

TO : See Distribution December 18, 1972

FROM : Area Auditor General - Latin America

SUBJECT: Letter Report of Audit No. 1-514-73-40
Higher Education
Project No. 514-15-660-101
USAID/Colombia

I. PURPOSE AND SCOPE

The Area Auditor General - Latin America (AAG/LA), under the authority of AID M.O. 203.5, has performed a terminal audit of the USAID/Colombia's Higher Education Project (Project No. 514-15-660-101). The audit covered the period July 1, 1970 through June 30, 1972, with emphasis on current operations. AID disbursements in support of this project as of June 30, 1972, totals US \$1,967,600 which includes US \$115,000 expended during the period under audit.

The major objectives of the audit were to evaluate USAID/Colombia and Government of Colombia (GOC) management of current sub-project activities; utilization of USAID furnished commodities; performance of consultants provided under a regional contract, and compliance with the provisions of Project Agreements. The audit included a review of records and other data available at the offices of the USAID and appropriate GOC agencies, and field examinations at project sites as we considered necessary under the circumstances.

II. BACKGROUND

In order to provide the GOC with the necessary technical assistance and commodities in the area of Higher Education, the GOC and USAID/Colombia signed the Education Business Administration Project Agreement in FY 1960. This assistance continued with the signing of 13 subsequent Project Agreements for the following areas of education:

1. Education - Business Administration
2. Education - Economics
3. Higher Education Survey
4. Establishment of Textbook Rental Libraries
5. Continued Assistance to ICFES, COLCIENCIAS
6. University Administration
7. Basic Sciences Program

By the end of FY 1970, sub-projects carried out under items 1, 2, 3, 6 and 7, were completed.

USAID Controller records reflect project obligations and expenditures through June 30, 1972, were \$2,034,000 and \$1,996,000 respectively.

USAID FUNDS CONTRIBUTED

(In 000 Dollars)

	<u>Net Obligations</u>	<u>Expenditures</u>	<u>Unliquidated Balance</u>
Contract Services	\$1,598.0	\$1,591.0	\$ 7.0
Personal Services	119.0	119.0	-0-
Participant Costs	229.0	229.0	-0-
Commodities	81.0	50.0	31.0
Other Costs	<u>7.0</u>	<u>7.0</u>	<u>-0-</u>
Total	\$2,034.0 =====	\$1,996.0 =====	\$38.0 =====

The USAID Controller was unable to reconcile a difference between the project ledger and subsidiary ledgers of \$14,600 in obligations and \$13,000 in disbursements. The non-existence of complete project records for the early years of the project preclude reconciliation according to Controller personnel.

III. FOLLOW-UP ON PRIOR AUDITS

The results of our previous audit of the Higher Education Project were submitted in Audit Report No. 1-514-71-20, issued November 6, 1970, containing six recommendations, all of which were cleared based on memorandums received from the implementing AID and USAID divisions. However, in connection with Recommendation No. 1 regarding follow-up on participant training, it is our opinion that the intent of the recommendation was not carried out by the action offices and the condition persists. An audit report on the Program Training Project issued concurrently with this report contains observations on the USAID follow-up of returned participants.

IV. RESULTS OF AUDIT

A. For the Director, USAID/Colombia

1. Accomplishments

The Higher Education Program, carried out by USAID and various agencies of the GOC's Ministry of Education and independent universities, with the assistance of specialized U.S. universities and private entities, has reached most of the objectives outlined in the Project Agreements. Specifically: (1) the School of Administration and Finance (EAFIT) has expanded from a single room in 1960 to a full-sized educational institution with adequate facilities; (2) the University of Los Andes has established a graduate program in Economics and is effectively using its library in Economics; (3) the Association of Colombian Universities and the National University Fund prepared a Basic Higher Education Plan which the GOC is implementing through the Colombian Institute for Development of Higher Education (ICFES) and the Colombian Fund for Scientific Research and Special Projects (COLCIENCIAS); (4) 124 participants were trained in the U.S.A. and Mexico; (5) bookstores and rental libraries were established in 16 Colombian universities; (6) test scoring equipment was installed at the National Testing Service Office of the ICFES; and (7) COLCIENCIAS, with the assistance of the U.S. National Academy of Sciences (NAS), has completed the studies of the graduate education and research potential in Colombian universities in six selected fields of sciences.

2. Continued Assistance to ICFES-COLCIENCIAS

The objective of this sub-project was to provide technical assistance in science policy planning in Colombian development. Task Order No. 13, issued under Contract No. AID/csd-1122 with the National Academy of Sciences provided for a group from Colombia, the NAS and U.S. universities to meet in Washington, D.C. in March 1970 to decide upon a method for developing a study plan. Plans and implementation steps were

determined and carried out with the assistance of two NAS specialists who came to Colombia during June and July 1970.

