receipts or cash sales
31/12/03	12-075	28,500	28,500	266			Amount paid to Ishmael Munthali as travel expenses -voucher missing & no supporting documents.
31/12/03	12-077	12,700	12,700	118			Payment made to Chimwemwe Chande for travel expense - no receipts
05/12/03	763077	15,200	15,200	142			Payment to Star Trading Co. for purchase of a tyre - voucher missing, no supporting documents.
12/12/03	763086	72,469	72,469	676			Amount paid to 4 x 4 center for service of a Land Rover Discovery - voucher missing no supporting documents.
16/12/03	763094	23,042	13,649	127			Amount paid to Telekom Networks Malawi for Cell phone bills - not supported by receipts /cash sales.
16/12/03	763097	15,000	15,000	140			Amount paid to Patrick John as salary - voucher missing.
16/12/03	763098	8,500	8,500	79			Amount paid to Patrick Chidothe as salary - voucher missing.
16/12/03	763099	6,100	6,100	57			Amount paid to Levison Beston as salary - voucher missing.
08/01/04	763123	4,778	4,778	45			Payment to Telekom Networks Ltd for phone bills is not supported by invoice or receipt.
07/01/04	01-017	2,400	2,400	22			Payment to Malawi Revenue Authority for clearing charges is not supported by a receipt
25/02/04	02-031	1,000	1,000	9			Payment to Alick Botha for vehicle parking fee at the police is not supported by a receipt or cash sale.
02/03/04	03 - 015	7,621	7,621	71			Payment to Celtel Malawi for airtime not supported by a receipt
06/03/04	03 - 019	25,424	720	7			Payment for the tyre puncture of BM4704 not supported by an invoice/receipt
09/03/04	03 - 026	6,000	6,000	56			Payment to Ishmael Munthali for service of KA 559 not supported by a receipt
24/03/04	03 - 043	48,475	6,608	61			Payment to Team Security for security on office premises Dec - Feb is not supported by a receipt
<i>amount c/f</i>		1,429,931	1,283,743	13,007	33,700	342	

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**Appendix IV**

**QUESTIONED COSTS**

Date	Voucher cheque no	Total amount	Unsupported amount		Ineligible costs amount		Comment
			MK	US\$	MK	US\$	
<b>In Country Staff, Office Operations (continued)</b>							
<i>amount b/f</i>		1,429,931	1,283,743	13,007	33,700	342	
31/03/04	03 -054	22,394	6,081	56			Payment to Justice Chingonda for travel expenses not supported by receipts or cash sales.
31/03/04	03 - 055	20,450	800	7			Travel expenses for Costa Mwale not supported by receipts or cash sales
01/03/04	764459	13,500	13,500	125			Payment for sign post advertisement to Blantyre City Assembly is supported by a quotation not a receipt.
01/03/04	764458	18,283	18,283	170			Payment voucher for payment to 4 x 4 Centre for service of LA 789 is missing.
17/03/04	764494	40,256	40,256	373			Payment voucher for payment to Pegas Panel Beaters Ltd for service of KA 559 is missing
27/03/04	764518	14,630	14,630	136			Payment voucher for payment to 4 x 4 Centre for service of LA 789 is missing.
17/03/04	764503	15,200	15,200	141			Payment voucher for payment to Star Trading for tyres for KA 559 is missing
31/03/04	764541	9,500	9,500	88			Payment voucher for payment to Ethel Kaunda as labor for making notice board is missing
04/04/04	04-032	45,040	45,040	416			Payment to Pegas Panel Beaters for service of LA 789 is not supported by receipt
13/05/04	012	4,000	4,000	37			Fuel payment to Ishmael Munthali not supported by receipt
07/05/04	78	86,583	86,583	803			Payment voucher for payment to DHL for courier to headquarters is missing
14/05/04	87	1,175	1,175	11			Payment voucher for payment to 4 x 4 Centre for service of KA 559 is missing
14/05/04	104	46,366	46,366	430			Payment voucher for payment to 4 x 4 Centre for service of KA 559 is missing
18/05/04	115	32,783	32,783	304			Payment voucher for payment to Kascom Enterprise for tyres on KA 559 is missing
24/05/04	124	65,565	65,565	608			Payment voucher for payment to 4 x 4 Centre for service and repairs on KA 559 is missing
25/05/04	131 - 133	83,500	83,500	775			Payment vouchers from No 131 - 133 for salaries for Sangani, Harawa, Munthali and Gowero is missing
11/06/04	06-033	300	300	3			Payment to Kwick Fit for repairs of BM 4213 not supported by a receipt or invoice.
20/06/04	06-042	2,555	2,555	24			Travel expenses for Collins Mkandawire not supported by receipts
22/06/04	06-045	1,425	1,425	13			Travel expenses for Justice Chingonda not supported by receipts
29/06/04	06-058	30,200	27,000	250			Travel expenses for Aidwa Mtembezeka for fuel and accommodation not supported by receipt or invoice
30/06/04	06-061	2,000	2,000	19			Fuel expense for BM 3532 not supported by fuel receipt
30/06/04	06-077	36,258	9,950	92			Fuel expense to Ishmael Munthali not supported by receipt
30/06/04	06-077	36,258	10,000	93			Payment for second hand alternator for BM 3105 not supported by receipt or invoice
<i>Amount c/f</i>		2,058,151	1,820,235	17,981	33,700	342	

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			MK	US\$	MK	US\$	
<b>In Country Staff, Office Operations (continued)</b>							
<i>Amount c/f</i>		2,058,151	1,820,235	17,981	33,700	342	
30/06/04	06-081	100,360	5,500	51			Payment for airtime not supported by a receipt
30/06/04	06-083	29,620	3,300	31			Payment for airtime not supported by a receipt
03/06/04	00147	17,100	17,100	159			Claim for expenses by Costa Mwale not supported by receipt or signature
01/07/04	004	13,682	2,000	19			The receipts attached to payment voucher not enough to support the amount given to Costa Mwale
30/07/04	056	2,000	2,000	19			No fuel receipt attached to support payment to M. Ngulule
30/07/04	072	5,000	2,000	19			Some of the fuel receipts missing on cash given to David Chiwambo for BM 3555.
07/07/04	269	116,272	116,272	1,079			Payment voucher for Safetech Services International for security for Blantyre offices is missing
19/07/04	300	31,876	31,876	296			Payment voucher for Wilma Roscoe for mileage on personal vehicle is missing
30/07/04	090	24,075	24,075	223			No fuel receipt attached to support payment to Ishmael Munthali
25/08/04	08-063	9,500	9,500	88			Payment to Toyota Malawi for fuel and vehicle maintenance not supported by receipt
30/08/04	08-071	7,200	7,200	67			Payment to Justice Chingonda for allowances, arrears has no days and rate indicated on the voucher.
31/08/04	08-089	28,010	28,010	260			Payment to Costa Mwale for accommodation not supported by receipt or cash sale.
01/09/04	09-005	2,000	-	-	400	4	Amount ineligible because M & IE per day is MK1,600 while MK2,000 was paid to Armstrong Kalidza
24/09/04	09-040	16,400	5,700	53			Travel expenses for Costa Mwale to Blantyre not supported by receipts or cash sales
30/09/04	09-049	171,422	4,001	37			Payment for fuel of rented vehicle at Gemini filling station was not supported by fuel receipt
30/09/04	09-064	28,462	3,550	33			Payment for travel expenses for Lisa Madsen not supported by receipt or cash sales
30/09/04	09-066	99,640	2,200	21			Payment for top up cards paid to A. Nganga not supported by cash receipts
27/09/04	00469	7,569	7,569	71			Payment to Nation Publications advertising cost not supported by receipt or invoice
06/10/04	10-021	6,000	6,000	56			Payment made to Escom for prepaid electricity was not supported by receipt or cash sale.
07/10/04	10-024	3,400	3,400	32			Payment made in respect of travel expenses (MK1,400) and office expenses (MK2,000) paid to Costa Mwale was not supported by receipts or cash sales.
08/10/04	10-027	155,656	20,055	188			Payment for travel/transport refund to different participants is not supported by bus or mini bus receipts
<i>Amount c/f</i>		2,933,395	2,121,542	20,781	34,100	346	

