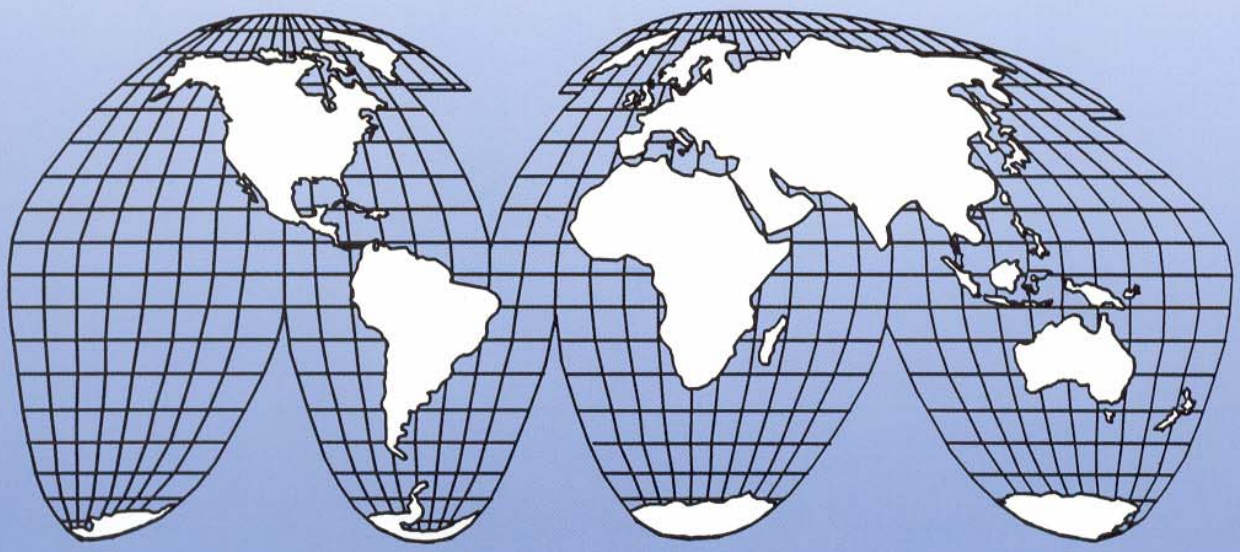
USAID

OFFICE OF INSPECTOR GENERAL

Audit of USAID/Mali's Self-Help Program

7-688-03-001-P

February 28, 2003



Dakar, Senegal

February 28, 2003

MEMORANDUM

FOR: Pamela White, Director, USAID/Mali

FROM: Lee Jewell III, RIG/Dakar /s/

SUBJECT: Audit of USAID/Mali's Self-Help Program
(Report No. 7-688-03-001-P)

This memorandum is our final report on the subject audit. In finalizing this report, we considered your comments on our draft report and have included this response as Appendix II.

In your response to our draft report, you concurred with each of the seven recommendations and the potential monetary savings of $72,848. Based on appropriate action taken by the Mission, management decisions have been reached, and recommendations 1, 3, 4, 5, 6, and 7 are considered closed upon issuance of this report. Please coordinate final action for recommendation no. 2 with the USAID Office of Management Planning and Innovation, Management Innovation and Control Division (M/MPI/MIC). In accordance with USAID guidance, M/MPI/MIC is responsible for determining when final action has occurred.

I appreciate the cooperation and courtesies extended to my staff during the audit.

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Summary of Results

The Africa Special Self Help (SSH) Program is funded through the Regional African Bureau with the Department of State acting as the managing unit. The program is designed to provide small grants (generally $2,000 or less) to fund SSH activities that will have an immediate impact. The direct responsibility of the program is with the Ambassador, who has the final authority in the selection and approval of SSH projects. The projects are funded through USAID allotments, and the official accounting for these funds is located in the USAID field accounting stations. The separation of management authority and financial accountability has presented challenges for USAID/Mali. (See pages 6 and 7.)

The objective of this audit was to determine if USAID/Mali administered, obligated, and deobligated the funding of its SSH activities in accordance with USAID guidelines. (See page 7.)

