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Report #41

Report of GARD Consultancy

**Financial Systems for the Gambian
Agricultural Research Services**

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February 27 - March 15, 1988

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**FINANCIAL SYSTEMS FOR THE GAMBIAN
AGRICULTURAL RESEARCH SERVICES**

by

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**SHORT-TERM TRAINING ADVISOR
GARD PROJECT**

I. PURPOSE

The purpose of this report is to assess the capabilities of the financial system currently used by the Gambian Agricultural Research Services and make recommendations for future enhancement of the system. This system has been installed and is currently operated by the GARD Project largely for the management of its funding for research activities. A secondary purpose is to assess the opportunity to formally integrate this system into the Ministry of Agriculture's (MOA) financial reporting system while meeting the reporting needs of GARD (USAID and the University of Wisconsin-Madison) and other external sources of funds for research.

II. BACKGROUND

The GARD Project was initiated in 1985 with a goal to achieve food self-reliance in The Gambia. The Project was designed to test, generate, adapt, and promote the adoption of improved crop and forage technologies that meet farmers' needs and expand and diversify The Gambia's agricultural economy. To meet these goals, one of the distinct components of the Project which was outlined in the Project Paper was to establish an Agricultural Research Management System (ARMS) which "will set agricultural research priorities in the light of farmers' needs, researchers' recommendations and Government of The Gambia (GOTG) policy objectives and available human and financial resources; and will enforce these priorities through procedures by which research programs will be designed, reviewed and funded."

It became evident that in order for the Project objectives to be met and assessed, a more responsive financial management system would be necessary. During 1986 the ARMS Working Group appointed a sub-committee to review in detail the financial systems and report back with their findings before December 1, 1986. In its final report, the FARMS committee recommended (paraphrased):

1. Year-round research fund availability,
2. Limited decentralization of purchasing authority,
3. Establishing research station imprest accounts,
4. Establishing departmental and station administrative units,
5. Creating a system of deposit accounts at the Ministry of Finance and Trade (MFT) or the Central Bank,
6. Immediate release of quarterly GLF funds, and
7. Establishing an accounting system that reports GLF and donor funds according to research program needs.

Since that time, efforts have been made to implement the recommendations of the FARMS sub-committee. A Program Budgeting System (PBS) has been developed and a workshop was held to introduce and discuss a computerized program budgeting system in April of 1987. The system has been in operation since July, 1987. The purpose of the present mission is to review progress to date and make recommendations for the future.

Specific tasks included:

1. Evaluate the Program Budgeting System (PBS) and its first year of operation;
2. Review the proposed accounting system that is to blend current and proposed Gambian government accounting procedures with donor funding;
3. Make specific recommendations for necessary changes and improvements in the accounting system; and
4. Evaluate proposed accounting manpower and training needs.

Discussions were held with the Mile 7 staff on the status of the current system; with the Cape staff on the Terms of Reference (TOR); with the individual Program Leaders on their financial and budget needs; with the various government Ministries that interact with the system; and with USAID.

III. FINDINGS

A. The Program Budgeting System

Introduction: "A program budgeting system is a project-based management tool to facilitate programming, budgeting and accounting." This quote was taken from the document which was published from the PBS Workshop held during April of 1987. The statement represents a clear and concise description of what PBS is and what it does. After reviewing the document and its detailed instructions, I felt the proposed PBS process was too complex. Others felt the same way because the PBS process implemented for the 1987-88 fiscal year had significant adaptations from the workshop procedure. Primarily, the changes involved simplifying the forms and procedures used to develop the activity, project and program building process. This report will make several recommendations that will further simplify the process. This does not mean, however, that the workshop was not a significant step for research management in The Gambia. The information and discussions resulting from the workshop will remain a very important point of reference as the concept of program budgeting develops and matures in The Gambia's agricultural research system.

Program budgeting facilitates planning. Research scientists, in planning research activities for the coming year, must develop the discipline to think in terms of tasks and resources. These plans are based on prior research results, the priorities of the National Agriculture Research Board (NARB), the Ministry of Agriculture (MOA) and new research protocols that scientists desire to investigate.

Program budgeting facilitates budgeting. As the research planning process unfolds, anticipated needs for personnel, supplies, and equipment become evident. These research costs must be summarized and presented to research administrators for funding support.

Program budgeting facilitates accounting. Once the research protocols are determined, the cost estimates can be made and the budget request is adjusted to fall within the resources available. Once budget reconciliation has been accomplished, allocations to each budget unit can be entered into the accounting system.

Program budgeting is a very effective management tool. With proper emphasis and executive leadership, the program budgeting system of the Department of Agriculture can become the model for all research activities in The Gambia.

Organization and Structure: Currently, the Assistant Director of Agriculture (Research) has the responsibility for managing the research program for DOA. In his capacity as senior GOTG counterpart to the GARD Chief of Party and secretary of the Interim Project Committee (IPC) for GARD, he also manages the distribution of research resources and monitors the expenditure of GARD funds. The research budget is dispersed among six Departments and two Ministries. It is centralized only to the extent that GARD is the significant contributor, accounting for as much as 80-90% of the operating research funds in the GOTG. With the reorganization of the Ministry of Agriculture, the research activities will become more centralized, but Fisheries, Livestock and Forestry will remain outside the reorganized structure. This is somewhat disappointing since the financial management system will depend on the cooperation of those agencies for a 100% agriculture research inventory.

A recent Overseas Development Agency (ODA) report gives extensive thought to the reorganization of the Ministry of Agriculture and its research services. One shortcoming in the report is the lack of consideration given to the organizational structure of administrative and financial services. Every organization maintains a strong and communicative relationship between program and financial or administrative management. Even in the Gambian government Ministries, the Chief Accountant is located very close to the Permanent Secretary. By not creating a position for a senior financial administrator, the ODA fails to achieve an organizational structure that will insure efficient operation of the unit.

Budget Process: There are two cycles in the budget-building process in The Gambia. The first is called the recurrent budget cycle and it

represents the budgeting of the Gambian Local Funds (GLF) resources to cover continuing and running costs. These activities are coordinated by the Ministry of Finance and Trade (MFT). The second cycle is coordinated by the Ministry of Economic Planning and Industrial Development (MEPID). This budget cycle provides the development budgets for The Gambia. Both budget cycles begin approximately half-way through the current year and result in a budget presentation to Parliament which is acted on in June for a fiscal year beginning July 1st.

Under the new structure, the Director of the Department of Agriculture Research Services (DARS) will be responsible for developing a proposal to MOA for the recurrent budget cycle and to MEPID for the development budget cycle. If a position of Senior Financial Officer is created, he will have two principal associates to assist in the budget process. The Assistant Director, having primary responsibility for research program management, will play the lead role in developing the budget presentation. The determinants for the budget presentation will come from his experience in the needs of agriculture research and the expertise of the research staff, vis-a-vis their proposed research program. Continuing discussions between the Director, Program Leaders and the NARB will provide the foundation for requesting additional resources to initiate new research programs. The Senior Financial Officer, working in support of the Assistant Director's effort to develop a budget proposal, will provide financial information on prior and current-year expenditures to justify additional budget resources. In addition, the recurrent budget cycle of the MOA requires information on the "nominal roll" (personnel) and the "other charges" (non-personnel or operational) budgets. Information required for the "nominal roll" can be provided to the Assistant Director by the Senior Financial Officer from the current-year personnel information in the computer. Initial discussions on future budget initiatives should be part of the staff interaction of the DARS executive group as early as November or December of each year.

Unfortunately, most of the budget proposals will be developed without the benefit of the information which is presented and reviewed at the April ARAB meetings. It is at these meetings that the research results of the prior growing season are presented by the researchers, discussed with colleagues and administrators, and plans are proposed for next season's research protocols. After the ARAB meetings, the scientists develop the research protocols for the coming year. Under the direction of the Program Leaders, the research directions planned at the ARAB meetings are developed around "activities". Each activity has established objectives. Research activities are then grouped by "project" and submitted to the Assistant Director of Research.