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Date	Voucher cheque no	Total amount	Unsupported amount		Ineligible costs amount		Comment
			MK	US\$	MK	US\$	
<b>In Country Staff, Office Operations (continued)</b>							
<i>Amount c/f</i>		2,933,395	2,121,542	20,781	34,100	346	
15/10/04	10-033	15,254	9,000	84			Payment to Ishmael Munthali for fuel and motor vehicle repair is not supported by cash sales or receipts
22/10/04	10-047	41,520	-	-	4,000	37	Payment to Peter Pangani as M & IE for five days is ineligible because of wrong rates. They used MK2,400 instead of MK1,600.
29/10/04	10-056	12,300	12,300	115	1,600	15	Payment to James Chipweteka as M & IE was over claimed ie instead of 2 ½ days, they claimed 3 ½ days.
30/10/04	10-073	50,114	21,200	199			Payment to Ishmael Munthali for lodging for two nights with a driver was not supported by cash sale or receipt.
04/11/04	11-003	1,100	1,100	10			Payment to Alick Botha for airtime not supported by receipt
30/11/04	11-077	14,610	14,610	137			Payment to Sangani Harawa relating to travel not supported by receipt
01/02/05	02-002	1,350	1,350	13			Payment to Alick Botha as vehicle parking fee not supported by receipt
28/02/05	02-042	25,341	19,261	179			Payment for fuel to private vehicle not supported by fuel receipts
28/02/05	02-045	180,221	180,221	1,671			Payment to Tamika Lindeirey as travel expenses was not supported by receipts
18/03/05	931	420,000	420,000	3,838			Payment voucher and its supporting returns which was made to BP Malawi for fuel are missing. Receipts not attached and supporting document faint.
30/04/05	04-077	7,735	7,735	68			Payment to Ishmael Munthali for fuel for MZ 3352 not supported by fuel receipts
30/04/05	04-031	2,170	2,170	19			Payment voucher for payment to Gemini Filling Station for fuel missing.
<b>Total</b>		<b>3,705,111</b>	<b>2,810,489</b>	<b>27,114</b>	<b>39,700</b>	<b>399</b>	

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<b>In Country Training Development</b>							
19/09/02	09-088	3,800	2,000	26	1,800	23	Coachline fare for D. Harawa has not been supported by a receipt. M & IE ineligible because the rate of MK600 is not approved rate
19/09/02	09-089	6,600	4,200	54	2,400	31	Coachline fare for J. Gausi is not supported by a receipt meals & incidental allowances are ineligible because the rate used of MK600 is not approved rate.
19/09/02	09-094	33,102	33,103	426			Payment to Del Ltd for the purchase of Toner Cartridges not supported by receipt
31/10/02	057	16,000	16,000	201			Payment to Mathews Kasomekera, allowances for support staff of MK3,600 MK7,600 & MK2,000 respectively has no supporting schedule showing the signatures.
11/11/02	011-044	10,100	10,100	124			Payment to Mpira Photography in respect of photo for project launch has no payment voucher
15/11/02	011-054	3,000	3,000	37			Allowances to TVM crew have no payment voucher
08/01/03	01-023	260	260	3			Amount paid to Tuyezge rest house shown on payment voucher does not agree to receipt
08/01/03	01-023	260	260	3			Amount paid to Tuyezge rest house shown on payment voucher does not agree to receipt
24/01/03	01-056	500	500	685			Lunch allowance paid to Daily Times reporter not agreeing with authorised rates.
24/01/03	01-056	500			500	6	Lunch allowance paid to Daily Times reporter not agreeing with authorised rates.
24/01/03	01-057	500			500	6	Lunch allowance paid to Daily Times reporter not agreeing with authorised rates.
24/01/03	01-058	500			500	6	Lunch allowance paid to Daily Times reporter not agreeing with authorised rates.
24/01/03	01-059	500			500	6	Lunch allowance paid to Daily Times reporter not agreeing with authorised rates.
24/01/03	01-060	500			500	6	Lunch allowance paid to Daily Times reporter not agreeing with authorised rates.
19/02/03	02-095	1,000	1,000	11			Payment to Consumer Electronics services not adequately supported by receipts.
09/07/03	08-019	2,000			600	7	Payment to Robin Kuntejera to Mangochi as M & IE; for 1 night, MK600 is ineligible since it is in excess of approved rate of MK1,400.
05/08/03	08-016	1,882	1,882	18			Payment to PTC in respect of training supplies & snack is not supported by receipt.
20/08/03	08-074	2,650	2,650	26			Payment to Mc Connell in respect of training materials is not supported by receipt.
31/08/03	08-139	100,000	100,000	964			Payment to Ludwig Schatz in respect of Admarc training expenses is not supported by returns.
01/08/03	7-117/12	21,000	21,000	202			Payment to Fred Kawalewale in respect of travel expenses is not fully supported by returns.
<i>amount c/f</i>		204,654	195,954	2,780	7,300	89	

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			MK	US\$	MK	US\$	
<b>In Country Training Development (continued)</b>							
<i>amount b/f</i>		204,654	195,954	2,780	7,300	89	
01/08/03	07-118	52,459	52,459	505			Payment to Davie Lockie in respect of travel expenses and human capacity is not supported.
01/08/03	07-012	35,782	35,781	345			Payment to Fred Kawalewale in respect of travel expenses has no payment voucher
31/08/03	08-210	2,742	2,742	26			Travel expenses for Ludwig Schartz and others to Beira has no payment voucher.
31/08/03	08-214	2,310	2,310	22			Travel expenses to Beira has no payment voucher.
30/09/03	V.320	5,000	5,000	47			Payment voucher for payment to Costa Mwale as a travel expense missing.
30/09/03	V.321	228,050	228,050	2,130			Voucher missing and was paid to Fred Kawalewale as human capacity and dealer development.
05/09/03	V.153	29,600	29,600	276			Payment to T.L. Chirwa of Sandstone Building Contractors supported by quotation only
02/09/03	V.007	3,500	3,500	33			Fuel payment to Gemini Filling Station supported by invalid receipts.
08/09/03	V.027	3,500	3,500	33			Payment supported by invalid receipts in terms of the dates on the receipts (TO 1879)
03/09/03	V.144	17,273	17,273	161			No receipt attached to the voucher which was made to Sunbird Lingadzi Inn.
16/10/03	039	4,825			4,825	45	Function/agenda, place & date of the meeting not stated on voucher. List of participants not attached.
16/10/03	041	1,255			1,255	12	Function/agenda, place & date of the meeting not stated on voucher. List of participants not attached.
06/11/03	007	1,000	500	5			Water for the office, payment to Seven Eleven Mobil Mart has no valid supporting receipts
21/11/03	045	21,500	2,000	19			District Assembly Development travel expenses payable to Area 3 Mobil Filling Station, not supported.
29/11/03	061	4,000	4,000	38			Payment voucher & its supporting fuel receipts for TO 2223 paid to Robin Kuntenjera missing.
29/11/03	076	23,498			1,000	9	M& IE to F.J. Kawalewale for 2 1/2 days on 14/11/03 & 28/11/03 for supervision of input distribution in Mangochi calculated at MK1,600 instead of MK1,400 per night.
11/11/03	762999	33,040			500	5	M & IE to Collins Mkandawire travelling to Liwonde at a rate of MK1,600 instead & MK1,400/night for 2 1/2 days.
18/11/03	763030	5,788	5,788	55			Voucher & its supporting documents missing.
		679,776	588,457	6,474	14,880	160	

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Date	Voucher cheque no	Total amount	Unsupported amount		Ineligible costs amount		Comment
			MK	US\$	MK	US\$	
<b>In Country Training /Development (continued)</b>							
<i>Amount c/f</i>		679,776	588,457	6,474	14,880	160	
15/12/03	12-044	20,370	19,570	182			Amount paid to Herschel weeks for dinner with AIMs consultants - not supported by any document.
24/12/03	12-060	30,000	30,000	280			Payment made to Admire Katunga as consultancy fee- not supported by any document e.g contract
31/12/03	12-073	492,543	305,629	2,849			Amount paid to Costa Mwale for TV and jingles for dealer farmer information - not supported by receipts
19/01/04	01-038	4,500	4,500	42			Payment to MASIP participants in respect of travel expenses refunds are not signed for
30/01/04	01-062	274,144	274,144	2,554			Payment to Charles Mataya in respect of travel expenses to Tanzania is not supported by returns
01/03/04	03-003	10,600	10,600	99			Payment voucher for payment to Fred Kawalewale as departure fee for Uganda tour is missing
July 04		840,721			840,721	7,829	Payment for transportation expenses claimed by MDT Consultants not eligible because the contract was not signed by the Chief of Party.
July 04		444,277			444,277	4,122	Payment for restricted expenses claimed by MDT Consultants not eligible because the contract was not signed by the Chief of Party.
July 04		120,812			120,812	1,121	Payment for other expenses claimed by MDT Consultants not eligible because the contract was not signed by the Chief of Party.
Aug 04		805,028			805,028	7,466	Payment for transportation expenses claimed by MDT Consultants not eligible because the contract was not signed by the Chief of Party.
Aug 04		537,000			537,000	4,981	Payment for other expenses claimed by MDT Consultants not eligible because the contract was not signed by the Chief of Party.
30/09/04	09-068	48,282	48,282	452			Payment to Annie Liabunya for training supplies has not been supported by receipt/invoice
01/10/04	10-003	70,412	9,815	92			Payment for refreshment and snacks to Baba Bakers was not supported by receipt or
19/10/04	10-038	24,600			24,600	230	Payment paid to Interior Decorators for setting up a booth at USAID Anniversary was not part of the budget.
<i>amount c/f</i>		4,403,066	1,290,997	13,024	2,787,319	25,909	