The audit found that in general, USAID/Mali administered, obligated, and deobligated the funding of its SSH activities in accordance with USAID guidelines; however, annual section 1311 reviews were not always performed, advances were not supported, and some activity agreements did not include all required information. The Mission has procedures in place for obligating funds and processing vouchers in a timely and efficient manner. Controls are in place for the disbursement of funds, and site visits were performed by the Controller to determine the status of several projects. (See page 7.)

However, as previously stated, several issues were noted that need to be addressed by the Mission. Annual reviews of all recorded unliquidated obligations are required per USAID guidance, but the Mission had not performed a review since April of 2000. We recommend that the Controller's office perform an annual review for 2002. In addition, we recommend that USAID/Mali deobligate or justify amounts relating to outstanding advances and currency fluctuations from previous years totaling $57,457. (See pages 8 through 10.)

Another issue noted was the lack of pro forma invoices to support full advances as required per USAID guidance. We recommend that the Mission follow USAID guidance on utilizing other methods of payments as well as requiring pro forma invoices when a full advance is the most appropriate form of payment. In addition, we recommend that the Mission determine the recoverability of the advances totaling $15,391 for projects that do not exist. (See pages 10 and 11.)

A third issue noted was that USAID guidance identifies specific information and terms required on SSH documents, but the agreements for FY 2002 did not incorporate all required information. We recommend that the Mission in coordination with the SSH Coordinator incorporate required information into future agreements. (See pages 12 and 13.)

USAID/Mali concurred with all of the findings contained in this report, and management decisions have been reached on all recommendations. Based on appropriate action taken, final action has been taken on recommendations no. 1, 3, 4, 5, 6, and 7. (See pages 13 and 14.)

Background

The Africa Special Self Help (SSH) Program is funded through USAID's Africa Bureau with the Department of State acting as the managing unit. The program is designed to provide small grants (generally $2,000 or less) to fund SSH activities that will have an immediate impact as well as advance U.S. interests. It is a way to provide limited assistance directly to local communities rather than government-to-government assistance; the SSH programs allow for a quick response without regard to the bilateral assistance programs. Some examples of SSH projects include gardening projects, the building of wells for potable water, and water conduit construction. Below is a picture of a SSH funded water conduit project.

Picture of a water conduit constructed with SSH funds in the Koulikoro region of Mali on October 22, 2002.

The selection of projects is made by a team from the U.S. Embassy, but the Ambassador has the final authority in the approval of SSH projects. Usually, the Ambassador delegates the day-to-day management to a staff member in the Embassy. In the case of the SSH program in Mali, the Consular Officer was

responsible for the day-to-day management. He was assisted by a full-time SSH coordinator who was hired about a year ago at the time of the audit.

SSH projects are funded through USAID allotments, and the official accounting for these funds is performed by the USAID field accounting stations. USAID is responsible for the obligation, deobligation, and financial administration of the funds. USAID/Mali is the accounting station for five SSH programs: Mali, Niger, Burkina Faso, Chad, and Cote d'Ivoire. The budget for the SSH program in Mali was $81,000 in fiscal year (FY) 2000 and an estimated $76,000 in FY 2001. The Regional Inspector General, Dakar audited the Mali SSH program for FY 2001.

Having management responsibility at the Embassy and financial accountability at USAID has presented challenges for USAID/Mali management. USAID/Mali has limited authority over program implementation and monitoring, but yet the Mission is still accountable for the outstanding obligations and commitments. USAID/Mali has proposed to include a person from the Financial Management Office on the SSH committee to provide financial expertise early on in the grantee selection process.

Audit Objective

The Regional Inspector General, Dakar (RIG/Dakar) designed this audit to answer the following objective:

Did USAID/Mali administer, obligate, and deobligate the funding of its self-help activities in accordance with USAID guidelines?

The audit was included as a revision to the annual plan. Appendix I contains a complete discussion of the scope and methodology of the audit.

Audit Findings

Did USAID/Mali administer, obligate, and deobligate the funding of its self-help activities in accordance with USAID guidelines?

USAID/Mali administered, obligated, and deobligated the funding of its self-help activities in accordance with USAID guidelines; however, annual section1311 reviews were not always performed, some advances were not supported, and some activity agreements did not include all required information. The Mission had procedures in place for obligating funds and processing vouchers in a timely and efficient manner. Controls, including presenting an identification card and organization stamp, were in place for the disbursement of funds. The Mission did deobligate funds appropriately as some projects closed and the advances were liquidated. In addition, site visits were performed by the Controller to determine the status of several projects.