The Status of the Current PBS Process: The GARD Project initiated a plan to implement a program budget system almost a year ago. The first step in this process was to assemble the managers concerned in a workshop experience during late April of 1987. Participants emerged from those meetings committed to developing a financial management information system that would provide budget proposals, eventually becoming the basis for program management. The system would be built around a data base

management software that would provide the administrators with expenditure information on the research program and GARD's internal project costs. The information would be presented in such a manner as to identify sustainable research costs, monitor the institutionalization of the DARS research program and allow Program Leaders the opportunity to manage their research resources.

The GARD staff immediately initiated steps to implement this process. Research protocol and budget request formats were designed using the information received during the PBS workshop. While the forms were being designed, the financial coding system was developed which would become the basis for information queries.

The PBS process is new and experiencing some development pains. The procedure was started late in the budget cycle during 1987-88 and was not ready to respond to the research programs. It is not unreasonable to expect a comprehensive financial system to take from six to eighteen months to develop. The Mile 7 staff tried to accomplish this task in less than seven weeks. The budget planning process is a twelve-month period that begins on July 1 and ends the following June 30. Some of the units are currently budgeting on a six-month basis. All planning should be based on the full twelve months to avoid having to go through the budget process more than once each year.

Although the system is very well designed, any new system requires a period of adjustment and adaptation. Budget decisions were not being made with a frame of reference. Managers and administrators did not have clear resource guidance early in the budget building process which led to frustration for those individuals held responsible for planning. When decisions were made, individuals responsible for developing budget proposals were unclear on the criteria used in approving budget allocations. Since the budget allocation and expenditure information could not be produced until November, Program Leaders failed to understand how PBS was going to benefit the research process. The outlook for the 1988-89 budget process is much more favorable. The system is poised and ready. The Program Leaders, although somewhat skeptical, have a year's experience with the system.

In order to avoid the same mistakes as we prepare for fiscal year 1988-89, several things need to happen. First, the guidelines for the PBS process should be distributed to the budget units. This information should be read by the Program Leaders before the ARAB meetings so confusion and misunderstanding regarding the process can be avoided. Second, the format can be simplified, without significantly impacting the goals of a PBS process. A suggested format is included in Appendix 2. Third, the accounting code system could be enhanced. Major changes in the coding system should be postponed to avoid delaying the PBS process for 1988-89. Significant progress has been made to date and the technical expertise and motivation of the GARD staff are exceptional.

B. Budget and accounting systems integration with the Gambian government and other agencies

The Gambian Government: The ODA report has a very comprehensive explanation of the GOTG budgeting and disbursing system. In summary, the budget disbursing system has two components. The first disburses the nominal budget or those expenditures associated with recurring salaries. Those expenditures are disbursed directly by the MFT and are not reflected in the unit's financial accounting system. As a result, all savings resulting from resignations or staffing changes revert automatically to the MFT. The "other charges" portion of the disbursing system involves a system of expenditure "warrants" that, once approved, result in a cash or voucher payment for the request. Separate ministries are delegated a Vote Charge Book (VCB) which has recorded all commitments made against the budget. Funds for the "other charges" budget are released on a quarterly basis, with 10% held at the beginning of the year as a contingency.

From our meetings with representatives of MOA and MFT, it appears they can authorize some flexibility by releasing funds to a "deposit" account that will stay under the control of the Accountant General's Office. A deposit account is similar in nature to a checking account where disbursements can be made directly to vendors and reconciled to the authorization on a regular basis. The deposit account functions "below-the-line" without the quarterly cash control policy of "above-the-line" transactions. The MFT will authorize the unit, when sufficient justification is presented, to hold a specified level of funding in a separate account. This procedure has the advantage of eliminating one step in the voucher approval system and expedites the accounts payable process.

A system similar to this has been established for the ADP II Project, which is a donor-supported program similar to the GARD Project. The one major difference is that MFT has made an exception which allows the ADP II Project to draw cash and deposit it in their own bank account. The ADP II accountant reports on a scheduled basis the status of the account. This difference in policy was negotiated by the donor agency at the time of the contract. This is a point worth considering when future GARD contracts are negotiated.

We discussed the opportunity to use the computerized accounting system as a replacement for the VCB. The MFT indicated that they could not see any problem with this suggestion if the computer provided all the information required by the VCB. Also, they indicated that the Auditor General's Office would have to approve the request for an exception since it is their policy that would be affected. For all intents and purposes, the financial accounting system being developed by the GARD Project would produce a listing of commitments equivalent to that of the VCB. The individuals at MFT are willing to work within the system to provide financial management flexibility.

There do not appear to be any obstacles to implementing a program budget and accounting system for the management of the DARS. The ideal

situation would allow the PBS/accounting system to provide the financial management information it is being designed for and also meet the requirements of the Auditor General's VCB. If this is not acceptable, a separate and duplicative VCB would have to be maintained.

The primary obstacle to integrating a financial management information system for the DARS rests with the reorganization process and the delegation of the VCB authority to research stations. The philosophy of the computerized accounting system has a centralized data entry point in the DARS financial office. All transactions will be forwarded to the financial office for approval and entry into the financial system. The philosophy of the VCB delegates commitment authority to the organization unit maintaining the book. If the reorganization of MOA results in the VCB delegation to the research stations at Sapu and Yundum, a minor coordinating problem is created by the decentralization of purchasing authority. This problem can be overcome if the research stations submit reports of commitments to the financial office for entry into the accounting system.

A more serious problem is the relative lack of budget flexibility with the VCB process. Budget transfers are a necessary component of any financial system because the situation in existence at the time of the allocation is always changing. The reallocation of budget resources during the fiscal period is an expected event. Although the MFT provides for an opportunity to request transfer authority from one VCB to another, it is a time-consuming process. If VCB's are positioned at Sapu and Yundum, a confusing situation will develop. The computerized system will recognize each program area as a cost center. Some program areas, however, have research conducted at both research stations. Will the GLF budget be split for each program area to reflect the work at each station? If so, each decision to transfer funds between programs must involve the concurrence of the station manager as well as the Program Leader.

The most serious problem with integrating a financial system into the GOTG is coordination of GLF research budgets in other ministries and programs within MOA. The computerized system will require budget information from other agencies receiving research funding from the MOA to present an accurate picture of the allocations. This problem could jeopardize the entire PBS/accounting initiative if the other agencies decide not to participate with the DARS. Of course, the MOA could manage the financial management information system out of the Ministry, but with the majority of the funds budgeted in the DARS, this is unlikely. Besides, the effort to maintain the computerized system will be significant. Another unlikely alternative would be for all research funds to be controlled by the Director of the DARS. This alternative is politically improbable because it requires the other agencies to relinquish their research funds. Probably the most likely alternative is for the other agencies to either budget funds by expenditure category and allow the system to "expense" that amount as a lump sum, or budget by major category and send the monthly expenditures entered in their VCB associated with research to the DARS financial officer.

USAID: The financial management system under development by the GARD Project will integrate with the reporting requirements of USAID without any difficulty. In fact, the financial analysis opportunities to monitor the institutionalizing of the research program will provide much more than the standard requirements. Our discussions with USAID, however, left little doubt that they would require signature approval of all obligations incurred on GARD funds by a representative of the contracting institution. We did not go into any detail on what alternative solutions might be acceptable, but it may be possible to have the contractor's Chief of Party review the commitments made against GARD funds on an after-the-fact basis.

C. The Accounting System

General Comments: It is unfortunate that after many years of contract development work with USAID, we do not have a "canned" accounting system that can be in place and functioning when a project begins. Perhaps the problem is the institutional "knowledge base" that is lost when one project terminates and another begins with a 100% staff turnover. Perhaps the individual projects and budget formats are so different that each new experience must be handled differently. The GARD Project is unique in that one of the project goals includes the management transfer to the developing country with the "sustainable" costs to become the responsibility of the GOTG. Whatever the reason, the Project is now in its third year and making significant progress toward a responsive and informative accounting system.

The progress toward a system that will provide financial management information to programs has been substantial. The demands and logistic support base required to achieve success by the GARD Project were, in some respects, monumental. To some extent, early Project progress depended on moving in and "making things happen" without attention to establishing systems that would provide management controls. All of these factors stood in the way of significant progress on the budget and accounting system. However, the steps taken during the middle of the second year by those responsible for project management have resulted in a foundation for an effective system of project management. The recent staff addition of Mr. Abdou Sanneh, with a strong background in accounting and financial systems, makes success in this part of the Project even more optimistic.