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Date	Voucher cheque no	Total amount	Unsupported amount		Ineligible costs amount		Comment
			MK	US\$	MK	US\$	
<b>In Country Training Development (continued)</b>							
<i>Amount c/f</i>		4,403,066	1,290,997	13,024	2,787,319	25,909	
14/11/04	587	91,433	91,433	856			Mileage claim paid to Ishmael Munthali not supported by computation on mileage claimable
29/11/04	616	22,000	22,000	206			Payment to Memory Investm. for input handling storage charges not supported by receipt
30/11/04	Direct	210,842	210,842	1,975			Payment to Fanthom Enterprise for the design of AISAM Logo not supported by receipt.
28/02/05	02-045	255,857	255,857	2,373			Payment to Tamika Lindeirey for AISAM sub committee meeting expenses was not supported & voucher is missing
28/02/05	02-051	137,000	137,000	1,270			Payment to Peter Pangani for Mzuzu AISAM year ending meeting has no supporting documents and voucher is missing.
28/02/05	02-056	30,000	30,000	278			Payment to Davie Lockie for expenses on business plan meeting has no receipt or cashsales
09/05/05	1066	59,322	59,322	535			Allowances for enumerators to Dr Tedi Nankhumwa not signed for
30/05/05	05-055	3,289	3,289	30			Expenses for Zomba Zone office has no payment voucher and supporting documents
30/05/05	05-056	5,718	5,718	52			Expenses for Mzuzu Zone office has no payment voucher and supporting documents
04/05/05	1064	6,500	6,500	59			Payment to IT Centre for CD RWS is not supported and has no payment voucher.
13/05/05	1070	4,688	4,688	42			Payment to IT Centre for flash disk is not supported and has no payment voucher
13/05/05	1072	24,500	24,500	221			Payment to E-CES Trading for office stationery has no payment voucher
13/06/05	06-025	22,805	22,805	189			Payment for fuel for Toyota Hiace BM 4704 was not supported by fuel receipt.
17/06/05	06-036	37,555	37,555	310			Payment to Lilongwe Golf Club for snacks & refreshments during business meeting is not supported by receipt or cash sales.
30/06/05	06-059	24,500	24,500	203			Travel expenses for Fred Kawalewale not supported and has no payment voucher
30/06/05	06-045	5,000	5,000	41			Labour for office clearing to Ishmael Munthali has no payment voucher
30/06/05	06-046	45,000	45,000	372			Labour for moving office equipment & furn. to Willard Kuntengule has no payment voucher
30/06/05	06-052	85,000	85,000	703			No payment voucher for payment for fuel for BM 8120
30/06/05	06-053	9,310	9,310	77			No payment voucher for payment for fuel for BM 8119
30/06/05	06-057	12,100	12,100	100			No payment voucher for payment to AIATECH for removing tracking and network hub
30/06/05	06-060	10,000	10,000	83			No payment vouchers for travel expenses for Alick Botha
30/06/05	06-061	40,000	40,000	331			No payment vouchers for travel expenses to Ishmael Munthali
<i>Amount c/f</i>		5,545,486	2,433,417	23,328	2,787,319	25,909	

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Date	Voucher cheque no	Total amount	Unsupported amount		Ineligible costs amount		Comment
			MK	US\$	MK	US\$	
<b>In Country Training Development (continued)</b>							
<i>Amount c/f</i>		5,545,486	2,433,417	23,328	2,787,319	25,909	
30/06/05	06-058	37,440	37,440	309			No payment voucher for travel expenses for Juan Estrada
01/03/05	857	15,000	15,000	137			Payment voucher and its supporting returns which was made to Chancellor College for video shooting and editing television broadcast are missing
24/03/05	968	171,805	171,805	1,570			Payment voucher and supporting documents for payment to Natural Resources College as AISAM AGM bills lodging conference room hire and other are missing
30/04/05	04-087	24,530	3,180	28			Payment made to Lisa Madsen for project advisory committee meeting for food not supported by receipt.
		<b>5,794,261</b>	<b>2,660,842</b>	<b>25,373</b>	<b>2,787,319</b>	<b>25,909</b>	
<b>Expatriate Advisors</b>							
01/01/03	01-066	1,200	1,200	14			Payment to Road Traffic Commission as management fees not supported by receipt.
22/08/03	08-181	33,870	33,870	326			Payment in respect of travel expenses for Ludwig Schatz has no evidence to show that it was authorised by Chief of Party.
30/09/03	V.275	55,000	55,000	514			Payment made to T.L. Chirwa instead of being made to the company Sandstone Building Contractors.
30/09/03	V.299	60,000	60,000	560			Payment made to T.L. Chirwa instead of being made to the company Sandstone Building Contractors.
10/10/03	022B	38,500	38,500	359			Cheque written in the name of L.T. Chirwa while the invoice is in the name of Sandtone Building Contractors.
02/06/04	06-009	10,000	10,000	93			Travel expenses for H. Weeks not supported by receipts
22/12/04	039	7,020	7,020	65			Payment to George Kasito for accommodation of 3 people not supported by receipts
09/12/04	022	4,000	1,500	14			Payment to Maneno Bookshop for Christmas cards for stakeholders not supported by receipt
		<b>209,590</b>	<b>207,090</b>	<b>1,945</b>	-	-	

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Date	Voucher cheque no	Total amount	Unsupported amount		Ineligible costs amount		Comment
			MK	US\$	MK	US\$	
<b>Expatriate Advisors</b>							
<i>Amount c/f</i>		209,590	207,090	1,945	-	-	
31/12/04	075	3,713	3,713	34			Payment voucher for Mzuzu Zone office transactions is missing
31/12/04	075	54,466	54,466	505			Payment voucher for Mzuzu Zone office transactions is missing
08/12/04	669	44,450	44,450	412			Payment voucher for Blantyre Newspapers Ltd for advert is missing
		<b>312,218</b>	<b>309,718</b>	<b>2,896</b>	<b>-</b>	<b>-</b>	
<b>Equipment and Furnishings</b>							
09/09/02	09-118	32,000	32,000	412			Payment to Wood Industry Corporation for wardrobe, chairs, Bookshel & others - not supported by receipt/invoice.
27/09/02	09-134	534,750	534,750	6,886			Payment voucher for payment to Olivetti Mw Ltd for Pressaria Computers is missing.
18/11/03	763037	486,039	486,039	4,578			Payment to A.R. General Dealers for Windows XP & Microsoft office has no supporting invoice/ receipts.
21/08/03	08-180	77,950	77,950	751			Payment to Agri Consultants and Suppliers for portable protection screen has no payment voucher.
11/03/04	764477	93,600	31,200	289	-	-	Clearing charges for project vehicles paid to Cargomate not supported by receipt
		<b>1,224,339</b>	<b>1,161,939</b>	<b>12,916</b>	<b>-</b>	<b>-</b>	
<b>Long Term Expatriate Staff</b>							
21/01/05	741	13,200	4,810	45			Payment for maintenance work at Area 43/22/38 house for Dr Juam Estrada has no supporting document

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Date	Voucher cheque no	Total amount	Unsupported amount		Ineligible costs amount		Comment
			MK	US\$	MK	US\$	
<b>Expandable Supplies</b>							
07/11/02	011-097	10,950	10,950	134			Payment to Radio & Electronic Services for transformer for office printer is not supported by receipt/invoice.
26/11/02	011-110	88,535	88,535	1,086			Payment to Office World in respect of pin boards and others is not supported.
08/10/02	16	4,159	4,159	52			Payment voucher and returns for office supplies missing.
31/10/02	051	500	500	6			Payment for telephone receiver modem to Post Office Engineering has no receipt
17/01/03	01-043	998	998	11			Payment details on cashbook to Mc Connel; & Co. does not agree to details on payment voucher
01/03/03	03/008	26,245	26,245	295			Payment in respect of office supplies & others not fully supported by receipts.
03/05/04	06-014	10,696	10,696	99			Payment voucher for payment to HTC Supplies missing
30/09/04	09-050	41,597	15,086	141			Payment to Shoprite for office supplies not supported by receipts
24/03/05	960	13,000	13,000	119			Payment vouchers and its supporting returns which was made to Masil Enterprise for 15 HP Ink cartridge are missing
			196,679	170,169	1,944	-	-
<b>Expatriate Supplies</b>							
01/09/02	09-006	796	796	10			Payment to Mc Connell & Co. for office supplies not supported by receipt/invoice.