Several issues were noted, as stated above, that need to be addressed by the Mission. Annual Section 1311 reviews of all unliquidated obligations to determine validity were not performed as required. Even though quarterly reports were sent to the Embassy on a regular basis, no follow-up was performed when the Embassy did not respond to determine the validity of the unliquidated obligations and outstanding advances. In addition, the Mission was not requiring pro forma invoices to support payment vouchers of full advances as required in the Special Self-Help (SSH) Guide (the Guide), guidance USAID uses for managing SSH programs. Finally, the obligating documents did not contain all required information.

Annual Section 1311
Reviews Were Not Performed

Section 1311 of the Supplemental Appropriations Act of 1955 (the Act) requires agencies to perform annual reviews of all recorded outstanding obligations. USAID/Mali had not performed a review of the unliquidated obligations associated with the SSH program since April of 2000, resulting in unliquidated obligations of $153,399 as of October 25, 2002, of which $57,457 could have been deobligated during annual reviews. Among Mission staff and management, there was a misunderstanding as to who was responsible for the reviews. As a result, funds for SSH programs that could have been deobligated and possibly reprogrammed remained idle.

Section 1311 of the Act states that an intensive review of all recorded unliquidated obligations/commitments must be completed on a yearly basis. These annual reviews must be thoroughly documented with complete working papers for each individual obligation or commitment account. Any reviewer of the working papers should be able to conclude that a careful review of each unliquidated obligation and commitment was conducted. Also, per Automated Directives System (ADS) 621, obligation managers must continuously review the status of obligated funds and request deobligations whenever funds are found to be in excess of that needed to accomplish activity objectives. Furthermore, the Guide states that the Controller's Office, in conjunction with the SSH coordinator, should perform the annual 1311 review.

During the audit, it was determined that a Section 1311 review had not been performed since April of 2000. Moreover, the review done in 2000 did not address unliquidated obligations going as far back as 1995. Per the Mission Accounting and Control System (MACS) report P07A *Comprehensive Pipeline Report by Project* as of October 25, 2002, the unliquidated obligating balance was $153,399. Of this amount, $57,457 could have possibly been deobligated had a Section 1311 review been performed. This amount is the sum of the unliquidated balances for projects from 1995 to 2000 plus the result of currency fluctuation in

fiscal year (FY) 2001. The outstanding advances for FY 2001 are not included because a project has 18 months to complete, and therefore, the projects may be on-going. A breakdown of the total unliquidated balance is shown below.

Unliquidated Obligations Breakdown (in dollars)

Summary		
Unliquidated balances for projects from 1995 to 2001		$79,952
Projects for FY 2002		73,447
Total Unliquidated Balance as of October 25, 2002		**$153,399**

Detailed Breakdown of Unliquidated Balances from 1995 to 2001

FY 2001		
Unliquidated balance		$24,401
Amount represents currency fluctuations [1]	1,906	
10 Projects with outstanding advances [2]	22,495	
FY 2000		
Unliquidated balance		$18,396
Amount represents currency fluctuations[1]	9,124	
5 projects with outstanding advances	9,272	
FY 1995 to 1999		
Unliquidated balance		$37,155
Outstanding advances	24,010	
Other unliquidated obligations	13,145	
Total		**$79,952**

[1] The currency fluctuations resulted from a change in the exchange rate on the day of the obligation and the day the payment voucher was completed.

[2] Five of the 10 projects do not exist, which total $15,391 in outstanding advances. This amount represents 68 percent of the total outstanding advances for FY 2001.

Per discussion with USAID management and staff, the reviews were not performed due to a misunderstanding as to whose responsibility it was to perform the reviews. Regarding the April 2000 review performed, USAID management stated that if documentation was not received stating that the project was closed, the balance stayed on the books. The Mission did not initiate any contact with the Embassy to verify the status of the projects.

Part of the unliquidated obligation balance consists of currency fluctuations and outstanding advances. The currency fluctuations resulted from the Mission not comparing the obligating documents to the payment vouchers to determine differences in exchange rates. The outstanding advances as well as other unliquidated obligations from 1995 to 2000 have not been reviewed as appropriate given that the projects are supposed to be of an immediate nature not expanding past 12 months.