Financial systems are not easy to develop in any society, and in The Gambia it will take a period of adjustment. The Gambia has operated on a centralized system of financial management which was explained in some detail in the previous section on "System Integration." Individual Program Leaders and Principal Investigators have not been accustomed to drafting budgets and monitoring expenditure reports. Unfortunately, this is a necessary part of research management and financial control. In reality, there is a significant portion of a Program Leader's or Principal Investigator's time that is spent on "administration". It will take some time for this process to develop and become a part of the normal routine. Patience is a key virtue and the only antidote to frustration.

The budget is a spending guide and the management and control of funds is the responsibility of the financial officer. In order to be effective, all costs units must be a part of the system. Until now, only the GARD Project contributions have been included in the financial system in full detail and on a regular basis. The DARS organization should be presented in its entirety with all units and sources of funds reflected in the system.

Several discussions were held on the topic of a double-entry accounting system and whether one should be implemented for this Project. Currently, the system under development would be considered a single-entry system since each transaction is posted to a series of accounts which, in turn, reduces the account balance. The double entry system maintains a General Journal, with several Subsidiary Journals, where offsetting debit and credit entries are made and the books are maintained "in balance". Once each month the accountant reconciles the books and prepares a Balance Sheet. If errors exist, presumably they will be uncovered in the reconciliation process (if the books are not "in balance"). The double-entry system is certainly the accounting standard and is the "long-hand" preferred procedure. It is, however, also time-consuming and is usually not practiced by sub-units of governmental agencies maintaining their own financial management system. For these reasons, and the belief that this decision rests with the responsible financial officer, a recommendation regarding the best option for the DARS is not made in this report.

Another general observation made during the financial review was the avoidance of vouchers (Checks). The GARD Project has been using a system of cash payments to expedite the procurement process. This system has become the preferred procedure since it avoids the time-consuming and bureaucratic procedures of the GOTG. (NOTE: A unconfirmed report indicated that there were thirty-two (32) steps in the procurement process of the GOTG.) Another argument for using the cash system is that vendors prefer to receive immediate payment. As the research program becomes institutionalized, however, the voucher system of the GOTG will become the only alternative. Hopefully, the accounts payable process can be improved by that time.

Salaries: The salaries associated with established posts within the GOTG are not a part of the formal budget. The salaries for established posts are submitted to the MFT as part of the "nominal" budget process. Once budgeted, those individuals are paid directly by the MFT. If the accounting system is to provide a true picture of the resources allocated to each program area, the individuals funded through the "nominal" process must be separately entered into the DARS accounting system. The individuals paid by the hour are a part of the "other charges" budgeting process and the funds necessary to pay those individuals are properly reflected in the system.

Gambians paid by the GARD Project for research support services are considered part of the "sustainable" program. In other words, these individuals, or their replacements, would become permanent employees of

the government as the program-sustaining responsibility moves to the GOTG. Budgeting these individuals is not a problem mechanically, but operationally they are sometimes employed at "premium" salaries that are above the government's civil service wage scale. One of three choices will be open to these individuals; 1) they are moved into the system at their established GARD salary, 2) they move into the DARS at the established government wage scale, or 3) they will resign and seek other employment. The problem with the latter is that they are fully trained on the system and it would be a shame to lose their expertise. On the positive side, they would be available to train their GOTG replacements.

The Requisitioning Process: The ordering of supplies, the management of the storeroom, and the internal control procedures in place are outlined in a report authored by Mr. Abdou Sanneh. The report is very comprehensive and explains the requisitioning process in detail. What is presented here is a brief explanation of the process to give a background for some improvement recommendations.

The process is controlled by two forms; the "blue" requisition and the "yellow" supply form. The blue form is filled out by the person needing supplies and materials and sent to the accounting office for review. The form is audited for accuracy, a number is assigned and it is sent to the authorizing official. Once approved, the form is sent to the purchasing agent who initiates the procurement process. When the items have been secured, they are routed through the storeroom (even if only on paper) and issued to the purchaser using the yellow form. The yellow form is returned to the accounting section for posting to the system. All yellow forms are to be in the computer room for posting on a weekly basis.

Potentially, this process could cause a considerable delay between the time of ordering and the time of posting to the system. In some cases when the item must be ordered from a supplier outside the country, the time before the order is posted to the system could be three or more months. Meanwhile, the person ordering the item remains uninformed as to its status.

The system tends to become more complex when multiple items are requested on the same blue form. Because certain items are more obtainable than others, the items requested on each blue form are being acquired at different times. Tracking the status of a request is possible, but it requires coming into the office and checking the various yellow forms against the original blue form.

The corrective action to improve the responsiveness of the purchasing system is already underway. The office has looked into purchasing multi-copy forms that are sequentially numbered for control purposes. Under the revised procedure, the requisition would be prepared by the ordering party and sent to the accounting office for approval. The ordering party would retain a copy of the requisition for the file. Once approved for purchase, the accounting office would enter the commitment in the system and send copies of the requisition to the purchasing officer and the ordering party. This will let the person requesting supplies know that the order has been approved for purchase.

Program and Unit Responsibility: An accounting system that is managed and maintained by the administrative unit of the DARS does not absolve the program area or the budget unit from checking the system; just as you would not trust your monthly bank statement without reconciling it to your own records. The DARS ledgers will contain errors. Hopefully, they will be minimal and, depending on the attention and experience of the data entry operator, easily audited at the time of approval. However, it is not the responsibility of the Department administration to reconcile the accounts just as it is not the responsibility of the bank to reconcile your personal account.

Differentiating Sustainable verses Development Costs: In addition to the goal of developing the agricultural research capability of the DARS, the GARD Project intends to institutionalize the financial management. To date, with the lack of a responsive financial management system and the classification of most of the expenditure information at U.W., it has been difficult to summarize those costs which would be considered obligations in a sustainable research system and those that are associated with supporting the research development. As we build the accounting system, classifying expenditures and assigning them to budget categories which differentiate between sustainable and development is a key ingredient. Over the duration of the Project we should see the GOTG assuming a greater percentage of the total research expenditures. One way to do this is to assign separate program codes to those areas considered development. This process has already been initiated in the PBS system by establishing a program area code of 81 (GARD Internal Project Support). Most of the significant costs associated with developing the Project have taken place so the expenditures in this category should stabilize.

The Coding System: The PBS-FARMS coding system is well-thought-out and will be capable of information retrieval from a data base using Paradox software. The current coding system classifies each expense transaction by program, department, site, donor, and expenditure type. Using the Paradox software, information can be retrieved in virtually any report format.

This coding system will provide all the information desired by individuals using the system. Some suggestions are presented here, however, in the event the system is enhanced in the future. Two areas could be improved to provide future expansion and sub-classifications. The first is in the area of Programs. The existing system uses a two-digit code and attempts to arrange the program by type. The following arrangement would provide for an easier extraction of data and would provide for future expansion.

Programs:

100	Administration
120	Administration-DARS
140	Administration-Abuko
160	Administration-Sapu
180	Administration-Yundum

200	DARS-Research Programs
220	Cropping Systems
240	Grains and Legumes
260	Horticulture
280	Rice
290	Upland Cereals
300	open
400	Other Agency Research Programs
410	Animal Traction
420	Crop Protection Service
440	Forestry
460	Livestock
480	Programming, Planning and Monitoring Unit
490	Water Resources
500	open
600	Agriculture Service Units
620	Crop Protection & Phyto Unit
640	Irrigation & Drainage Unit
660	Seed Technology Unit
680	Soil Survey & Conservation Unit
700	open
800	open
900	GARD-Internal Project Support

The other area that should be opened up to provide room for classification growth is in the expenditure codes. Currently it is a three-digit code and those that are used are all under 200. By spreading the major groupings out over the full range, more opportunity for subclassification is available. The following list is a suggested format. These major headings follow the proposed budget major classifications and are close to the major headings used by the MFT in their "Other Charges" budget.