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**PROCUREMENT PROCEDURES**

<b>Date</b>	<b>Details</b>	<b>Voucher cheque no</b>	<b>Ineligible amount</b>		<b>Details and comment</b>
			<b>MK</b>	<b>US\$</b>	
<b>Travel and transportation</b>					
<i>Finding</i>					
No evidence of whether 3 quotations were obtained and compared before hiring the vehicle on the following payments:					
					<i>The AIMS project utilized vehicle rentals on a temporary basis only, as the grant document for the project authorized procurement of vehicles for project use. So while the project required vehicle rentals over the life of the project, normally this was for a short period of time. Based on this and the fact that vehicle rental rates do not have a lot of variance within a one year period of time, the office obtained vehicle rate quotes on a yearly basis. The local office has on file the following: Year 2002 = 2-4 quotations (2 of these quotations are not dated); Year 2003 = 7 quotations; Year 2004 = 8 quotations; Year 2005 = 4 quotations. These quotations are from 18 different car rental companies.</i>
24/09/02	International Car Hire	09-132	96,168	1,248	Hiring rentals for 20 days has no evidence as to whether 3 quotations were obtained and compared before hiring the vehicle. <i>At least 1 additional quote is on file for Aug/2002 (2 quotes are not dated). Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
30/09/02	Sangwani Chima	09-135	46,750	607	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle <i>At least 1 additional quote is on file for Aug/2002 (2 quotes are not dated). Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
05/03/04	Computer Consult Serv.	764472	410,447	3,806	No evidence of whether 3 quotations were obtained before hiring the vehicle Landlover - LA 300 <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies.</i>

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Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
29/09/04	Masil Enterprise	487	7,020	66	No evidence of whether 3 quotations were obtained and compared before hiring the SA 3731 <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies. Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
11/02/04	Computer Consult Serv.	764414	216,310	2,007	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies. Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
03/12/04	Masil Enterprise	639	21,240	197	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies. Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
01/11/04	Amstrong Karidza	555	27,300	256	No evidence of whether 3 quotations were obtained and compared before hiring the 3 ton vehicle. <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies. Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>

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Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
05/11/04	Bengo General Agencies	560	63,719	597	No evidence of whether 3 quotations were obtained and compared before hiring the 4 x 4 vehicle <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies. Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
17/11/04	Amstrong Karidza	586	22,750	213	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies. Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
27/09/04	Amstrong Karidza	472	76,900	720	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies. Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
27/09/04	Gs GGN	477	28,319	265	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle - BM 7090 <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies. Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
01/07/04	DDL Investments Ltd	251	360,000	3,340	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies.</i>

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			MK	US\$	
02/07/04	Masil Enterprise	265	21,060	195	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle - BM 3105 <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies. Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
30/04/03	Computer & Hire Service	09-287	631,259	5,830	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle <i>4 quotes are on file obtained Feb &amp; Apr/2003 from 4 companies.</i>
05/03/04	Lisa Madsen	08-138	176,250	1,634	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies. Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
29/11/02	Sangwani Chima	011-121	15,795	194	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle <i>At least 1 additional quote is on file for Aug/2002 (2 quotes are not dated). Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>

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			MK	US\$	
06/09/02	Sangwani Chima	09-121	63,225	814	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle <i>At least 1 additional quote is on file for Aug/2002 (2 quotes are not dated). Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
07/12/04	Bengo General Dealers	668	42,479	394	No evidence of whether 3 quotations were obtained and compared before hiring the 4 x 4 vehicle <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies. Additionally, per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
07/07/04	Touch and Go Car Hire	268	438,954	4,091	No evidence of whether 3 quotations were obtained and compared before hiring the vehicle <i>8 quotes are on file obtained Jan/Feb/2004 from 8 companies.</i>
<b>Total ineligible for transport and travel</b>			<u><u>26,475</u></u>		

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Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
<b>Communication and expendable supplies</b>					
13/08/03	Agri Consult & Suppliers	08-156	300,000	3,368	<p>Payment for radio programme has no evidence of whether 3 quotations were obtained and compared before choosing them.</p> <p><i>The local office has on file quotations obtained from 7 organizations for radio programming in the period Jan/03 thru Oct/03. These quotes would have been valid for up to 1 year with only a phone call to confirm the rate quoted was still valid. The decision to use Agriconsult was based on:</i></p> <p><i>(1) Capacity in Malawi to perform this function is limited so the choices are few.</i></p> <p><i>(2) Based on the quotations obtained Agriconsult was selected because their costs were competitive and they included all components AIMS needed. The other bids had various necessary components that were "add ons" to the quote.</i></p> <p><i>(3) Agriconsult was recommended as a good company for performance by the radio and TV station.</i></p>
18/10/04	Agri Consult & Suppliers	12094	434,000	4,065	<p>Payment for radio programme has no evidence of whether 3 quotations were obtained and compared before choosing them.</p> <p><i>The local office has on file quotations obtained from 7 organizations for radio programming in the period Jan-Oct/2003. These quotes would have been valid for up to 1 year with only a phone call to confirm the rate quoted was still valid. (Basis for selection of company noted above.)</i></p>

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			MK	US\$	
17/02/04	Agri Consult & Suppliers	764428	294,000	2,728	Payment for radio programme has no evidence of whether 3 quotations were obtained and compared before choosing them. <i>The local office has on file quotations obtained from 7 organizations for radio programming in the period Jan-Oct/2003. These quotes would have been valid for up to 1 year with only a phone call to confirm the rate quoted was still valid. (Basis for selection of company noted above.)</i>
12/05/04	Agri Consult & Suppliers	98	296,000	2,746	Payment for radio programme has no evidence of whether 3 quotations were obtained and compared before choosing them. <i>The local office has on file quotations obtained from 7 organizations for radio programming in the period Jan-Oct/2003. These quotes would have been valid for up to 1 year with only a phone call to confirm the rate quoted was still valid. (Basis for selection of company noted above.)</i>
18/07/02	Lord Best Collection	08-001	18,600	245	No evidence as to whether approved purchase requisition and order were used on the purchase of a cell phone. <i>This procurement was made by the COP upon his arrival in Lilongwe to initiate the AIMS project. The procurement was within his approval authority; was provided for in the grant budget notes and due to the lack of an office, supplies, staff a purchase requisition/purchase order was not prepared.</i>
07/08/02	Lord Best Collection	08-020	12,900	170	No evidence as to whether approved purchase requisition and order were used on the purchase of the cell phone <i>This procurement was made by the Deputy COP, L Schatz, with the approval of the COP at initiation of the AIMS project. This procurement was within the COP's approval authority; was provided for in the grant budget notes and due to the lack of an office, supplies, staff a purchase requisition/purchase order was not prepared.</i>

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Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
15/03/03	M Abubakar	03-170	51,000	573	No evidence as to whether approved purchase requisition and order were used on the purchase of the cell phones
23/07/03	Lords Best Collection	07-104	87,600	966	No evidence as to whether approved purchase requisition and order were used on the purchase of the cell phones <i>The local office does not have a Purchase Requisition/Order on file for this procurement. The voucher and the check for payment are both signed by COP.</i>
13/08/03	Lords Best Collection	08-158	23,900	230	No evidence as to whether approved purchase requisition and order were liquisition were approved before purchasing the cell phone Nokia 2100 <i>The local office does not have a Purchase Requisition/Order on file for this procurement. The voucher and the check for payment are both signed by the COP.</i>
24/06/04	Lords Best Collection	06-046	17,000	158	No evidence as to whether approved purchase requisition and order were used on the purchase of the cell phone handsets (Nokia 2100) <i>The local office has an approved purchase requisition on file. Local staff picked up the procurement thus no purchase order was required.</i>
20/04/04	Lords Best Collection	000035	34,000	314	No evidence as to whether approved purchase requisition and order were used on the purchase of the cell phone handsets (Nokia 2100) <i>The local office has an approved purchase requisition on file. Local staff picked up the procurement thus no purchase order was prepared.</i>
<b>Total ineligible for communication and expendable supplies</b>			<b>15,562</b>		

**INTERNATIONAL FERTILISER DEVELOPMENT CENTRE (IFDC)  
MALAWI AGRICULTURE INPUT MARKETS (AIMS) DEVELOPMENT PROJECT  
AWARD NUMBER : 690-G-00-02-00178-00**

**FOR THE PERIOD FROM JUNE 18, 2002 TO JUNE 30, 2005**

**Appendix V**

**PROCUREMENT PROCEDURES**

Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
<b>Equipment</b>					
13/08/02	Wood Industry Corp.	08-026	24,833	327	No evidence as to whether approved purchase requisition and order were used on the purchase of the desks and shelf. <i>This procurement was made by the Deputy COP, L Schatz, with the approval of the COP at initiation of the AIMS project. This procurement was within the COP's approval authority; was provided for in the grant budget notes and due to the lack of an office, supplies, staff a purchase requisition/purchase order was not prepared.</i>
31/08/02	Olivetti	08-061	268,538	3,534	No evidence as to whether approved purchase requisition and order were used on the purchase of the computer, printer and scanner <i>This procurement was made by the Deputy COP, L Schatz, with the approval of the COP at initiation of the AIMS project. This procurement was within the COP's approval authority; was provided for in the grant budget notes and due to the lack of an office, supplies, staff a purchase requisition/purchase order was not prepared.</i>
31/08/02	Brymsons Limited	08-066	383,076	5,042	No evidence as to whether approved purchase requisition and order were used on the purchase of the assorted furnitures from Brymsons Limited (MK312,156.00) and WICO (MK70,920) . <i>This procurement was made by the COP upon his arrival in Lilongwe to initiate the AIMS project. This procurement was within his approval authority; was provided for in the grant budget notes and due to the lack of an office, supplies, staff a purchase requisition/purchase order was not prepared.</i>
01/09/02	Wood Industry Corporati	09-005	3,000	38	No evidence as to whether approved purchase requisition and order were used on paying the deposit in relation to furniture. <i>(See Comment below - same procurement)</i>

