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UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
KABUL, AFGHANISTAN

هيئت انكشاف بين المللي اضلاع متحدة امريكا
كابل افغانستان

OFFICE OF THE CONTROLLER

AUDIT REPORT NO. 69-12

Agriculture Education
Project No. 306-11-690-092
For the Period March 30, 1964 to June 30, 1968

DATE OF ISSUE : March 17, 1969

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UNITED STATES A.I.D. MISSION TO AFGHANISTAN

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REPORT OF AUDIT

(No. 69-12)

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USAID/Afghanistan
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I. INTRODUCTION

A. Purpose and Scope of Audit

The audit was performed to determine if the funds provided by A.I.D. were expended as proposed and the objectives of the project were being achieved. The audit was conducted in accordance with A.I.D. Manual Order No. 793.1, insofar as applicable, and included a review of the Project Agreement (as amended), implementation documents, financial records, reports, and other pertinent data. In addition, discussions were held with USAID/A officials and contractor personnel as deemed appropriate.

B. Project Background Information

On March 30, 1964, the United States Government (A.I.D.) signed Project Agreement No. 306-11-690-092 (092) with the Royal Government of Afghanistan (RGA) which provided for technical assistance for three sub-activities as follows:

1. Vocational Agriculture
2. Faculty of Agriculture (Kabul University)
3. Kabul University Library

The original technical assistance began with Project No. 306-11-620-008, Vocational Agriculture Education, on February 16, 1956 and continued through projects No. 306-11-660-028, Faculty of Agriculture and Engineering; No. 306-11-660-057, Kabul University Development; and No. 306-11-690-070, Vocational Education. On September 30, 1965, all of these projects were consolidated either wholly or partly into project 092, retroactively to March 30, 1964.

The objective of the sub-activity, Vocational Agriculture Education, was to develop a competent staff at Kabul Vocational Agriculture High School through training abroad and in-service training in Afghanistan and to establish a program capable of graduating approximately 80 students each year with a total school enrollment of approximately 300 students. Also, the Ministry of Education would be assisted in planning the establishment of three additional vocational agriculture high schools at Jalalabad, Herat, and Kandahar.

The objective of the sub-activity, Faculty of Agriculture, was (1) to develop by 1973 a self-sufficient university level agriculture education center at Kabul University capable of graduating annually approximately 55 professionally qualified teachers of agriculture and/or agriculturalists at the end of a four-year course; (2) to establish a farm demonstration project near Kabul; (3) in cooperation with the RGA to equip the Faculty of Agriculture building with adequate furniture and laboratory equipment; and (4) to help secure and develop teaching materials, teaching aids, books, etc.

The objective of the sub-activity, Kabul University Library, was to develop by 1968, a self-sufficient central library facility capable of meeting the requirements of Kabul University.

The University of Wyoming has been providing technical assistance to the project since inception. The present University of Wyoming Contract No. AID/nesa-215 became effective on January 1, 1966 and superseded Contract No. AIDc-1077 effective on June 30, 1959, which in turn had superseded an un-numbered contract effective on September 1, 1954. The present contract provided for technical assistance to be given to the Faculty of Agriculture and Kabul University Library. The contracts have been audited separately and the issued audit reports are listed in sub-paragraph C which follows.

C. Prior Audits

No prior audits have been made of project 092. However, one audit was made of Project No. 306-11-690-070, Vocational Education, which was partly merged with Project 092. Also, several audits have been made of the contracts (University of Wyoming) under which technical assistance was provided to Project 092 as well as the merged projects. The above mentioned audit reports are listed below:

Project Audit (No. 306-11-690-070)

Audit Report No. FY 67-13 for the period February 16,
1956 to June 30, 1966

Contract Audits (University of Wyoming)

<u>Audit Report Number</u>	<u>Period Covered</u>
FY 59-TOICA-A778	9/ 1/54 to 10/31/58
FY 61-5	11/ 1/58 to 9/30/60
FY 63-1	10/ 1/60 to 6/30/62
FY 67-9	7/ 1/62 to 12/31/65
FY 69-6	1/ 1/66 to 6/30/68

Audit Report No. FY 69-6 was issued in January 1969 and all of the recommendations contained therein are listed on Exhibit "A".

II. SUMMARY OF MAJOR FINDINGS

The accounting system maintained at Kabul University does not readily furnish the amount budgeted and expended by the RGA for the project. (pp. 5 and 6)

The non-expendable property purchased for the project was not under inventory control. (pp. 6 and 7)

Frequent changes in top level management of the University of Wyoming Contract Team and shortages of good quality RGA administrative leadership and teaching staff have handicapped the project implementation. (pp. 8)

The report has been discussed with the USAID/A's Project Advisor and other USAID/A officials and their comments, if any, have been incorporated into the report.