Inputs/Expenditures

100	Salaries
200	Allowances
300	Consultancies
400	Wages
500	Travel

600	Supply & Materials
700	Vehicles; Fuel, Maintenance and Spares
800	Equipment; Vehicles, Tractors & Laboratory
900	Miscellaneous
910	General Operations
920	Warehouse
930	Construction
940	Housing
950	Overhead
960	Training
970	Networking
980	Other Misc

The sub-headings within each group are not completed, but sub-groups could be linked using the second digit. For example, vehicle costs could be grouped by coding driver wages as 130, vehicle spares as 730 and vehicle purchases as 830.

D. Organizational Structure and Manpower Needs

General Organizational Structure of DARS: During the discussion on the PBS process some initial remarks regarding the general organizational structure of the DARS were presented. It is appropriate to expand on those comments before discussing the details of the financial structure.

The ODA report presented a detailed proposal for reorganizing the agricultural research programs into a separate Department (DARS) within the Ministry of Agriculture. Presumably, these recommendations are under consideration and are expected to be implemented. The report did not have a detailed line-of-authority organizational chart, so it was difficult to understand how all the pieces would fit together - especially in the area of administration.

Financial Organizational Structure: If a PBS/accounting system is going to gain acceptance by the research community it must be accurate, responsive and able to provide management information that is understandable and usable by the organization. The people maintaining the system must be reliable, well-trained and have the opportunity for career advancement within the system.

The addition of a Senior Financial Officer to the proposed reorganization is essential to the management of the DARS. The financial management of this Department will cross the administrative lines of the MOA with several units. If the PBS process and the financial management system of DARS becomes the model for the MOA, attention will be focused on its performance. Management of fiscal resources will be particularly critical during the last fiscal quarter when budget balances revert to the MFT. The interaction between Ministries to negotiate the necessary

flexibility for access to GLF resources will require tact and diplomacy. All of these reasons justify the appointment of an individual responsible for the financial management.

The recommended organizational structure follows:

Senior Financial Officer	Pay Grade	8/9
Computer/Management Information Specialist	Pay Grade	6
Purchasing Agent	Pay Grade	5
Stores Clerk	Pay Grade	4
Accounting Supervisor	Pay Grade	6
Accountant/Bursar	Pay Grade	5
Accountant/Auditor	Pay Grade	4
Data Entry Clerk	Pay Grade	3
Typist/Receptionist	Pay Grade	1

After reviewing the effort and activities associated with a highly interactive financial management system, the nine positions recommended above are not extravagant. In fact, the staff recommendations for the computing and accounting/data entry area may be too modest, even though this does not represent the financial administrative needs of the research stations.

The pay grades of these positions are not out of line with the salary levels recommended for similar positions in the ODA report on restructuring agriculture research. The Senior Financial Officer should receive a salary equivalent to the senior scientists of the organization.

The data entry and audit demands of the system are critical if the system is to be creditable with the organization. The accounting section must offer a clear promotion path to encourage employees to stay with the system.

The purchasing system and the need to provide reliable and responsive procurement is critical. Invoices and vouchers will have to be "walked" through the system.

The training needs are modest. Most of the individuals would be adequately trained while on the job, except for the accountants. The accountants assigned to the Accounting Section should have training from the Management Development Institute.

The three people recommended for advanced training are: 1) the Senior Financial Officer - Masters in Business Administration; 2) the Accounting Supervisor--Bachelor of Science in accounting, and 3) the Computer/Management Information Specialist with training in micro computers and electronics.

IV. RECOMMENDATIONS AND SUPPORTING COMMENTS

A. The Program Budgeting System.

A.1. Recommend that the Program Budgeting System continue to be emphasized and enhanced by the Department of Agricultural Research Services.

A Program Budgeting System is an excellent mechanism to build a planning process into the agriculture research program. The steps taken to date that initiated this process for the 1987-88 program year were innovative and have provided the Department with a solid base from which this process can be enhanced. The planning for FY 1988-89 will be an opportune time to make significant improvements.

A.2. Recommend that the USAID-funded GARD Project be reflected in the development budget cycle of MEPID and published in The Gambia's annual budget presentation to the Parliament.

Currently, the GARD Project's "In-Country" development costs are not reflected in the budget-building process of the GOTG and, as a result, they are not in the final presentation to Parliament in June. By reflecting the anticipated donor development funds from the GARD Project in the MEPID budget, both the Gambian government and USAID can monitor the level of research support coming from all agencies. One caution on this process. Budgets are only guides for planning purposes. The estimates provided to MEPID in its budget cycle will be the best estimate of the funds available for the coming year and should not be viewed as an absolute commitment.

A.3. Recommend that the following Program Budget System timetable be implemented to develop program budgets.

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|----------|---|
| March 1 | Send advance materials to Program Leaders. This information should include the PBS Guidelines, pre-printed project data and project budget forms on current-year programs (this may be optional since this information should exist in the Program Leaders' files), blank forms for new initiatives, and the agenda for the April ARAB meeting. |
| March 15 | Proposed capital equipment purchases for the coming year are submitted in priority order by Program areas. Copy to Asst. Director and Financial Officer for pricing - not processing. |

- April 1 Schedule the ARAB meetings where research results from the prior year are presented and directions for the coming research season are discussed with administrators.
- April 10 to Program Leaders and scientists will
April 20 develop research protocols based on discussions and decisions made at the ARAB meetings.
- April 20 to Schedule a budget workshop in Banjul
April 30 to finalize protocols and budgets. Workshop would result in the submission of PBS documents to administrators.
- May 1 to The Assistant Director and the Senior
May 15 Financial Officer review the protocols and budgets submitted by the Program Leaders.
- May 15 to Program Leaders meet with the Assistant
June 1 Director and the Sr. Financial Officer to negotiate the final budget allocations for the coming year.
- June 1 to The Senior Financial Officer will "load"
June 15 the approved budget allocations into the accounting file and distribute copies to all parties.

A.4. Recommend the executive group of the DARS consist of the Director, the Assistant Director and the Senior Financial Officer.

Management responsibilities will be delegated to the Assistant Director and the Senior Financial Officer that will require coordination and decisions at the executive level. These three individuals should meet on a regular basis to insure the organization functions in a smooth and efficient manner. The Senior Financial Officer, although subordinate to the Assistant Director, is an important part of the team to assure program decisions can be supported operationally and administrative decisions are not in conflict with research progress. Administrative and support functions are in place to facilitate and not hinder research. This attitude is important to instill throughout the organization.

A.5. Recommend preliminary budget guidance be given to Program Leaders at the ARAB meetings based on a percentage of the prior year's program budget.

The PBS process, if fully implemented as proposed, will put the final budget negotiations late in the budget-building process. To insure that

Program Leaders will develop research protocols that are realistic with respect to budget resources, a general level of funding should be established before scientists write research plans for the coming year. The preliminary guidance should be based on: 1) the prior year's budget, 2) the pending request with MOA and MEPID, and 3) anticipated donor funding. If pending requests from these sources are approved at levels above the program area allocations, that amount should be disbursed as a contingency fund. Preliminary budget guidance should be given somewhat conservatively to avoid having to reduce the allocation during the final budget refinements. It is always easier to give than to take away.

- A.6. Recommend that Program Leaders submit budget information on each proposed project, with a summary sheet that reflects the budget proposal for the entire program area.

Last year the Program Leaders were asked to submit a budget sheet on each activity. This was a large amount of data and it became unmanageable within the administrative computerized system. Activity budgets may provide useful budget building information for the Program Leader as they put together the data for their budget proposal, but it is unnecessary detail for research management.

- A.7. Recommend that a computerized budget matrix be developed that presents the budget proposal for each budget unit on a line item basis.

A computerized budget matrix should be developed that reflects each budget unit or area across the top and each budget line item down the left margin. As budget proposals are received from the budget units, they are entered in the budget matrix. Once all budget requests are entered, the matrix should add down, across, and crossfoot to a total. The information provided by the matrix could be enhanced by calculating row percents and column percents. The Assistant Director for Research could make preliminary recommendations for each program area and subtract the recommendation from the program area request to determine the magnitude of the budget reduction that must be negotiated during the budget meeting with the respective Program Leader. These matrix could be developed using Lotus 1-2-3 or as part of a data base system.

- A.8. Recommend that the executive group perform budget hearings with each Program Leader during the month of May with sufficient lead time to enter the approved budget information in the computer before the first monthly accounting sheets are provided to the budget units.