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**Appendix V**

**PROCUREMENT PROCEDURES**

Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
06/09/02	Wood Industry Corporati	09-118	24,480	308	No evidence as to whether approved purchase requisition and order were used on the purchase of the assorted furniture <i>This procurement was made by the COP upon his arrival in Lilongwe to initiate the AIMS project. This procurement was within his approval authority; was provided for in the grant budget notes and due to the lack of an office, supplies, staff a purchase requisition/purchase order was not prepared.</i>
12/09/02	Lord Best Collection	09-112	64,300	809	No evidence as to whether approved purchase requisition and order were used on the purchase of the assorted office equipments. <i>This procurement was made by the COP upon his arrival in Lilongwe to initiate the AIMS project. This procurement was within his approval authority; was provided for in the grant budget notes and due to the lack of an office, supplies, staff a purchase requisition/purchase order was not prepared.</i>
19/09/02	Brymsons Limited	09-126	111,287	1,071	No evidence as to whether approved purchase requisition and order were used on the purchase of the office furniture. <i>This procurement was made by the COP upon his arrival in Lilongwe to initiate the AIMS project. This procurement was within his approval authority; was provided for in the grant budget notes and due to the lack of an office, supplies, staff a purchase requisition/purchase order was not prepared.</i>
27/09/02	Olivetti Limited	09-134	534,750	6,886	No evidence as to whether approved purchase requisition and order were used on the purchase of the computer equipments <i>The Invoice is approved by the COP; it references IFDC Purchase Order 001-2002 dated Aug 22/2002 signed by Dr. H. Weeks. I have forwarded a copy of the Invoice. The local office has advised they have the purchase requisition and purchase order approved by COP on file.</i>

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**Appendix V**

**PROCUREMENT PROCEDURES**

Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
30/10/02	Wood Industry Corp.	010-072	16,202	204	No evidence as to whether approved purchase requisition and order were used on the purchase of the office desk. <i>This is a continuation of the procurement from WICO for office furnishings made by the COP upon his arrival in Lilongwe; due to the lack of an office, supplies, staff a purchase requisition was not prepared. The COP approved the voucher and signed the check for payment of this item.</i>
30/10/02	Mapanga Furnitures	010-073	10,769	135	No evidence as to whether approved purchase requisition and order were used on the purchase of the office furniture. <i>This procurement was made when the project was relatively new and procurement rules were not in place for small procurement. The voucher and the check for payment were both signed by the COP.</i>
29/01/03		010-080	2,154	25	
17/03/03	Anderson Engineering	03-172	98,232	1,103	No evidence as to whether approved purchase requisition and order were used before the installation of the office conditioners. <i>The project ordered 8 Samsung air conditioners for the office from DNA Sherwood Export in South Africa. To ensure the air conditioners were installed correctly they utilized an agent of Samsung, Anderson Engineering. Since this expense was for installation of approved procurement (DNA Sherwood PO 12-2002) no purchase requisition/order was prepared.</i>
15/04/03		04-121	19,646	219	
25/02/03	Herschel Weeks	02-129		1,550	No evidence as to whether approved purchase requisition and order were used on the purchase of HP Laptop computer & HP Printer from COSTCO. <i>This equipment was purchased by the COP in the USA. Since the COP procured himself and this amount was within his approval authority no Purchase Order was prepared. The procurement met USAID source and origin requirements, was provided for in the budget notes of the AIMS contract and was hand carried by the COP to Lilongwe thus saving shipping costs.</i>

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**PROCUREMENT PROCEDURES**

Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
12/02/03	African Investment Agen & Technology (AIATECH)	02-148	868,057	4,974	No evidence as to whether approved purchase requisition and order were used on the purchase of the PABX. <i>The local office has an approved Purchase Order on file.</i>
18/02/03	Furniture & Fittings Cent	02-150	12,474	140	No evidence as to whether approved purchase requisition and order were used on the purchase of the typist chair <i>This procurement was made when the project was relatively new and procurement rules were not in place for small procurement. The voucher and the check for payment were both signed by the COP.</i>
18/02/03	Wood Industry Corporati	02-151	66,214	743	No evidence as to whether approved purchase requisition and order were used on the purchase of the furniture <i>The local office cannot locate a Purchase Requisition/Order for this procurement. The voucher and the check for payment are both signed by the COP.</i>
18/02/03	Wood Industry Corporati	02-152	55,671	625	No evidence as to whether approved purchase requisition and order were used on the purchase of the filing cabinet <i>The local office cannot locate a Purchase Requisition/Order for this procurement. The voucher and the check for payment are both signed by the COP.</i>
15/03/03	M Abubakar	03-170	51,000	573	No evidence as to whether approved purchase requisition and order were used on the purchase of the cell phones <i>The local office cannot locate a Purchase Requisition/Order for this procurement. The voucher and the check for payment are both signed by the COP.</i>

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**PROCUREMENT PROCEDURES**

Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
24/03/03	Motor Quip	03-182	45,000	505	No evidence of whether approved purchase orders and requisition were used and whether 3 quotations were obtained and compared before purchasing the battery charger. <i>(1) Procurement made directly by COP; this amount would have been within his approval authority thus no Purchase Order was prepared.</i> <i>(2) Per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
09/05/03	Wood Industry Corporati	05-044	30,000	795	No evidence as to whether approved purchase requisition and order were used on the purchase of the 20 standard sized table <i>The local office cannot locate a Purchase Requisition/Order for this procurement. The Invoice is approved by the Deputy COP, L Schatz, and the check is signed by the COP.</i>
27/05/03		05-176	42,800		
20/05/03	Brymsons Limited	05-159	35,880	392	No evidence as to whether approved purchase requisition and order were used on the purchase of the round conference table and 2 arm chairs. <i>The local office does not have a Purchase Requisition/Order on file for this procurement. The Invoice is approved by the COP and the check for payment was signed by the COP.</i>
23/07/03	Ollivetti	07-106	151,708	1,673	No evidence as to whether approved purchase requisition and order were used on the purchase of the HP printer and software MV project 2002 <i>This procurement is from the IFDC Purchase Order 001-2002 submitted to Olivetti in August/02 and utilized for the procurement on Vo. 09-134, Sept/02 as noted in the Findings for this voucher. It was common that the local office had to wait several months for delivery of equipment . The Invoice references IFDC Purchase Order No. 001-2002; the local office has an approved Purchase Requisition/Purchase Order on file.</i>

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**PROCUREMENT PROCEDURES**

Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
05/08/03	Broadway Trading Co.	08-135	153,900	1,483	No evidence as to whether approved purchase requisition and order were used and if 3 quotations were obtained and compared before purchasing of the portable projector <i>(1) The local office does not have a Purchase Requisition/Order on file for this procurement. The Invoice is approved by the Deputy COP, L Schatz, and the voucher and check for payment are both signed by the COP. (2) Per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
21/08/03	Agriconsult	08-180	77,950	751	No evidence as to whether approved purchase requisition and order were used on the purchase of the projection screen <i>The local office does not have a Purchase Requisition/Order on file for this procurement. The Invoice is approved by the Deputy COP, L Schatz, and the voucher and check for payment are both signed by the COP.</i>
26/09/03	Wood Industry Corporati	09-117	10,000	93	No evidence as to whether approved purchase requisition and order were used on the purchase of the items and the payment voucher is missing <i>(1) The local office does not have a Purchase Requisition/Order on file for this procurement. (2) I am forwarding the payment voucher.</i>
05/09/03	Broadway Trading Co.	09-152	55,000	514	No evidence as to whether approved purchase requisition and order were used on the purchase of the monitor <i>The local office does not have a Purchase Requisition/Order on file for this procurement. The Invoice is approved by the Deputy COP, L. Schatz, and the voucher and check for payment are both signed by the COP.</i>

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**PROCUREMENT PROCEDURES**

Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
05/09/03	Broadway Trading Co.	09-175	1,070,550	9,999	No evidence as to whether approved purchase requisition and order were used on the purchase of the Sony LCD Digital Projectors. <i>The local office has a Purchase Order approved by COP for this procurement. The Invoice, voucher and check for payment are all signed by the COP.</i>
15/09/03	IT Centre	09-189	708,996	6,623	No evidence as to whether approved purchase requisition and order were used on the purchase of the 4 Dell Computers. <i>The local office has a Purchase Order approved by COP for this procurement. The voucher and the check for payment are both signed by the COP.</i>
16/09/03	Wood Industry Corporati	09-192	64,838	605	No evidence as to whether approved purchase requisition and order were used on the purchase of the various /assorted furniture items. <i>The local office cannot locate a Purchase Requisition/Order for this procurement. However, the voucher and the check for payment are both signed by the COP.</i>
18/09/03	Mapanga Furniture Ltd	09-199	11,374	106	No evidence as to whether approved purchase requisition and order were used on the purchase of a shelf. <i>This shelf was procured by the Finance/Admin Officer for the new zonal office in Mzuzu. A purchase requisition was not prepared; however, the voucher and the check for payment are both signed by the COP.</i>
20/09/03	Eanglet General Dealers	09-257	153,900	1,437	No evidence as to whether approved purchase requisition and order were used and if 3 quotations were obtained and compared on the purchase of the 2 tripod stand. <i>(1) The local office has a Purchase Order approved by COP on file for this procurement. The Invoice, Voucher and the check for payment are all approved/signed by the COP. (2) Per USAID regs procurement less than USD2500 can be sourced from a single source.</i>