The Audit Report contains four recommendations which are listed on Exhibit "C".

III. FINDINGS AND RECOMMENDATIONS

A. Status of Project Funding

The status of the project funding as of June 30, 1968 was as follows:

1. A.I.D. Contribution

Status of Projects Merged in 092. ^{1/}

<u>Component</u>	<u>Obligated and Expended</u>
U.S. Technicians	\$ 97,000
Participants	94,995
Contract Services	2,461,631
Commodities	244,815
Other Costs	59,055
Total	<u>\$2,957,496 ^{2/}</u>

Note: 1/ Projects 008, 028, 057, and 070. Projects 008 was merged in its entirety with Project 092. Projects 028 and 070 were merged with Projects 092 and 093. Project 057 was merged with Projects 091, 092, and 093. The amounts shown were only those allocated to Project 092.

2/ The amount of \$210,865, on which audit responsibility was considered to be concluded, was computed as follows:

Amount Expended from merged Projects: \$2,957,496

Amounts Audited:

Separate Contract Audits	\$2,461,631	
Project 070	285,000 <u>3/</u>	<u>2,746,631</u>

Balance (amount on which audit responsibility was concluded)	<u>\$ 210,865</u> <u>4/</u>
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3/Included in the \$285,000 was commodities audited in the amount of \$107,464.

4/Audit responsibility was considered to be concluded because expenditures were made prior to March 30, 1964, and also because of the relative small amount involved.

Status of Funds Exclusively for Project 092

<u>Component</u>	<u>Obligated</u>	<u>Expended</u>	<u>Balance</u>
U.S. Technicians	\$ 68,484	\$ 68,484	-
Participants	55,663	54,619	\$ 1,014
Contract Services	1,612,000	857,504 <u>1/</u>	754,496
Commodities	33,363	8,363	25,000
Other Costs	<u>371</u>	<u>371</u>	-
Total	<u>\$1,769,881</u>	<u>\$989,371</u> <u>2/</u>	<u>\$780,510</u>

1/ Audited separately.

2/ The amount audited was \$131,867 (total of \$989,371 less contract services of \$857,504).

2. RGA Contributions:

(a) P.L. 480, Title II RGA-Owned Funds

The following amounts were released for project use through Local Currency Agreements with the RGA:

<u>Agreement Date</u>	<u>Amount</u>	<u>Purpose</u>
January 6, 1965	Afs 750,000	Kabul University Library
August 17, 1965	12,230,000	Agriculture Education
September 12, 1966	<u>1,000,000</u>	Kabul VoAg School
Total	<u>Afs 13,980,000</u>	

(b) RGA Commitments and Expenditures

According to A.I.D. Manual Order No. 1333.1, the Project Agreement should reflect the commitments agreed to by both parties to fulfill the stated goals of that project. Block nine of the Project Agreement face sheet should show the dollar equivalent value of the 'firm' cooperating agency commitments, whether in cash or in kind, with respect to the support of the project.

The five project agreements signed for this project did not show any 'firm' commitments by the RGA on the face sheet in local currency or dollar equivalents. Annex "As" to the project agreements showed the estimated operational and developmental costs needed for the Faculty of Agriculture and Kabul University Library and requested from the Ministry of Education. A total of Afs 33,896,627 had been requested in this manner in the last five years and mentioned in the Project Agreements. (See Exhibit "B").

The USAID/A Education Division and the University of Wyoming Contract Team stated that adequate facilities and support has been provided to the project by the RGA. The Ministry of Education allotted funds to the Kabul University as a whole and not separately to its individual "Units". The University has fourteen different Faculties and Institutes and does not maintain an accounting system that will readily show amounts budgeted for and/or spent by each. The auditors were therefore unable to determine from the Kabul University accounting records the amount that was budgeted and/or expended for the project.

Recommendation No. 1

Firm commitments by the RGA for the support of a project should be obtained in the future and shown on the face sheet of the project agreement as required by Manual Order No. 1333.1.II.

ACTION: Project Advisor, USAID/A (Education Division)

Recommendation No. 2

The RGA should be requested to furnish financial data for contributions made to Project 092 from its own budgetary sources.

ACTION: Project Advisor, USAID/A (Education Division)

Recommendation No. 3

The RGA should be requested to maintain an accounting system at Kabul University that will readily furnish the amounts budgeted and expended for different Faculties and Institutes, especially those assisted by A.I.D.