After the Senior Financial Officer has provided the budget request matrix and assessed the status of any pending budget requests to the GOTG and donor agencies, the process of refining the budget can proceed. Individual administrative units should be reviewed along with the research program areas. The executive group should decide on preliminary funding levels for programs, appropriate levels of contingency resources, and priority needs that have program-wide implications not included in

the individual budget requests; for example, vehicles or computers. After the preliminary decisions are made, the executive group begins the process of meeting with individual Program Leaders. During these sessions the Program Leaders justify (defend) their requests. If adjustments are made that reduce the program, the Program Leader must assess and advise the Director of its impact on the project. If adjustments are made that increase the budget, the Program Leader must advise the Director on where to place the resources. The Senior Financial Officer's role in these hearings is to record the decisions that adjust the budget request matrix and to advise the Director and the Assistant Director on matters that may impact on the financial position of the Department.

- A.9. Recommend the final budget be considered a spending guide. Approving authority for transfers between projects and program areas is the responsibility of the Assistant Director. Approval authority for transfer between spending categories on projects and administrative budget units is the responsibility of the Senior Financial Officer.

The controllership function is served by the Senior Financial Officer. However, transfer of funds that impacts on the program areas or the individual research projects, which may alter the resources directed at research priorities, must be approved by the Assistant Director or the Director himself (depending on the delegation of responsibility).

- A.10. Recommend that the planning for capital equipment be centralized under the Assistant Director of the DARS.

Planning for the purchase of major capital items is currently a problem because it is done too late in the budget cycle. The "call" for capital needs should go out to Program Leaders and Unit Directors before the ARAB meetings, with instructions to send a prioritized list to the Assistant Director allowing sufficient time to place this on the agenda. The capital budget for the DARS would remain in an administrative budget, and distributions would be made to program budgets as decisions regarding capital purchases were made. Thus, planning for capital purchases would be separated from the PBS process which would be conducted during the weeks immediately following the ARAB meetings.

- A.11. Recommend that the Senior Financial Officer conduct a budget seminar approximately one or two weeks after the ARAB meeting to assist the Program Leaders with the budget proposals being submitted with the research protocols for next year.

In discussing the problems of the current PBS process with Program Leaders, it became apparent that they would like to come together after developing their research protocols to develop the budget recommendations. This would facilitate the process by eliminating the logistics associated with program coordination between sites and communication with the financial office on budget development questions. As people become more familiar with the process, this budget seminar could be eliminated.

B. Budget and Accounting Systems Integration with the Gambian Government and Other Agencies

- B.1. Recommend that MOA authorize the Director of DARS to establish budget flexibility by drawing against the "other charges" budget on demand. An estimate of the quarterly cash needs should be obtained from the PBS process.

Agricultural research needs are not programmable on a quarterly basis. The seasonal nature of the program and the necessity to have supplies available to meet a planting and harvesting schedule demands that resources be released when they are needed. Since The Gambia's growing season starts in June, most of the resources are needed in the first quarter. Also, agencies that are supporting the development of The Gambia's agricultural research base expect that the GLF resources programmed for expenditure are actually spent. The uniform distribution of funds on a quarterly basis hinders the Department from liquidating the resources before the end of the year and balances left in GLF budgets reflect negatively on the GOTG. The PBS matrix which should be used to develop the budget should ask Program Leaders to assess their budget needs by quarter. This percentage, when applied to the total budget request, should allow the financial officer to develop a "feel" for the funds needed from the MFT each fiscal quarter.

- B.2. Recommend the Auditor General's Office consider authorizing the use of the GARD accounting system in place of the traditional Vote Charge Book (VCB).

The VCB represents a mechanism to record and control the disbursement of funds from the "other charges" budget. This system is a long-standing practice for managing GLF resources and is a required procedure by the Auditor General. The computerized accounting system under development by the GARD Project will provide a list of commitments that essentially replicates the VCB. It would benefit the development of the financial management system if the Auditor General would provide an exception to policy for two reasons. One, the maintenance of a VCB and the computerized system is duplicative. Second, the existence of VCB's at multiple locations within DARS will create confusion.

- B.3. Recommend that the DARS maintain a PBS/financial management system on behalf of the National Agricultural Research Board (NARB) and the Ministry of Agriculture that assembles research project budgets and monitors the annual expenditures.

The NARB will expect that the budgeting and expenditure of agricultural research funds are monitored to assure the research priorities established through their efforts are carried out by the MOA. This will be a difficult task, because each agency within the MOA with research funds has its own VCB and is authorized a budget for "other charges". Several alternatives were mentioned in the discussion section of this report, but the most feasible would require each agency to allocate their research funds to established research projects. These

amounts would be communicated to the Director of the DARS either immediately before or after the ARAB meetings, depending on the policy established between the agencies.

Throughout the year, the financial officer of the cooperating agency would send the financial officer of the DARS the commitments made to the research project(s) as recorded in his VCB. The expectation would be that the total charges for the year will approximate the proposed budget of GLF research resources. If this system is not acceptable to the cooperating agency, the only alternative for the DARS is to "expense" the entire proposed budget and assume the funds were spent on the authorized research project.

- B.4. Recommend that the DARS and the GARD Project maintain a counterpart relationship with the Senior Financial Officer for approximately two years, at which time the total responsibility for review of GARD commitments will rest with the Chief of Party.

The budget and financial systems are just starting to develop and mature, even though the Project is in its third year. This is not unexpected given the fact that this project had to be "built from the ground up." Significant progress has been made toward a financial agricultural research management system. This is a time-consuming process. It will take at least another two years for the system to achieve full implementation. The other consideration is the staff of Gambians that are working with GARD and will presumably be transferred to GLF resources in the future. They are all outstanding individuals who are highly trained and motivated. However, most lack experience in financial systems. Additional time with an experienced manager of financial systems is necessary. This recommendation suggests a counterpart relationship to assure that the program is sustained at the end of the period.

C. The Accounting System

- C.1. Recommend that the DARS set up an accounting system that reflects, to the fullest extent possible, all the resources available during any fiscal period from the GOTG and donor agencies which support the In-Country program.

Before an accounting system can be effective in providing the financial status of the organization, all resources must be accounted for and properly reported. Thereafter the system serves as a mechanism by which the uses of resources can be monitored. Although the source of the funds used to finance a research program may be transparent to the Program Leader, the research administrator needs to monitor the source of fund expenditures to assure resources are properly and totally spent. Funds managed "outside" the system are often lost due to neglect.

C.2. Recommend that all In-Country salary costs are reflected in the DARS accounting system.

In order for the system to assess the research budget allocations to programs, all costs must be properly recorded in the system. Salary funds from the GOTG's nominal budget are paid directly from the MFT. This means that information is entered into the system even though DARS has no control over the expenditure of funds.

C.3. Recommend that some mechanism to provide the incentives necessary to retain selected staff from the GARD Project be explored to assure the sustainability of the administrative systems.

The GARD Project staff at Mile 7 are extremely competent and will become fully trained in the management of the financial system. Hopefully, the reorganization structure will provide civil service positions that are attractive to the current employees and they will voluntarily transfer to the new positions of the DARS.

C.4. Recommend that the accounting system be changed to reflect commitments as soon as they are approved by the financial administrator.

The accounting system is currently updated with an entry as soon as cash has been disbursed. In many cases this event occurs weeks and months after the commitment to purchase was made. During this time, the program manager must mentally reserve those funds in the budget until the commitment is posted to the financial ledgers. This recommendation would post the commitment as soon as the requisition has been approved for purchase.

Four columns are required on the financial budget sheets to properly reflect the current status of the budget. Each budget account would have the following column headings; Budget, Commitments, Disbursements, and Balance. When a requisition was received and approved, it would be posted to the accounting system. This action would "reserve" an estimated amount in the commitment column and reduce the balance by that amount. The estimated resources to cover the commitment would be encumbered or reserved for payment. When the actual payment was made, the committed amount would be eliminated and the actual amount would be posted to the disbursed column. Any amount over or below the committed amount would be added or reduced from the balance. Program Leaders would be able to monitor both the status of the budget balance and whether a requested item is still pending payment.

C.5. Recommend that some consideration be given to revising the accounting coding structure in the future using the suggestions presented in the discussions in Section III. C, pages 12-14.