PROJECT

Appendix V

Details and comment

Evidence as to whether approved purchase requisition and order were on the purchase and installation of the PABX. *Cost is not the procurement of the PABX; it is for the installation of the PABX by the company it was procured from.*

Evidence as to whether approved purchase requisition and order were on the purchase of various / assorted furniture items. *Local office has a Purchase Order on file but it is not approved by COP. Voucher and the check for payment are both signed by the COP.*

Evidence as to whether approved purchase requisition and order were and if 3 quotations were obtained and compared on the purchase of the stand/portable project. *Local office does not have a Purchase Requisition/Order on file for procurement. The Invoice, voucher, and the check for payment are not provided/signed by the COP. If USAID regs procurement less than USD2500 can be sourced from local source.*

Evidence as to whether approved purchase requisition and order were on purchasing various / assorted furniture items. *Local office has a Purchase Order approved by COP on file for this procurement. The voucher and check for payment are both signed by COP.*

Evidence as to whether approved purchase requisition and order were on the purchase of the various assorted furniture items. *Local office has a Purchase Order approved by COP on file for this procurement. The voucher and check for payment are both signed by COP.*

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**Appendix V**

**PROCUREMENT PROCEDURES**

Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
29/10/03	Telekom Systems	10-081B	427,230	3,982	No evidence as to whether approved purchase requisition and order were used on the purchase of the PABX and the payment voucher is missing <i>(1) The local office has a Purchase Order approved by COP on file for this procurement. The voucher and check for payment are both signed by the COP. (2) I am forwarding a copy of the payment voucher.</i>
19/11/03	AR General dealers	763037	486,039	4,578	No evidence as to whether approved purchase requisition and order were used on the purchase of the MS Windows XP and MS Office software <i>The local office has a COP approved Purchase Order on file.</i>
11/03/04	Cargomate Limited	764477	93,600	868	No evidence as to whether approved purchase requisition and order were used on the purchase of the MS Windows XP and MS Office software <i>This expense is not procurement of software; it is handling and clearing charges for the 3 Toyota Landcruisers procured from South Africa. The Vendor would have selected the freight company, not IFDC.</i>
26/01/04	Mapanga Furniture	764367	18,849	176	No evidence as to whether approved purchase requisition and order were used on the purchase of a superior high swivel chair <i>The local office cannot locate a Purchase Requisition/Order for this procurement. The voucher and check for payment are both signed by the COP.</i>

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**PROCUREMENT PROCEDURES**

Date	Details	Voucher cheque no	Ineligible amount		Details and comment
			MK	US\$	
29/01/04	Multichoice	764400	56,444	524	No evidence as to whether approved purchase requisition and order were used on the purchase of the DSTV set and installation. <i>The local office cannot locate a Purchase Requisition/Order for this procurement. The voucher and check for payment are both signed by the COP.</i>
27/02/04	Radio and Electrical Serv	02-056	104,703	972	No evidence as to whether approved purchase requisition and order were used on the purchase of the TV set & VCR <i>The local office cannot locate a Purchase Requisition/Order on file for this procurement. The voucher is signed by the COP.</i>
27/02/04	Herschel Weeks	02-266		879	No evidence as to whether approved purchase requisition and order were used on the purchase of the HP Printer and Olympus Digital Camera <i>This equipment was purchased by the COP in the USA. Since the COP procured himself and this amount was within his authority no Purchase Order was prepared. The procurement met USAID source and origin requirements, was provided for in the budget notes of the AIMS contract and was hand carried by the COP to Lilongwe thus saving shipping costs.</i>
22/07/02	Dell Direct Sales	45849		473	No evidence as to whether approved purchase requisition and order were used and if 3 quotations were obtained and compared on the purchase of the monitor flat panel & keyboard <i>I have forwarded the approved Purchase Requisition, Purchase Order and 2 quotations for this procurement made by Hdq.</i>
22/07/02	Dell Direct Sales	45850		43	No evidence as to whether approved purchase requisition and order were used and if 3 quotations were obtained and compared on the purchase of the cordless optical mouse <i>(1) This is included on the Requisition and Purchase Order for Vo. #45849. (2) For this amount quotes were not required.</i>

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<b>Date</b>	<b>Details</b>	<b>Voucher cheque no</b>	<b>Ineligible amount MK</b>	<b>US\$</b>	<b>Details and comment</b>
29/10/02	PC Mall	46460		1,640	Payment relating to the purchase of Epson projector has no evidence as to whether approved purchase order and requisition were used and no evidence if specific quotations were obtained and compared regarding the expense. <i>I have forwarded the approved Purchase Requisition &amp; Purchase Order. The 3 quotations were obtained by telephone as recorded on the Purchase Requisition. This procurement was made by Hdq.</i>
02/11/02	DNA Sherwood Pty	Bank draft		1,155	Payment relating to the purchase of 3 Samsaung Air Conditioners has no evidence as to whether approved purchase order and requisition were used and no evidence of whether specific quotations were obtained and compared regarding the expense. <i>(1) I have forwarded copies of the Proforma Invoice for this procurement (which references the IFDC Purchase Order No 12-2002) and the letter to the bank for payment signed by the COP. The local office has advised they have located the Purchase Order approved by COP and it is on file. (2) Per USAID regs procurement less than USD2500 can be sourced from a single source.</i>
26/06/03	DNA Sherwood Pty	06-090		747	Payment relating to the purchase of Air conditioners, canon digital copiers and telex caramate projector has no evidence as to whether approved purchase order and requisition were used. <i>See Comment above for DNA Sherwood Pty - same procurement</i>
11/10/02	Dell Marketing	28/10/27 46688		2,190	Payment relating to the purchase of Dell computers has no evidence as to whether approved purchase order and requisition were used and no evidence of whether specific quotations were obtained regarding the expense. <i>I have forwarded the approved Purchase Requisition, Purchase Order and 2 quotations for this procurement made by Hdq.</i>

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**PROCUREMENT PROCEDURES**

<b>Date</b>	<b>Details</b>	<b>Voucher cheque no</b>	<b>Ineligible amount</b>		<b>Details and comment</b>
			<b>MK</b>	<b>US\$</b>	
Jan/03	Dell Marketing	46757		2,855	Payment relating to the purchase of a Dell Computer has no evidence as to whether approved purchase order and requisition were used and if specific quotations were obtained and compared regarding to the expense. <i>I have forwarded the approved Purchase Requisition, Purchase Order and 2 quotations for this procurement made by Hdq.</i>
04/03/03	DNA Sherwood	03/05/04		6,993	Payment relating to the purchase of a Dell Computer has no evidence as to whether approved purchase order and requisition were used on the purchase. <i>In April/2003 the COP was advised by ACDI (a USAID funded project) that they had received a duplicate order for 3 Dell computers. These computers were still at the Vendor, DNA Sherwood; the cost per computer was \$2331. As the project was expanding rapidly the COP was in dire need of computers immediately; the computers were compliant with USAID source &amp; origin; were provided for in the grant budget notes; cost-effective based on computers procured by Hdq and locally in the preceding months; thus procurement was approved. Hdq paid for this procurement directly; due to the circumstances that the computers were ordered by another NGO, already on hand and available to IFDC immediately, a purchase requisition/purchase order was not prepared. The payment was processed with COP and Hdq MDD Director Approval.</i>
Jan/03	Dell Marketing	46758		2,855	Payment relating to the purchase of a Dell Computer has no evidence as to whether approved purchase order and requisition were used and if specific quotations were obtained and compared regarding to the expense. <i>I have forwarded the approved Purchase Requisition, Purchase Order and 2 quotations for this procurement made by Hdq.</i>

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**PROCUREMENT PROCEDURES**

<b>Date</b>	<b>Details</b>	<b>Voucher cheque no</b>	<b>Ineligible amount</b>	<b>Details and comment</b>
			<b>MK</b> <b>US\$</b>	
03/04/03	LSO	3/04/03	14,056	<p>Payment relating to acquisition of various office equipment has no evidence as to whether approved purchase order and requisition were used and if specific quotations were obtained and compared regarding the expense.</p> <p><i>The COP had an opportunity to procure office furnishings and equipment that had been used for a maximum of 6 months from The Learning Support Office in Lilongwe (a DFID project). This equipment was available at 70% of the original purchase price. The COP requested USAID approval to procure these used office furnishings/equipment detailing the situation and items to be procured. USAID approved this procurement. Based on the fact this was almost new equipment being obtained at 70% of original price and that written USAID approval had been obtained, a purchase requisition, purchase order was not prepared nor were quotations available. The procurement was paid from Hdq with COP, Hdq MDD Director, and USAID approval. I am forwarding a copy of the payment with all approvals.</i></p>
30/09/03	Unknown Vendor COSTCO	09-318	628	<p>Payment to Unknown vendor but paid Hershel Weeks (the Chief of Party) for the office printers has no evidence as to whether approved purchase order and requisition were used and if specific quotations were obtained and compared regarding the expense.</p> <p><i>(1) These printers were purchased by the COP in the USA. Since the COP procured himself and this amount was within his approval authority no Purchase Order was prepared. The procurement met USAID source and origin requirements, was provided for in the budget notes of the AIMS contract, was cost-effective based on procurement in preceding months, and was hand carried by the COP to Lilongwe thus saving shipping costs.</i></p> <p><i>(2) I am forwarding copies of the receipts for this procurement.</i></p>
<b>Total ineligible for communication and expendable</b>			<b>107,080</b>	

***ORIGINAL***

***MANAGEMENT RESPONSES***



INTERNATIONAL FERTILIZER DEVELOPMENT CENTER • MUSCLE SHOALS, ALABAMA 35662 USA

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May 12, 2006

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P. O. Box 898  
Lilongwe  
MALAWI

Gentlemen:

**Reference USAID Grant No. 690-G-00-02-00178-00**

IFDC management comments to the audit Findings and Questioned Costs in the draft report for the IFDC Malawi (AIMs) project audit conducted July/August 2005 are detailed below:

**1. Unsupported and ineligible costs**

*Audit Finding*

We found some payments to be inadequately supported as detailed on note 9 to the fund accountability statement.