A Graduate Education Research Study Plan was carried out with NAS providing technical assistance under Task Order No. 5, dated November 30, 1970, under Regional Contract No. AID/csd-2584. Study groups of U.S. and Colombian scientists with the coordination of NAS representatives met to deal with priority scientific fields. The following table summarizes the study groups' activity by field of study:

<u>Field of Study</u>	<u>Scientists</u>		<u>NAS</u>	<u>Dates</u>
	<u>U.S.</u>	<u>Col.</u>	<u>Coordinator</u>	
Chemistry	3	2	1	2/22-2/27/71
Mathematics	2	2	1	3/15-3/20/71
Earth Sciences, Physics, Engineering	11	11	1	2/14-2/25/72
Biology	<u>3</u>	<u>7</u>	<u>1</u>	5/30-6/13/72
Totals	19	22	4	
	====	====	=====	

Reports from the study groups have been completed and a comprehensive final report on all study groups, prepared by COLCIENCIAS has been drafted. The reports must be translated into English by NAS and evaluated by the USAID/Colombia in order to determine the ultimate success of the sub-project.

3. Textbook Rental Libraries

This program was initiated in FY 1968 to promote the creation of Revolving Textbook Funds in Colombian universities. By June 30, 1970, Project Agreements had been signed with five universities, their Revolving Textbook Funds were established and operating satisfactory. On August 28, 1969, a new Project Agreement was signed by the GOC's Ministry of Education, the National Planning Office and USAID increasing AID contribution and transferring to ICFES

the responsibility for the supervision of the program. Further amendments increased the AID and the Regional Technical Aid Center (RTAC) contributions to US \$30,900, and US \$100,000 respectively.

Implementation of this program has been slow due to reorganizations at ICFES. However, by June 30, 1972, new Textbook Revolving Funds had been established in 11 other universities. The Final Contribution Date (FCD) of the Project Agreement (Revision No. 7), was June 30, 1972, and the total USAID and RTAC funds have been allocated by ICFES to 26 universities but not expended. The situation was discussed with the USAID Human Resources Division (USAID/HRD) who started the process for requesting an FCD extension. Subsequent to the completion of our audit field work, the FCD was extended to June 30, 1973.

During our field visits to selected Textbook Revolving Fund programs we observed certain areas which in our opinion require corrective action:

1. As of June 30, 1972, funds generated by the sale and rental of textbooks have not been reinvested in procurement of additional textbooks at the Universities of Cucuta and Valle.
2. ICFES has not maintained records on status of the Revolving Funds initially established in five universities, under ProAgs signed directly with such universities, and ICFES has not submitted to USAID the required semiannual report on the status of the Textbook Revolving Funds, as stipulated by the Project Agreement.
3. A quantity of books not required by the students are maintained in stock by the Textbook Revolving Funds at the Universities of Valle and Cucuta. ICFES is working on a system to alleviate this condition.

The above conditions were discussed in the audit exit interview with the Chief of Library, Files and Publications Division of ICFES, and a representative of the USAID/HRD.

ICFES has issued regulations and established guidelines for the operation of the Textbook Revolving Funds which were distributed to all participating universities. Administrative procedures are strengthened as experience dictates, and qualifications of textbook program managers are upgraded through national and regional seminars given periodically by ICFES. This indicates ICFES is making progress toward improvement of program management, however, the submission of required reports by ICFES will enable the USAID to more closely monitor progress of the project. During the past two years the USAID's Colombian direct-hire Regional Training Aids Center (RTAC) advisor has made two field visits to program sites. Field visits are one of the principal means by which an advisor obtains first-hand knowledge of project accomplishments and USAID management may wish to stress the importance of more frequent field visits. Although not documented by physical data, the USAID/HRD officer has observed bookstores and library programs in the course of visits concerning other education projects at universities participating in the textbook program.

Recommendation No. 1

USAID/Colombia should; (a) request ICFES to submit a comprehensive report on the current status of the University Textbook Revolving Funds, including books donated by USAID to the initial five universities, and to submit the required subsequent reports on a timely basis; (b) adopt a program of making more frequent field visits to program sites.

4. Other Comments

a. GOC Contribution

It was stipulated in the ProAg No. 514-15-660-101.4 as revised, that the GOC's agencies

responsible for implementing the project (ICFES-COLCIENCIAS) would contribute in cash and in kind 3.2 million Colombian pesos for logistic support of the program and approximately Ps. 5.5 million through the ICFES for the Textbook Rental Libraries program. Our examinations in COLCIENCIAS and ICFES indicated that the GOC has complied satisfactorily with the above contributions.

b. Project Appraisal Reports

M.O. 1026.1 stipulates that annual evaluations of projects underway are to be performed by Mission officials, and that a Project Appraisal Report (PAR) is to be submitted at the conclusion of the annual evaluation. The USAID/Colombia has not submitted the required PAR's, however, according to Airgram TOAID A-182, dated September 22, 1972, this Mission outlined a project evaluation schedule and a PAR on this project will be submitted by March 31, 1973.

USAID/COLOMBIA

EXHIBIT A

HIGHER EDUCATION PROJECT

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