The coding system is excellent and will serve the needs of the DARS. The flexibility is limited, however, by positioning most of the codes at

the lower end of the range. This restricts the use of the higher numbers in the range. Refer to the PBS - FARMS Codebook for the current structure.

- C.6. Recommend that an account transfer form be developed to enable funds to move from one account to another.

A project-based financial management system will need to move resources from one area to another during the fiscal period. A procedure needs to be established to control that process.

D. Organizational Structure and Manpower Needs

- D.1. Recommend that a Senior Financial Officer be added to the reorganization structure at a salary level commensurate with the duties and responsibilities of executive position (Grade 8 or 9). This Officer would have supervisory responsibility for the administrative section and be responsible to the Director of DARS for all Department financial affairs.

This position will deal with administrative heads of agencies, Program Leaders, and donor agencies on financial matters that are very significant to the functioning of the DARS. The individual must be a key member of the Director's immediate staff and act on behalf of the Director on financial matters. Also, the individual must carry enough stature throughout the organization to exercise decision-making authority on fiscal affairs.

- D.2. Recommend that the organizational chart of the finance and accounting function of the DARS which was explained in the "Findings" be implemented.

The Terms of Reference (TOR) for this consultation included looking at the financial manpower and training needs of the financial management system. This has presented a territorial issue because the Management Consultant has also been asked to make recommendations on staffing. Even though DARS may value the management recommendations over those above, they should have a recommendation from the Financial Consultant.

APPENDICES

1. SUMMARY OF RECOMMENDATIONS
2. PBS PROCEDURES AND REVISED FORMS
3. FLOW DIAGRAM ON REQUISITIONS PROCEDURES
4. ACCOUNTING REPORTS
5. LIST OF INDIVIDUALS INTERVIEWED
6. POSITION DESCRIPTIONS FOR FARMS
7. PROJECT BUDGET AND COMMUNICATIONS WITH U.W.-MADISON

23'

APPENDIX 1

SUMMARY OF RECOMMENDATIONS

A. The Program Budgeting System.

A.1. Recommend that the Program Budgeting System continue to be emphasized and enhanced by the Department of Agricultural Research Services.

A.2. Recommend that the USAID-funded GARD Project be reflected in the development budget cycle of MEPID and published in The Gambia's annual budget presentation to Parliament.

A.3. Recommend that the following Program Budget System timetable be implemented to develop program budgets (see A.3, page 16).

A.4. Recommend the executive group of the DARS consist of the Director, the Assistant Director and the Senior Financial Officer.

A.5. Recommend preliminary budget guidance be given to Program Leaders at the ARAB meetings based on a percentage of the prior year's program budget.

A.6. Recommend that Program Leaders submit budget information on each proposed project, with a summary sheet that reflects the budget proposal for the entire program area.

A.7. Recommend that a computerized budget matrix be developed that presents the budget proposal for each budget unit on a line item basis that will be used to compare requests against available resources in preparation for the program area budget sessions in May.

A.8. Recommend that the Executive group perform budget hearings with each Program Leader during the month of May with sufficient lead time to enter the approved budget information in the computer before the first monthly accounting sheets are provided to the budget units.

A.9. Recommend the final budget be considered a spending guide. Approving authority for transfers between projects and program areas is the responsibility of the Assistant Director. Approval authority for transfer between spending categories on projects and administrative budget units is the responsibility of the Senior Financial Officer.

A.10. Recommend that the planning for capital equipment be centralized under the Assistant Director of the DARS.

A.11. Recommend that the Senior Financial Officer conduct a budget seminar approximately one or two weeks after the ARAB meeting to assist the Program Leaders with the budget proposals being submitted with the research protocols for next year.

B. Budget and Accounting Systems Integration with the Gambian Government and Other Agencies.

B.1. Recommend that the MOA provide authorization to the Director of the DARS to establish budget flexibility by drawing against the "other charges" budget on demand. An estimate of the quarterly cash needs should be obtained from the PBS process.

B.2. Recommend the Auditor General's Office consider authorizing the use of the GARD accounting system in place of the traditional Vote Charge Book (VCB).

B.3. Recommend that the DARS maintain a PBS/financial management system on behalf of the National Agricultural Research Board (NARB) and the Ministry of Agriculture that assembles research project budgets and monitors the annual expenditures

B.4. Recommend that the DARS and the GARD Project maintain a counterpart relationship with the Senior Financial Officer for approximately two years, at which time the total responsibility for review of GARD commitments will rest with the Chief of Party.

C. The Accounting System.

C.1. Recommend that the DARS set up an accounting system that reflects, to the fullest extent possible, all the resources available during any fiscal period from the GOTG and donor agencies which support the "In-Country" program.

C.2. Recommend that all "In-Country" salary costs be reflected in the DARS accounting system.

C.3. Recommend that some mechanism to provide the incentives necessary to retain selected staff from the GARD Project be explored to assure the sustainability of the administrative systems

C.4. Recommend that the accounting system be changed to reflect commitments as soon as they are approved by the financial administrator

C.5. Recommend that some consideration be given to revising the accounting coding structure in the future using the suggestions presented in the discussions in Section III. C, pages 12-14.

C.6. Recommend that an account transfer form be developed to enable funds to move from one account to another.

D. Organizational Structure and Manpower Needs.

D.1. Recommend that a Senior Financial Officer be added to the reorganization structure at a salary level commensurate with the duties and responsibilities of executive position (Grade 8 or 9). This officer would have supervisory responsibility of the administrative section and be responsible to the Director of the DARS for all Department financial affairs.

D.2. Recommend that the organizational chart of the finance and accounting function of the DARS which was explained in the "Findings" be implemented.

APPENDIX 2

PROGRAM BUDGETING SYSTEM PROCEDURES FOR THE DEPARTMENT OF AGRICULTURE RESEARCH SERVICES

Beginning The Process

Prior to the ARAB meetings, Program Leaders and scientists are analyzing research data from the previous year for presentation. Concurrent with this process, preliminary thought should be given to developing next year's program.

Also prior to the ARAB meetings, Program Leaders will be asked to prepare a prioritized list of equipment needs for next year. This information will be used to determine the available resources for program budgeting.

ARAB Meetings

In addition to providing the opportunity to present the previous year's research data, these meetings are also the basis for providing initial guidance for next year's program. Research administrators will issue guidance on research priorities from the National Agriculture Research Board (NARB) and a preliminary estimate of the budget resources available based on a percentage of the previous year.

Immediately After the ARAB Meetings

Research Activity Sheets will be submitted to the Program Leader. These forms are used by the Task Forces to develop research project proposals for next year. Attempts to make budget estimates based on the updated price list are encouraged.

The financial officer will host a budget workshop 1 to 2 weeks after the ARAB meetings to finalize the research protocols and budgets.

Budget Hearings

After some time for review of the protocols and budgets by research administrators, Program Leaders will be called in on an individual basis to "negotiate" the budget requests to fit within the available resources. These meetings should occur during late May and will result in the approved budgets for the next year.

Monthly Financial Reporting

After the approved budgets are recorded in the financial system, a monthly report indicating the expenditure activity will be sent to each Program Leader or Budget Unit Manager. This information should be used to monitor spending levels against research plans. Questions regarding the contents of these reports should be directed to the DARS Financial Officer.