ACTION: Project Advisor, USAID/A (Education Division)

It is possible that the implementation of Recommendation No.3 could be assisted by the Kabul University Administration Improvement Project (University of Indiana Contract Team).

B. Commodities

The amount of \$8,363 has been disbursed as of June 30, 1968 for procurement of commodities which included text books, live animals, fertilizers, office equipment and agricultural implements. The auditors observed that at no time in the past has any systematic commodity management program existed under this project. Because of the lack of proper commodity records an adequate commodity utilization review was not feasible.

Recommendation No. 4

The non-expendable commodities purchased for this project should be located and brought under inventory control. Also, the inventory records should be cross-referenced to USAID/A Purchase Authorizations.

ACTION: Project Advisor, USAID/A (Education Division) ✓

C. Participants

One of the major objectives of the project has been the training of Afghan counterparts to staff the Faculty of Agriculture when the University of Wyoming Contract Team departs Afghanistan. The training of participants was considered to be satisfactory and consistent with the goals of the project, and participants were selected in conjunction with the University of Wyoming Contract Team. Under Project 092 a total of eleven participants were sent for training abroad and out of this number, nine participants studied agriculture education, one studied carpentry, and one studied library science. All eleven of the participants have returned and are employed with the Ministry of Education.

D. Project Progress and Performance

The last History and Analysis Report (U-520), which evaluated the project progress and performance, was issued on January 15, 1965. The first Project Appraisal Report (U-446), which replaced the U-520 report, was due in November 1968. A draft of this report has been shown to the auditors and it will be issued by the end of February 1969. The draft U-446 reported that the overall performance and effectiveness of this project was considered to be only marginally satisfactory.

The sub-activity, Vocational Agriculture Education, was terminated in December 1966, as originally planned, with the completion of physical facilities at the Kabul Vocational Agriculture School and the training of an Afghan staff at the school. However, during the last year of its activity, the Ministry of Education appeared to have lost interest in this program and did not avail itself of offered future advisory assistance to establish more schools or increase the agricultural courses to broaden the base for students. It seemed that Agriculture as a vocation was not considered very important by the Ministry of Education and, as a result, other programs were given higher priorities.

In March 1967 the Kabul Vocational Agriculture School was moved to Helmand Valley and the facilities vacated in Kabul are now being used for a "Pushtoon" School. The present enrollment in Helmand Valley is approximately 250 students and the number of graduates for 1966, 1967, and 1968 was 96, 95, and 100 respectively. The vocational agriculture high schools planned for Jalalabad and Herat have not been established and the one in Helmand Valley was combined with the one transferred from Kabul and is presently known as Helmand Valley School and is located at Darweshan.

The sub-activity, Kabul University Library, after being terminated in FY 1968, was transferred to the Kabul University Administration Improvement Project No. 306-11-600-013. At the time of termination, a centralized library had been established in a USAID-financed building. The library has 80,000 volumes and approximately 300 regular subscriptions to various periodicals. Three library manuals and a draft library constitution for a proposed National Library of Afghanistan were completed. Any future guidance needed will be provided by the University of Indiana Contract Team under the Kabul University Administration Improvement Project.

The current sub-activity, Faculty of Agriculture, had problems in the lack of student enrollment and availability of RGA supporting facilities in the beginning. Due to concerted action by the Kabul University and the University of Wyoming Contract Team, the enrollment problems was solved in 1967, when the enrollment increased fourfold as compared to previous years. The original target of having 55 teachers graduate annually by 1973, now seems within easy reach by 1971. Modern USAID-financed classroom and laboratory buildings for the Faculty of Agriculture were occupied in 1964. A demonstration farm has been developed. Agricultural research activities have been encouraged and are on the increase with the number of increasing Afghan graduates in agriculture.

Although overall progress in all the three areas has been steadily maintained, a number of factors involving management and systems deficiencies have handicapped the smooth progress of the project. The main problems were frequent changes in top level management of the University of Wyoming Contract Team and shortages of good quality RGA administrative leadership and teaching staff. The lack of professional local technicians created obstacles in obtaining local budgetary support which hampered project implementation. Another problem has been the non-availability of the right quality and quantity of student body. The Faculty of Agriculture tends to draw the weaker students because agriculture is not given as much importance as other faculties.

Further efforts are needed to impress upon the RGA and Ministry of Education the importance of agricultural education to obtain more qualified technicians and the requisite financial support for this program. The scheduled termination date for assistance to this project is FY 1973.