By not performing the reviews, the SSH program funds have been idle when they could have been deobligated and reprogrammed for other valid purposes. Had the reviews been performed in conjunction with Embassy staff on a timely basis in the year that the funds were obligated, the excess funding could have been used to fund other projects. The following are recommendations to address the problem noted.

> **Recommendation No. 1: We recommend that the Controller's Office perform a Section 1311 review of the Mali self-help program for fiscal year 2002 to obtain justification for retaining the unliquidated obligations or show the need to deobligate the funds.**
>
> **Recommendation No. 2: We recommend that USAID/Mali in coordination with the U.S. Embassy/Bamako, deobligate, collect, or justify unliquidated obligations totaling $55,551 ($18,396 for fiscal year 2000 and $37,155 for fiscal years 1995 to 1999).**
>
> **Recommendation No. 3: We recommend that USAID/Mali in coordination with the U.S. Embassy/Bamako, deobligate or justify unliquidated obligations resulting from currency fluctuations, which total $1,906 for fiscal year 2001.**

Payments of Full Advances
<u>Were Not Supported as Required</u>

Per USAID guidance, pro forma invoices should be required from grantees before advancing the full amount of a SSH award. For FY 2001, we noted that 19 of the 20 projects received full advances without pro forma invoices as supporting documentation. Pro forma invoices were not required due to misinterpretation of the requirement. The lack of pro forma invoices increased the risk of noncompliance.

Per the Guide, advances given in full to the grantee are the least desirable payment method as the most risk is involved. The Guide states that a definite action plan with pro forma invoices should be required from intended beneficiaries in order to obtain a full advance.

The review of the FY 2001 voucher files disclosed that of the 20 projects, 19 received full advances. Of these 19 projects, no pro forma invoices were in the voucher files as support of the advance payment. For FY 2000 files, it was noted that six of the 23 files reviewed did not have supporting pro forma invoices.

Per discussion with USAID management and voucher examiners, no pro forma invoices were required to issue a payment if the payment voucher and the Checklist for Administrative Approval of Vouchers were properly completed. Due to misinterpretation of the guidelines, management misunderstood the pro forma requirement.

Issuing advances in full increases the risk associated with the projects. Five project awards in FY 2001 gave full advances totaling $15,391 to what turned out to be nonexistent projects, and the money had not been recovered. After becoming aware of a possible problem with these projects, the USAID Controller as well as the SSH Coordinator performed a site visit to determine the status of the projects. Per discussions with the local people, it was determined that the projects were nonexistent and the man who received the advances had left town. Mission management notified the Regional Inspector General/Dakar, which in turn notified the Office of Inspector General/Investigation. The recommendations below address the issue of the lack of pro forma invoices.

Recommendation No. 4: We recommend that USAID/Mali in coordination with the U.S. Embassy/Bamako develop procedures that utilize other methods of payment when possible such as payments made directly to the supplier and giving only partial advances until supporting documentation is received.

Recommendation No. 5: We recommend that USAID/Mali develop procedures that require pro forma invoices to support requests for full advances to self-help grantees when a full advance is the most appropriate method of payment.

Recommendation No. 6: We recommend that USAID/Mali, in coordination with the U.S. Embassy/Bamako, determine the recoverability of the advances totaling $15,391 for the five nonexistent projects, and depending on the determination, either issue a bill for collection or take appropriate action to initiate the write-off process.

Activity Agreements Do Not
Include All Required Information

USAID guidance identifies specific information and terms required on SSH documents. Of the 20 agreements we reviewed, none of the 20 complied entirely with USAID guidance. Due to the ambiguity of an example in the Guide, Embassy and USAID staffs were not aware of the requirement. As a result, critical information necessary for proper financial management of the Mission's SSH activities was not available to USAID management.

The Guide identifies the Individual Activity Agreement as the primary instrument through which SSH funds may be obligated and committed to a SSH activity. This document is defined as an agreement between the U.S. Government and a local community to undertake a specific activity. Furthermore, this document is described as the basic document underlying implementation of the program and must be executed for each SSH activity. The Guide states various information that must be specified on the activity agreement, including the following:

1. The name of the official or organization which will monitor the activity,
2. The date on which implementation is expected to begin,
3. The number of beneficiaries, and
4. The estimated date of completion.