AGRICULTURAL RESEARCH PROJECT DATA SHEET
DEPARTMENT OF AGRICULTURE RESEARCH SERVICES

Project Identification

- A. Program Area: _____
- B. Project Title: _____
- C. Project Leader: _____
- D. Date the project was initiated: _____
- E. Date of expected completion: _____
- F. Administrative Location: _____

Project Description

- A. Project Objectives:

- B. Abstract of the Research Project Proposal:

(Add Sheets As Necessary)

Project Approvals

- A. Project Leader _____ Date: _____
 - B. Program Leader _____ Date: _____
 - C. Research Director _____ Date: _____
-

AGRICULTURAL RESEARCH PROJECT BUDGET SHEET
DEPARTMENT OF AGRICULTURE RESEARCH SERVICES

Project Identification

- A. Program Area: _____
- B. Project Title: _____
- C. Project Leader: _____
- D. Fiscal Period: Start _____ End _____
- E. Estimated Cash Needs by Quarter: 1. % 2. % 3. % 4. %

Project Personnel

	<u>Names</u>	<u>Title</u>	<u>Man Months</u>
A. Scientists:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
			TOTAL _____
B. Technicians:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
			TOTAL _____

Project Budget (Other Charges)

		<u>Proposed</u>	<u>Approved</u>
A. WAGES	Days _____	_____	_____
B. FUEL	Liters _____	_____	_____
C. TRAVEL (per diem)	Days _____	_____	_____
D. SUPPLIES AND MATERIALS		_____	_____
E. EQUIPMENT LIST	_____ D _____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
TOTAL		_____	_____

DEPARTMENT OF AGRICULTURE RESEARCH SERVICES
PROGRAM BUDGET REQUEST

BUDGET UNIT

Code	Description	SALARIES 100	ALLOWANCES 200	CONSULT 300	WAGES 400	TRAVEL 500	SUPPLIES 600	VEHICLE OPNS 700	EQUIPMENT 800	MISCELLANEOUS 900	TOTAL	PERCENT OF TOTAL
100 ADMINISTRATION												
120	DARS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
140	ABUKO	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
160	SAPU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
180	YUNDUM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
200 DARS-RESEARCH PROGRAMS												
220	CROPPING SYSTEMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
240	GRAINS & LEGUMES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
260	HORTICULTURE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
280	RICE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
290	UPLAND CEREALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
400 OTHER-RESEARCH PROGRAMS												
410	ANIMAL TRACTION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
420	CROP PROTECTION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
440	FORESTRY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
460	LIVESTOCK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
480	PPMU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
490	WATER RESOURCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
600 SERVICE UNITS												
620	CROP PROTECTION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
640	IRRIGATION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
660	SEED TECHNOLOGY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
680	SOIL SURVEY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
900 GARD-INTERNAL PROJECT SUP												
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
TOTAL		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	ERR
PERCENT OF TOTAL		ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR

APPENDIX 3

FLOW DIAGRAM ON REQUISITIONS PROCEDURES

Program Leader - PL
 Accounting - ACCT
 Purchasing Officer - PO

<u>STEPS IN THE PROCESS</u>	<u>PL</u>	<u>ACCT</u>	<u>PO</u>
a. Initiate the purchase			
1. Prepare the blue form	X		
2. Include a price estimate	X		
3. Station Director for Approval	X		
4. Two copies--one for financial office and one for file	X		
b. Record the request			
1. Audit and correct errors		X	
2. Assign Req control number		X	
3. Submit for approval		X	
4. Four copies		X	
a. Acct file--original			
b. Requesting Program--Approval			
c. Purchasing Officer			
d. Data entry clerk--record			
c. After receiving approval, destroy the file copy and replace with approved copy.	X		
d. Initiate procurement			
1. Check storeroom			X
2. If not in stock, buy locally			X
e. Record purchase in storeroom			
1. Complete inventory card or bin card with accurate information.			X
f. Issue items			
1. Complete yellow form			X
2. Submit to PO for approval			X
3. Three copies			X
1. Accounting			
2. With order to Program			
3. File			

APPENDIX 3 (Cont.)

Program Leader - PL
Accounting - ACCT
Purchasing Officer - PO

<u>STEPS IN THE PROCESS</u>	<u>PL</u>	<u>ACCT</u>	<u>PQ</u>
g. Accountant will annotate the original blue form and send to Data Entry Clerk for posting		X	
h. Program Leader will annotate receipt on blue form and file	X		
i. Storeroom will adjust the inventory		X	

APPENDIX 4

ACCOUNTING REPORTS

- A. Monthly Expenditure Ledger Statement

- B: DARS Monthly Expenditure Summary
 - 1. By Expenditure Code
 - 2. By Program Area

DEPARTMENT OF AGRICULTURE RESEARCH SERVICES
MONTHLY SUMMARY LEDGER-BY BUDGET UNIT

Code	Description	Budget	Commitment	MONTH		Balance col 1-(2+3)	Expended col 2+3/
				Disbursement			
100	ADMINISTRATION	0.00	0.00	0.00		0.00	ERR
120	Admin-DARS	0.00	0.00	0.00		0.00	ERR
140	Admin-Abuko	0.00	0.00	0.00		0.00	ERR
160	Admin-Sapu	0.00	0.00	0.00		0.00	ERR
180	Admin-Yandum	0.00	0.00	0.00		0.00	ERR
200	DARS-RES PROGRAMS	0.00	0.00	0.00		0.00	ERR
220	Cropping Systems	0.00	0.00	0.00		0.00	ERR
240	Grains & Legumes	0.00	0.00	0.00		0.00	ERR
260	Horticulture	0.00	0.00	0.00		0.00	ERR
280	Rice	0.00	0.00	0.00		0.00	ERR
290	Upland Cereals	0.00	0.00	0.00		0.00	ERR
400	OTHER RESEARCH AGENCIES	0.00	0.00	0.00		0.00	ERR
410	Animal Traction	0.00	0.00	0.00		0.00	ERR
420	Crop Protection	0.00	0.00	0.00		0.00	ERR
440	Forestry	0.00	0.00	0.00		0.00	ERR
460	Livestock	0.00	0.00	0.00		0.00	ERR
480	PFMU	0.00	0.00	0.00		0.00	ERR
490	Water Resources	0.00	0.00	0.00		0.00	ERR
600	SERVICE UNITS	0.00	0.00	0.00		0.00	ERR
620	Crop Protection	0.00	0.00	0.00		0.00	ERR
640	Irrigation	0.00	0.00	0.00		0.00	ERR
660	Seed Technology	0.00	0.00	0.00		0.00	ERR
680	Soil Survey	0.00	0.00	0.00		0.00	ERR
900	GARD-INTERNAL PROJECT SUP	0.00	0.00	0.00		0.00	ERR
TOTALS		0.00	0.00	0.00		0.00	ERR

DEPARTMENT OF AGRICULTURE RESEARCH SERVICES
MONTHLY SUMMARY LEDGER-BY EXPENDITURE CODE

Code	Description	MONTH			Balance	Expended
		Budget	Commitment	Disbursement	col 1-(2+3)	col 2+3/
100	SALARIES	0.00	0.00	0.00	0.00	ERR
120	Sr. Staff					
140	Jr. Staff/Tech					
160	Soc Security					
200	ALLOWANCES					
300	CONSULTANCIES					
400	WAGES	0.00	0.00	0.00	0.00	ERR
420	Guards					
440	Herdsman					
460	Hired Labor					
500	TRAVEL	0.00	0.00	0.00	0.00	ERR
520	Per Diem					
540	Night Allowance					
560	Other					
600	SUPPLIES	0.00	0.00	0.00	0.00	ERR
610	Chemicals					
611	Seed Dressing					
612	Pesticides					
613	Herbicides					
614	other					
620	Fertilizer					
630	Office Supplies					
640	Protective Clothing					
650	Computing					
690	Other					
700	VEHICLE OPNS	0.00	0.00	0.00	0.00	ERR
710	Fuel					
711	Deisel					
712	Petrol					
740	Maintenance					
760	Spares					
800	EQUIPMENT	0.00	0.00	0.00	0.00	ERR
820	Vehicles					
840	Tractors					
860	Labratory					
900	MISCELLANEOUS	0.00	0.00	0.00	0.00	ERR
910	General Opns					
930	Construction					
950	Housing					
990	Other Misc					
TOTALS		0.00	0.00	0.00	0.00	ERR

APPENDIX 5

List of Individuals Interviewed

Cape Office

M. S. Sompo-Ceesay	Asst. Director/Research
Elon Gilbert	Chief of Party-GARD
John Rowe	Chief of Party-GARD/Incoming

Mile 7 Office

David Gibson	Project Administrator-GARD
Lawrence Bruce	Assistant Administrator-GARD
Abdou Sanneh	Executive Officer-GARD
Manocher Timajchy	Computer Facilities MGR-GARD
Nuha Kujabi	PBS Accountant-GARD
Patricia O'Neil	Peace Corps

Yundum Station

Solomen Owens	Station Director
Josh Posner	Cropping Systems Agronomist-GARD
Papa Cham	Program Leader-Animal Traction
Musa Bojang	Program Leader-Grain/Legumes
Isatou Jack	Program Leader-Horticulture
Omar Jallow	Program Leader-Livestock
Jim Sumberg	Livestock Scientist-GARD
Andrew Jones	Economist-ODA