*IFDC Management Comment*

As recorded on the IFDC Malawi (AIMs) Fund Accountability Statement, a total of \$2,111,232 was expended incountry by IFDC AIMs for the period June 18, 2002, through June 30, 2005. The audit statement has noted that 100% of the records supporting these expenses for \$2,111,232 have been reviewed. IFDC through its local and Hdq offices has provided the clarification, justification and requested support documentation (Invoice, receipt, detail for travel expenses) for all expenses with the exception of 13 payments totaling \$1309.00.

## **2. Chief of party having a significant amount of authority**

### *Audit Finding*

We noted that only the Chief of Party was mandated to authorize and sign for all the cheques. In absence of the Chief of Party, no payments were made and there was no one counter checking the cheques paid out.

### *IFDC Management Comment*

It is IFDC Hdq policy that only L/T Expats be authorized to sign for the IFDC bank accounts and checks. There are two other authorized signatories on all IFDC bank accounts: the President and CEO of IFDC and the Director of Finance, Administration. IFDC considers this practice of allowing only L/T Expats to be signatories for project funds an internal control; this internal control further designates the COP as the primary signatory and the additional Expat would only be expected to sign for bank transactions and checks in an emergency.

The Malawi project had two L/T expats and both were signatories on the bank account. The Deputy COP, Ludwig Schatz, resigned from IFDC in October, 2003, thus leaving only one in-country signatory. Mr. Schatz's replacement was not employed until August 2004. Based on the project termination date of June 30, 2005, and the fact that IFDC had two personnel as authorized signatories that could be in Lilongwe within two days, it was determined that it would not be necessary to add a second in-country signatory for the remaining 10 months of the project.

## **3. Lack of adherence to existing policies and procedures with regard to procurement**

### **Procurement procedures on services and goods**

#### *Audit Finding*

- (a) We found no evidence that consultants were screened and only best consultants were engaged to carry out the various consultancies as detailed on Appendix III on pages 42 – 49 and costs amounting to US\$25,510 have been questioned as unsupported.

The large pool of CV's that was reviewed for potential employment for a necessary project activity when the current AIMs project staff did not have the capacity to perform the activity was not made available for review and the selection procedure was not documented.

- (b) We found no evidence that proper procurement procedures e.g. use of approved purchase orders and requisitions, obtaining at least three quotations were adequately followed as detailed on Appendix V. Costs amounting to US\$149,117 have been questioned as ineligible (see page 23). Note that even though eight quotations were obtained from various suppliers, the ones questioned were not part of the list that had provided the quotations. This defeats the whole purpose of obtaining quotations.

*IFDC Management Comment*

- (a) When a necessary project activity required personnel other than the AIMs project staff this need for a consultant was discussed between the COP and Mr. Ian Gregory, Director of MDD, Hdq who had overall responsibility for the Malawi field office. The COP would initiate a search locally including a review of the office pool of CVs and Mr. Gregory would notify the IFDC Hdq Senior Personnel Officer of the criteria needed for a particular consultancy. The Senior Personnel Officer would initiate the search for a consultant that had the qualifications and experience to meet the criteria for the needed activity. This search included the use of the IFDC Hdq database for consultants; The American Society of Agricultural Consultants; Agricultural universities and private companies. Potential applicants would be selected; Mr. Gregory and the COP would then review the applicants and determine which best suited the needs of the proposed activity. If a local consultant was available for the needed activity, had the necessary qualifications and expertise and was cost-effective, the local consultant was utilized. In the event a local consultant could not be located the selection from Hdq was utilized.

IFDC has detailed our selection process for each of the consultants questioned by auditors on the Questioned Costs - Consultants Statement. We believe our response on this Statement is evidence that IFDC did in all instances utilize the best and most qualified consultant that was available and cost-effective for each activity. Additionally the reports and assessments prepared by the AIMs consultants were well received by the donor; and, in two instances the recommendations from their reports have been approved by the Government of Malawi and are currently in the legislature to be enacted into Law.

Our local office provided the large pool of CVs for auditors' review on September 23, 2005.

- (b) IFDC believes it is evident from the review of our records that proper procurement procedures were in place at the Malawi project.

*Travel and transportation*

The audit report records a total of 19 procurements totaling \$26,475 as unsupported based on no evidence of whether 3 quotations were obtained prior to procurement. All of these unsupported procurements were for car rentals for the project. Fifteen procurements are exempt from the 3 quotation requirement per the USAID reg that states procurement less than USD2500 can be sourced from a single source. The other 4 procurements did require the 3 quotations, which the AIMs office had on file and provided to the auditors. The audit is disallowing these quotations because the office did not have a quote from the vendor selected and states that this defeats the purpose of obtaining quotations.

The purpose of obtaining quotations is to: (1) ensure open and free competition; (2) ensure the most economical use of project funds for procurement. In the 4 questioned procurements the project had need of a particular vehicle, a Landrover 4X4, for project activities. They effected rental from the company that could provide this vehicle to the project in a timely

manner and at a rate comparable to the quotes from other vehicle companies on file. Additionally, 2 of the 4 questioned procurements are with the same company; thus the previous rental would be a "quote" from this company.

#### Communications, expendable supplies

The audit report records eleven procurements totaling \$15,562 as ineligible based on no evidence of whether 3 quotations were obtained prior to procurement. Seven of the procurements are less than \$2500 thus did not require the 3 quotations. The remaining 4 procurements (all to the same vendor) did require the 3 quotations which IFDC had on file and presented to the audit firm in Aug/05.

#### Equipment

While IFDC believes it is evident that proper procurement procedures were in place at the AIMs project it is clear from the audit report that the documentation of the procurement was negligent and in some cases non-existent. The records show that Purchase Requisitions and Purchase Orders were utilized by the project for some procurements but were not utilized for all procurement with a cost of \$25 or greater as mandated by the AIMs Personnel Manual, Hdq and donor policy. In many instances the local office could not locate the required approval for procurement documented on the Purchase Requisition and/or Purchase Order even though the records indicated this had been prepared and processed.

IFDC recognizes from this audit that additional controls on the documentation of procurement and the retention of this documentation are needed for its field offices. To ensure that this deficiency is corrected on future procurement, IFDC has adopted new policies which will enable Hdq review of procurement in addition to the current review of expenses.

#### **4. Conflict of interest on procurement of goods and services**

##### *Audit Finding*

We noted that some employees were involved in the award of contracts to their own organization. These organizations are as follows: -

##### **(a) MDT Consultants**

Mant Consultants (owned by Neil Garden) were awarded the contract for GIS mapping. The work was subcontracted to MDT Consultants because Mant Consultants did not have capacity to do the work. Instead of MDT Consultants operating under Mant Consultants, Haig L.A. Sawasawa signed a contract with MDT Consultants representing IFDC instead of the Chief of Party.

Since the contract between IFDC and MDT Consultants was not signed by the Chief of Party and therefore not binding, all payments to MDT Consultants have been questioned under Neil garden cost. (See page 49)

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The conflict of interest comes in because Haig Sawasawa was an employee of IFDC and related to MDT Consultants.

(b) Agri Consult and Suppliers – owned by Costa Mwale (the then Chief Technical Officer)

Costa Mwale was an employee of IFDC whose company was engaged to do jingles on the radio. The company also supplied a number of items, some of which have been questioned since valid quotations were not obtained from other suppliers.

*IFDC Management Comment*

(a) MDT Consultants

The person noted in the audit finding, Mr. Haig L.A. Sawasawa, did not sign a contract with MDT representing IFDC nor was he an employee of IFDC.

There was a contract dated July 20, 2004, between IFDC and MDT. This contract was executed and signed improperly by an IFDC employee, Mr. Fred Kawalewale; Mr. Haig Sawasawa signed this contract as one of two witnesses. When the IFDC COP, Dr. Herschel Weeks, learned of this contract he telephoned MDT to advise that the contract was invalid because Fred was not authorized to sign for IFDC and that it would not be honored.