For FY 2002 agreements, the SSH coordinator used a different format from the previous years. We examined all FY 2002 agreements (20 agreements in total) and noted that none of the agreements specifically stated the monitoring official, as was done in 2001 contracts. In addition, the contracts did not state the expected date of implementation or the estimated date of completion. We also noted that 10 of the 20 contracts did not provide the number of beneficiaries.

Per discussion with USAID management as well as the SSH coordinator, the lack of required information was due to unclear presentation in the Guide. The Guide presents a sample agreement that does not include all of the required information as stated in the narrative part of the Guide. The coordinator used the sample when creating the agreements but did not add the information stated in the narrative section. In addition, according to Mission officials, because the agreements were originated close to the fiscal year end, there was a rush to get them approved and funded. Therefore, they were not reviewed thoroughly.

As a result of the lack of required information, critical information for proper financial management of the Mission's SSH activities was not available to USAID management. Management was not able to determine who the responsible party was, when the project should have started, or when the project should have finished. Such information would also aid in performing Section

1311 reviews of unliquidated obligations. The following recommendation has been made to address the incomplete agreements.

Recommendation No. 7: We recommend that USAID/Mali coordinate with the Embassy's self-help coordinator to develop procedures that incorporate all required information into future self-help activity agreements.

Management Comments and Our Evaluation

In response to the draft report, USAID/Mali agreed with all of the findings and recommendations made in the draft audit report. Based on action taken by the Mission, six of the seven recommendations are considered closed upon the issuance of the final report (1, 3, 4, 5, 6, and 7). The remaining recommendation, Recommendation No. 2, is considered to have a management decision.

Recommendation No. 1 recommends that the Mission perform a Section 1311 review of the Mali self-help program for fiscal year 2002. The mission concurred with this recommendation and performed such a review. This recommendation is considered closed.

Recommendation No. 2 states that the Mission should deobligate, collect, or justify unliquidated obligations for fiscal years 1995 to 2000. The Mission was able to deobligate part of this amount resulting from amounts never requested in payments. The Mission is currently working with the Embassy Special Self-Help Coordinator on the remaining balance.

Recommendation No. 3 recommends the deobligation or justification of unliquidated obligations resulting from currency fluctuation for fiscal year 2001. The Mission concurred with this recommendation and has deobligated the amount. This recommendation is considered closed.

Recommendations No. 4 and 5 states that the Mission should develop procedures for utilizing methods other than giving a full advance when making a payment. If a full advance is the most appropriate method, pro forma invoices should be required. The mission concurred with these recommendations and has issued a memo incorporating new procedures into the accounting function. These recommendations are considered closed.

Recommendation No. 6 recommends the Mission to determine the recoverability of advances for five non-existing projects and either issue a bill of collection or initiate the write-off process. The Mission determined the recoverability to be

highly unlikely and wrote off the advances based on an action memo, which was approved by the Ambassador and signed by the USAID Mission Director. This recommendation is considered closed.

Recommendation No. 7 recommends the Mission to develop procedures requiring all required information be included in future self-help activity agreements. The Mission concurred with this recommendation and issued a memo incorporating new procedures into the accounting function. This recommendation is considered closed.

Scope and Methodology

Scope

The Regional Inspector General, Dakar conducted this audit in accordance with generally accepted government auditing standards. The purpose of the audit was to determine if USAID/Mali administered, obligated, and deobligated the funding of its SSH activities in accordance with USAID guidelines. The audit was conducted at USAID/Mali in Bamako from October 7-25, 2002. Site visits were performed in both the Segou region of Mali as well as the Koulikoro region.

To answer this objective, the audit scope primarily included obligations for special self-help (SSH) activities which had unliquidated balances at September 30, 2001 and as necessary, balances at September 30, 2000 and September 30, 2002. We assessed management controls governing the administration, obligation, and deobligation process, including the conduct of Section 1311 reviews relating to SSH activities. In addition, the scope of this audit included a limited review of the internal control structure associated with the identification of proposed projects, the project selection process, and the distribution of funding.

We examined all fiscal years 2000 and 2001 voucher files for SSH programs to review the obligating process. We reviewed all unliquidated obligations as of October 25, 2002, which totaled $153,399.