Sapu Station

Albert Cox	Program Leader-Upland Cereals
Tom Senghore	Program Leader-Cropping Systems
Alphu Marong	Program Leader-Rice
Ibrahim Diallo	Research/Extension Liaison-GARD

Ministry of Agriculture

Eliman N'jie	Chief Accountant
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Ministry of Finance and Trade

Fama Faal
Ada Joof

Principal Accountant
Assistant Accountant

USAID

Don Drga
Tom Hobgood
Ken Klemp

Agricultural Development Officer
Asst. Agr. Development Officer
Comptroller

Others

James N'ti
Mustapha Darboe
Sheik Hossain

Management Development Institute
ADP II Project
ADP II Project

APPENDIX 6

STAFF PROFILE

DEPT/UNIT: Department of Agriculture Research Services
TITLE: Senior Financial Officer
GRADE: 8/9

Main Tasks:

- * Manage the financial affairs of the DARS.
- * Manage the Program Budget System of the DARS project based research program.
- * Provide the 'controllershship' function for the DARS and monitor and approve expenditures.
- * Supervise and coordinate the development of a financial management information system.
- * Liaise with other MOA agencies that conduct research to monitor the spending commitments made in the budget process.
- * Liaise with the MFT and MEPID on matters that involve financial policy and procedural coordination.
- * Supervise the personnel in the financial and administrative area of the DARS.
- * Assist the Director of the DARS in the management of the department, including providing advice on policy matters.

Minimum Technical Qualifications:

- * BSc in Business Management
MBA or Masters preferred.
- * Five (5) years of experience working with financial systems in a supervisory capacity.
- * Exposure to micro computers and data base management software.

DEPT/UNIT: Department of Agriculture Research Services

TITLE: Computer/Management Information Specialist

GRADE: 6

Main Tasks:

- * Develop a computerized financial management system.
- * Provide monthly financial information to research budget units.
- * Liaise with other members of the financial administrative staff on financial matters.
- * Provide technical assistance to the research program on matters relating to hardware and software.
- * Maintain and repair computing equipment.
- * Monitor the "state-of-the-art" equipment and software and advise the DARS organization on computer related purchases.

Minimum Technical Qualifications:

- * Technical training in computing
BSc in any subject preferred.
- * Two (2) years experience working with micro computers.
- * Training in electronics is desired.

DEPT/UNIT: Department of Agriculture Research Services
TITLE: Accounting Section Supervisor
GRADE: 6

Main Tasks:

- * Supervise the financial accounting section of the DARS.
- * Maintain accurate records on unit budgets and report this information to units on a monthly basis.
- * Assist the Senior Financial Officer in the development and maintenance of a Program Budget System.
- * Establish internal control systems to manage inventories, cash and other resources.
- * Act on behalf of the Senior Financial Officer in his/her absence.

Minimum Technical Qualifications:

- * BSc in Accounting
- * Supervisory experience

APPENDIX 7

PROJECT BUDGET AND COMMUNICATIONS WITH U.W.-MADISON

General Comments

Clearly, one of the most frustrating problems during the first three years of the GARD Project has been the communication between Madison and The Gambia regarding the available resources. Part of the problem rests in the fact that a responsive system was not in place in The Gambia at the beginning of the Project but a significant part was due to the lack of clear policy guidance on categorical spending levels for each fiscal period.

Each year, three preliminary budget authorizations need to be negotiated between Madison and The Gambia. First, is the budget associated with all "In-Country" costs. It is this figure that will be entered into the GARD financial system in The Gambia. Second, is a level of new spending commitments for consultants, which would include both LTTAs and STTAs. Third, is a level of new spending commitments for training. All three figures are for the coming fiscal period (July 1) and negotiations between Madison and Project representatives in The Gambia would start in the prior January. A set figure must be agreed upon before the ARAB meetings in April to assure that the budget cycle is not delayed in The Gambia.

In-Country Costs

A clear definition of In-Country costs has been lacking since the Project began. The contract with USAID has an In-Country line item, but expenditures from other categories are expended in The Gambia and charged to other line items in the contract. This has created confusion because it is difficult to know whether the expense will be charged to 'our money' or 'their money.' For the purpose of project management in The Gambia, In-Country costs are all resources expended for research and research development. The proposed accounting structure for the financial management system in The Gambia would classify sustainable research costs to individual programs and non-sustainable costs to a separate budget unit called 'GARD Project Support Costs.'

Consultancies

The only part of consultancy costs that should show up under In-Country are those which support the consultant while in The Gambia. This

amount should be estimated at the time of the In-Country budget negotiation. All travel and salary expenditures associated with consultancies should be charged to the contract budget in Madison.

Training Costs

Training costs are not as easily managed because extensive training costs are incurred within The Gambia. The easiest policy to follow, however, would be to charge training in The Gambia to the In-Country budget. All training conducted outside The Gambia is the responsibility of the Madison budget.

Some consideration should be given to financing the training needs for areas other than research. Scholarships to attend the local Management Development Institute for administrative and financial positions should be part of the GARD Project's mission.

Lines of Decision-Making Authority

USAID is funding the GARD Project and certainly has the right to monitor its activities in The Gambia. An approved contract for the Project, however, has been awarded to the University of Wisconsin on a competitive application basis and they are responsible for all decisions made in executing the conditions of that agreement. Therefore, the Project Leader with final decision-making authority is Ken Shapiro, Associate Dean for International Programs, College of Agricultural and Life Sciences, University of Wisconsin-Madison.

The process of developing an In-Country budget will result in the delegation of decision-making authority to the Director of DARS and the Project Chief of Party. These two individuals will function as counterparts in the decisions made which require the use of GARD Project funds.

All decisions regarding consultant appointments and training commitments will be the decision of the Project Leader, the Director of DARS and the Project Chief of Party, with the Project Leader exercising the leadership in the decision-making process. Commitments made by this group for consultancies and training should be communicated to the financial support people at Madison, the Project support people in The Gambia and to the financial officer of the DARS.

1. Recommend that a budget target be established for In-Country costs, consultancies and training before March 15th of each year for the next fiscal period beginning July 1.

A clear framework for budget planning must come from Madison with enough lead time to build these figures into the budget cycle in The Gambia. Budget requests are submitted to the Ministry of Finance and Trade beginning in February. The Project should be working with the DARS

during this process so a comprehensive budget proposal is submitted reflecting all anticipated research resources needed. Of course, these are requests and estimates at this time, and should not be viewed by anyone as firm commitments.

These pending proposals will be used by the Director of the DARS and the GARD Chief of Party in developing the research budgets using the PBS process. Preliminary budget guidance given to the research Program Leaders at the April ARAB meetings will be based on these estimates, so it is important to complete the negotiations with the Project Leader in Madison before March 15.

2. Recommend that all decisions involving consultancies and training be made by the Project Leader, the Director of DARS and the GARD Chief of Party, with the leadership provided by the Project Leader in Madison.

Control of commitments made for consultancies and training has been a problem in the Project. Once commitments are made, information regarding the timing of the commitment and the source of funding support has created confusion with the budgeting process. A roster of commitments for consultancies and training should be maintained and updated on a regular basis and exchanged between Madison and the Chief of Party. If this roster already exists, the process by which it is developed and the information it provides needs to be discussed. Also, this information is important to the financial people in Madison and in The Gambia. Procedures should be established to insure that all parties with a "need-to-know" are informed.

3. Recommend that only the support costs of consultants while in The Gambia are expensed against the In-Country budget.

Salaries and travel costs of consultants should be charged to the Project budget in Madison and the support costs of the individual while in the Gambia charged to the Project's In-Country budget. This would eliminate the confusion regarding where the funding support is coming from and simplify the budget planning process.

4. Recommend that when commitments are made for training, they include a clear understanding regarding the funding source, the expected time of departure, the length of the training period and the estimated cost.

The process of making training decisions should be an established routine that requires a proposal from the individual and is conducted with enough lead time to allow for budget planning. Requests that are approved should indicate the anticipated time and length of the training period, the estimated cost, and where the costs will be charged. An established procedure should assist in solving the communication difficulties surrounding decisions for training commitments.