USAID had requested the AIMS project to "GPS" all identified 1,158 retail outlets of fertilizer, seeds, and crop protection products in Malawi and further requested it be done as quickly as possible. AIMS tried to find access to rental GPS units with no success. Due to the lack of capacity within the AIMS staff to carry out this requested activity, a local consultant, Neal Garden (Mant Consultants) was employed for 60 days to organize and oversee its implementation. MDT Consultants was the only entity that Mr. Garden and Fred could locate that had the required expertise, equipment, and personnel to complete the GPS activity. MDT would not rent their equipment to IFDC so it was decided to utilize MDT to perform this activity. Messrs. Mabvuto Tembo and Haig Sawasawa were employed by IFDC as temporary employees for three months effective July/2004 to perform this activity. Their salary for this short-term consultancy was paid directly to them.

There was no conflict of interest in the use of Mant Consultants nor the MDT employees, Messrs. Tembo and Sawasawa. There was an improper contract executed and signed by an employee of IFDC but it was voided by the COP. Once this contract was voided the two MDT employees were signed to a three month consultancy to perform the GPS activity.

(b) Agri Consult and Suppliers - owned by Costa Mwale (the then Chief Technical Officer)

The decision to utilize AgriConsult and Suppliers for the media (radio/TV) component of the project was made by the COP, Dr. Weeks, after reviewing all quotations from applicable organizations. The decision was based on: AGriConsult costs were competitive and they included all components AIMS needed; the other bids had various necessary components that

were "add ons" to the quote, and AgriConsult was recommended as a good company for performance by the radio and TV station. IFDC was not aware that Costa was the owner of AgriConsult and Suppliers until advised by Mr. Laszio Sagi from the Inspector General's office on January 25, 2005. IFDC did not procure anything from AgriConsult and Suppliers from that date. All procurements paid to AgriConsult were based on the completion of the activity or the receipt of the goods.

#### **5. Monthly salary rates on some employees not in agreement with signed contracts**

##### *Audit Finding*

We found costs amounting to US\$1,159 to be questionable (unsupported payments: US\$139 and ineligible: US\$ 290 and differences between the rates of pay of some employees i.e. the contract rate was different from the actual rate of pay resulting in an over payment of US\$730. See Appendix II on page 41 for the details.

##### *IFDC Management Comment*

IFDC has on file documentation to support all payments with the exception of 3 payments. The three payments were clerical errors: one payment the employee had a salary increase effective October 29th - the project in error paid the new rate for all workdays in October in lieu of the 3 applicable days; one payment was an underpayment of MK5,000 per month for a total of 3 months on a temporary contract; one payment was not paid per the documentation in the personnel file.

#### **6. Differences between financial reports prepared by the Malawi Office and the amounts on the consolidated reports.**

##### *Audit Findings*

We noted a number of differences between various reports as follows and as detailed on Appendix I: -

- (a) Monthly report figures on summaries sent to IFDC headquarters and the figures on IFDC headquarters reports. – Net difference of US\$ 52,077.
- (b) Detailed expenditure reports and monthly summaries prepared by IFDC Malawi.

As a result of the differences noted, we have not been able to establish whether the IFDC – Malawi expenditure records have been properly incorporated in the consolidated expenditure report.

*IFDC Management Comment*

This difference of \$52,077 has been reconciled and detailed in our response on Appendix I. The explanation for the difference is:

- (1) The Hdq report is the total of all expenditures for the AIMs project - both Hdq expenses and In-Country expenses; thus there would be a variance with the reports submitted from the Malawi office for some budget line items each month since the Malawi reports contain only in-country costs.
- (2) The detailed expenditure reports and monthly summaries prepared by IFDC Malawi are a draft - they are reviewed upon receipt at Hdq by the project accountant for the following:
  - (a) The total amount disbursed from all cash accounts for the month must be expensed or advanced, thus the total of expenditures as submitted by the local office must agree with the total of disbursements from the cash report and the total for advances expensed from the advance statement. In the event the monthly financials do not balance Hdq must reconcile and correct the in-country reports as needed.
  - (b) The expenditure detail report is reviewed to ensure costs are expensed to the correct budget line item per the grant document's budget notes; if recorded incorrectly entries/changes to reports are made at Hdq to correct the Malawi reports prior to booking the expenses.
  - (c) All expenses recorded by the local office are reviewed to ensure that only legitimate, necessary expenses incurred for project activities are being expensed to the project. Any expense that is not legitimate/necessary for the project is removed from the Malawi reports and expensed to Hdq.
  - (d) All cash reports from the local office are reconciled. Any necessary corrections are made at Hdq.
  - (e) The advance statement is reviewed and reconciled to ensure all funds advanced are proper advances and that all outstanding advances are cleared in a timely manner.

With the Hdq review, audit, and corrections to the monthly financials submitted by the Malawi office there are many changes to the draft reports received from the field office.

**FINDINGS ON COMPLIANCE WITH AGREEMENT TERMS**

The audit report has noted five material instances of non-compliance with the grant document:

**1. Failure to present all required documentation for review resulting in unsupported payments**

*Audit Finding*

Documentation necessary for carrying out the agreed upon procedures review were not readily available and a number of requests had to be sent to IFDC headquarters. Costs amounting to US\$95,947 have been questioned to this effect.

*IFDC Management Comment*

IFDC is not aware that a number of requests had to be sent to IFDC headquarters for needed documentation. We received two communications from the audit firm: (1) the first communication was a List of Observations by Graham Carr Auditors that was delivered to our local office on August 1, 2005. IFDC responded on August 9, 2005. (2) the next communication was a draft report delivered to our Malawi office on August 30, 2005. This draft contained an additional 238 questioned costs that were not in the List of Observations and also the Audit Findings. IFDC responded on September 12, 2005, but the response was not presented to the audit firm until September 23, 2005, to enable the large amount of support documentation for the questioned costs to be forwarded from Muscle Shoals, AL to Lilongwe and included with our response.

**2. Ineligible payments**

*Audit Finding*

We found costs amounting to US\$ 27,328 to be ineligible as detailed on pages 50 – 56 and 57 – 61 as because M&IE payments were not in line with the authorized rates and contracts for consultancy work were not authorized by IFDC Chief of Party as follows:

In country staff & office operations	\$399	(Page 13)
In country training/development	\$25,909	(Page 13)

*IFDC Management Comment*

This has been detailed in our individual responses to the Questioned Costs/Ineligible Costs.

**3. Non compliance with procurement policies and procedures**

*Audit Finding*

We found no evidence that proper procurement procedures were followed in obtaining services of consultants and procuring goods. Refer to internal control finding 3 on page 17. Costs amounting to US\$149,117 have been questioned to this effect as summarized below:

Ineligible travel and transportation	\$ 26,475
Ineligible equipment	\$107,080
Ineligible communication and expendable supplies	\$ 15,562
Total ineligible to this effect	\$149,117

We also noted that some employees were involved in the award of contracts to their own organization. See internal control finding 4 on page 18.

*IFDC Management Comment*

This has been detailed in our response to the Findings for Internal Control.

**4. Non compliance with agreed budget provisions and policies on salaries**

*Audit Finding*

- (a) On average, 31 positions were filled as regards personnel while the budget had provided for 25.
- (b) Differences between the rates of pay of some employees i.e. the contract rate was different from the actual rate of pay. See Appendix II for the over payment of US\$730 on page 41.

*IFDC Management Comment*

- (a) The grant budget document for the AIMs project provides for a projected staff of 25 for a total cost over a 3-year period of \$857,300. The actual numbers are: staff of 16 at the end of Year 1; staff totaling 29 at the end of Year 2; staff totaling 31 for a period of 10 months in Year 3. The total costs paid for all salaries and benefits for the 3-year period as of June 30, 2005, is \$494,382.
- (b) This has been detailed in our response to the questioned costs/ineligible costs.

**5. Non compliance with OMB circular A-122 section 5 and mandatory standard monetary provisions section 3 as regards to treatment of interest earned and other credits**

*Audit Finding*

We found that the IFDC had received contributions towards award expenses, interest on federal funds and other refunds as detailed below:

<b>Financial year</b>	<b>Total Amount</b>	<b>Acceptable amount</b>	<b>Questioned amount</b>
<b>Interest</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
2003	342	250	92
2004	973	250	723
2005	925	250	675
	2,240	750	1,490
Other Credits(note 5)	34,752	-	34,752
	36,992	750	36,242

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Interest earned was not remitted to USAID as required by the Standard provisions of USAID awards since the recipient is supposed to retain US\$250 per year for account administration.

*IFDC Management Comment*

The \$36,242 recorded as a questioned amount consists of:

- \$2240 interest earned on the IFDC Malawi bank accounts
- \$10,981 training contributions received for the AIMs project which were credited to the AIMs project budget line item Training
- \$2233 training fees for IFDC Hdq training programs unrelated to the AIMs project
- \$20,211 vehicle insurance refund for a project vehicle which was credited to the AIMs project budget line item Equipment
- \$1327 VAT refund for July/04 expenses for the AIMs project which was credited to the project budget line item Office Operations

The training contributions, vehicle insurance refund, and VAT refund were credited to the project when received as evidenced by the IFDC monthly financial reports.

The \$2233 training fee for a Hdq training program was unrelated to the AIMs project - IFDC simply used our bank account to deposit the funds received for this fee which is permissible under USAID regs.

IFDC will remit the total interest earned on the Malawi bank accounts of \$2240 to the Department of Health and Human Services per the grant document.

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