Methodology

While conducting fieldwork, we performed limited tests of compliance with USAID procedures related to the Mission's controls associated with these obligations. These controls and our review included the Mission's Section 1311 reviews and a review of obligating documents. In addition, we reviewed the controls over the approval process for advances as well as the liquidation of obligations associated with SSH activities.

Because we were notified before the audit of the possibility of problems existing in five of the SSH projects, no materiality threshold was set; everything was deemed material.

Each obligation was reviewed to determine whether it was valid in accordance with USAID regulations. We also reviewed fiscal years 2000 and 2001 unliquidated obligations to determine whether the balance resulted from currency fluctuations or other factors. In making these decisions, we examined the original amount obligated and compared it to the amount actually paid. The supporting documentation for the liquidation provided the relevant information on the difference between the original obligation and the liquidated amount.

In addition, our fieldwork included reviewing information contained in the Mission Accounting and Control System reports, documents maintained at both USAID/Mali and the American Embassy in Mali, and discussions and communications with appropriate Mission and Embassy staff.

During fieldwork, we noted that prior audit recommendations had been made regarding Section 1311 reviews in 1997. In 1999, verification and evaluation work was performed on the audit recommendations, which determined that final actions had generally been completed. No further action was required of the Mission at that time.

Management Comments:

USAID/Bamako
Office of Financial Management

MEMORANDUM

To: Lee Jewel lll, RIG/Dakar
CC: Vicky Huddleston, Ambassador
Daniel Stewart, AmEmbassy/Mali
From: Pam White, Director, USAID/Mali /s/
Date: January 15, 2003
Subject: RIG/Dakar's Draft Audit Report on USAID/Mali Self Help Program

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USAID/Mali would first like to express its gratitude for the time and effort the RIG/Dakar staff dedicated to this audit. It has been very useful in identifying certain weaknesses in the overall management of the SSH Program in Mali. We fully concur with the final audit findings and the seven recommendations.

However, we would like to emphasize that USAID only serves as the paying and accounting station and does not have direct management responsibility for this program. The U.S. Embassy receives and evaluates the grant proposals, selects the grantees, prepares and the grant agreements for the Ambassador's signature and administratively approves all payments. The Embassy is also responsible for obtaining adequate documentation to liquidate cash advances and for completing project close-out reports. The Special Self-Help Guide, issued by the State Department Bureau of African Affairs, provides a clear set of instructions and recommendations for effective execution of these program responsibilities.

Over the course of the last few months, OFM/Bamako has taken the following steps to address the recommendations before the issuance of the final audit report:

Recommendation No. 1 : We recommend that the Controller's Office perform Section 1311 reviews of the Mali Self-Help Program annually, which entails working with the Embassy Coordinator and comparing obligating documents with payment vouchers to determine currency fluctuations.

Action Taken: The Controller has again reviewed the requirement to conduct an annual Section 1311 review of all unliquidated obligations with all USAID accounting staff. The responsibility for the annual review of SSH obligations has been formally reassigned to the Supervisory Accountant, based on his experience and understanding of the procedure. The Supervisory Accountant has since completed a thorough Section 1311

review for this program as of 9/30/02. [redacted]
Deleted – Relates to matter not included in the final report.

We believe all necessary action has been taken to resolve this recommendation and request RIG/Dakar close Recommendation No. 1 accordingly.

Recommendation No. 2: We recommend that USAID/Mali, in coordination with the U. S. Embassy/Bamako, write-off or justify excess balances of $9,124 in 2000 and $1,906 in 2001 resulting from currency fluctuations.

Action Taken: We concur with RIG/Dakar's finding and have deobligated these amounts as of 12/31/02 via JV# 688-03-112 for $9,126.22 and JV# 688-03-113 for $1,905.95. [redacted]
Deleted – Relates to matter not included in the final report.

We believe all required action has been taken to resolve this recommendation and request RIG/Dakar close Recommendation No. 2 accordingly.

Recommendation No. 3: We recommend that USAID/Mali, in coordination with the U. S. Embassy/Mali, write-off, collect, or justify outstanding advances totaling $9,272 from 2000, as well as $37,155 in un-liquidated obligations regarding projects from 1995 to 1999, of which $24,010 presents outstanding advances.

Action Taken: A portion of the unliquidated obligations regarding projects from FY 1995 to FY 1999 represents amounts never requested in payments. We have therefore deobligated these unused obligated amounts as of 12/31/02 via JV# 688-03-111 for $13,145.11 [redacted].
Deleted – Relates to matter not included in the final report.