E. Other Information Required by M.O. 798.1

<u>Type of Audit</u>	- Technical Assistance (Grants)
<u>Amount Audited</u>	- \$131,867
<u>Man-Months Expended</u>	- American = 0.60
	Local = 2.20

Distribution: AID/W : C/AUD (2), NESMA/MGT (1), PMCA Region (2)
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SCHEDULE OF RECOMMENDATIONS CONTAINED IN AUDIT REPORT FY 69-6
UNIVERSITY OF WYOMING CONTRACT (AID/nesa-215) AUDIT

Recommendation No. 1

The contractor should be requested to correct the above listed errors in the contractor's leave records. (Action: Contract Representative, USAID/A, Education Division) ✓

Recommendation No. 2

The contractor should be requested to establish adequate internal controls that will ensure that all leave taken is properly recorded. (Action: Contract Representative, USAID/A, Education Division) ✓

Recommendation No. 3

The contractor should be requested to take immediate steps (1) to bring the material and equipment under inventory control, (2) protect the materials as necessary, and (3) take action as needed to ensure that the building is erected. (Action: Contract Representative, USAID/A, Education Division) ✓

Recommendation No. 4

The contractor in conjunction with USAID/A should be requested to take necessary action to see that records are maintained of all crops grown on the experimental farm and the disposition of same with the view of using this information in research, development of seeds, and accumulation of other data generated by the activities of an experimental farm. (Action: Contract Representative, USAID/A, Education Division) ✓

Recommendation No. 5

The contractor should be requested to make a refund to the Revolving Fund in the amount of Afs 9,000 which was excess per diem paid as follows:

<u>Name</u>	<u>Amount in Afghanis</u>
A. Q. Samin	1,600
N. Aslam	5,800
Mr. Dada	<u>1,600</u>
Total Afs <u>9,000</u>	

He should also be notified to seek the advice of the USAID/A's Contract Representative on situations not covered in the contract.
(Action: Contract Representative, USAID/A, Education Division)

Recommendation No. 6

The RGA should be prevailed upon to provide interpreter services to the University of Wyoming Team as agreed. (Action: Contract Representative, USAID/A, Education Division)

Recommendation No. 7

The shipment of 5460 pounds of household effects by Mr. W.K. Snelling under University of Wyoming contract AID/nesa-215 should be reviewed for propriety and any unallowable cost should be deducted from the contractor's next claim for reimbursement. (Action: AID/Washington)

Recommendation No. 8

Section 162.1 of A.I.D. Manual Order 560.2 should be incorporated into the Standard Provisions of A.I.D. contracts in order that net weight of household effects can be readily determined. (Action: AID/Washington)

EXHIBIT "P"

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BUDGET REQUESTS FROM THE ROYAL GOVERNMENT OF AFGHANISTAN

<u>Project Agreement Number</u>	<u>Date</u>	<u>Afghan Fiscal Year</u>	<u>Amount Requested</u>	
			<u>Faculty of Agriculture</u>	<u>Kabul University Library</u>
1	3/30/64	1344	Afs 3,238,977	Afs -
2	6/30/65	1344	4,295,540	1,605,840
3	4/28/66	1345	4,364,770	7,719,440
4	3/31/67	1346	5,431,130	2,245,080
5	4/29/68	1347	<u>4,995,850</u>	<u>-</u>
		Total	Afs <u>22,326,267</u>	Afs <u>11,570,360</u>
		Grand Total	Afs <u>33,896,627</u>	

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SCHEDULE OF RECOMMENDATIONS

Recommendation No. 1 (Page 6)

Firm commitments by the RGA for the support of a project should be obtained in the future and shown on the face sheet of the project agreement as required by Manual Order No. 1333.1.II.

(Action: Project Advisor, USAID/A, Education Division)

Recommendation No. 2 (Page 6)

The RGA should be requested to furnish financial data for contributions made to Project 092 from its own budgetary sources.

(Action: Project Advisor, USAID/A, Education Division)

Recommendation No. 3 (Page 6)

The RGA should be requested to maintain an accounting system at Kabul University that will readily furnish the amounts budgeted and expended for different Faculties and Institutes, especially those assisted by A.I.D. (Action: Project Advisor, USAID/A, Education Division)

Recommendation No. 4 (Page 7)

The non-expendable commodities purchased for this project should be located and brought under inventory control. Also, the inventory records should be cross-referenced to USAID/A Purchase Authorizations.

(Action: Project Advisor, USAID/A, Education Division)