USAID/Mali has confirmed the U.S. Embassy SSH Coordinator has tried to locate all Malian grantees that have outstanding SSH advances and has asked those located to submit project expense documentation. These efforts have so far produced little in terms of concrete results. Only one advance of $1,686.41 for the period from 1995 to 2000 has been liquidated since 9/30/02; all others are still fully outstanding and unjustified.

USAID/Mali will continue to work with the Embassy SSH Coordinator to gather adequate expense documentation to liquidate these outstanding advances over the next six months. All advances not adequately justified and judged to be uncollectible will be written off by June 30, 2003.

Recommendation No. 4: We recommend that USAID/Mali in coordination with the U. S. Embassy/Bamako develop procedures that utilize other methods of payment when possible such as payments made directly to the supplier and giving only partial advances until supporting documentation is received.

Action Taken: The Controller has discussed these options with the Embassy SSH staff and they have agreed they will actively search for opportunities to apply this suggested approach for alternative payment methods. These payment options are also spelled out in

the Special Self Help Guide, which the Embassy SSH Coordinator has agreed to refer to more frequently. Formal guidance was given to USAID OFM staff via OFM Notice 2003-01.

We believe all required action has been taken to resolve this recommendation and request RIG/Dakar close Recommendation No. 4 accordingly.

Recommendation 5: We recommend that USAID/Mali develop procedures that require pro forma invoices to support requests for full advances to Self-Help grantees when a full advance is the most appropriate method of payment.

Action Taken: This requirement is discussed in the Special Self-Help Guide. As such, the SSH Coordinator has now agreed to ensure, effective immediately, that all grantees will provide pro forma invoices with their respective advance requests. The Controller has instructed the USAID voucher examination staff to ensure that all SSH advance requests are supported with the pro forma invoices before processing any payments. Formal guidance was given to USAID OFM staff via OFM Notice 2003-01.

Since early November 2002, OFM/Bamako has been receiving advance requests from the grantees with the required pro forma invoices attached.

We believe all required action has been taken to resolve this recommendation and request RIG/Dakar close Recommendation No. 5 accordingly.

Recommendation No. 6: We recommend that USAID/Mali, in coordination with the U. S. Embassy/Bamako, determine the recoverability of the advances totaling $15,391 for the five non-existing projects; if the advances are determined to be unrecoverable, write-off as appropriate.

Action Taken: The SSH Coordinator and the USAID/Controller traveled to Timbuktu to verify the allegation [redacted] related to these five advances. [redacted] It is clear all five advances were received by one person, [redacted]. It is also clear none of the funds from these advances ever reached the intended grantees. [redacted] The U.S. Embassy will pursue all possible legal action against [redacted], if and when he can be located. However, it is highly unlikely these advances will ever be either partially of fully recovered. The cost of further efforts to collect these funds will mostly likely greatly exceed any potential recovery. Therefore, the USAID Controller has written off these advances via JV # 688-03-115 [redacted] and based on the action memo concurred by the Ambassador and signed by the USAID Mission Director [redacted].
Deleted – Relates to matter not included in final report.

We believe all required action has been taken to resolve this recommendation and request RIG/Dakar close Recommendation No. 6 accordingly.

Recommendation No. 7: We recommend that USAID/Mali coordinate with the Embassy's Self-Help Coordinator to develop procedures that incorporate all required information into future self-help activity agreements.

Action Taken: Subsequent to the audit, the USAID Controller has reviewed this requirement, also described in the Special Self-Help Guide, with the SSH Coordinator and the USAID accounting staff. All parties have agreed to follow more closely the instructions in the Field Guide. As an internal control measure, the USAID accounting staff has been instructed to review all new Award Agreements to ensure all required elements are included before a funding citation is provided. It should also be noted, the USAID Regional Legal Advisor has been performing the same function when provided timely advance drafts of proposed agreements. Formal guidance was given to USAID OFM staff via OFM Notice 2003-01.

We believe all required action has been taken to resolve this recommendation and request RIG/Dakar close Recommendation No. 7 accordingly.

Please advise the mission of your decisions on the above recommendations at the earliest opportunity. If you require any additional information, please let us know.