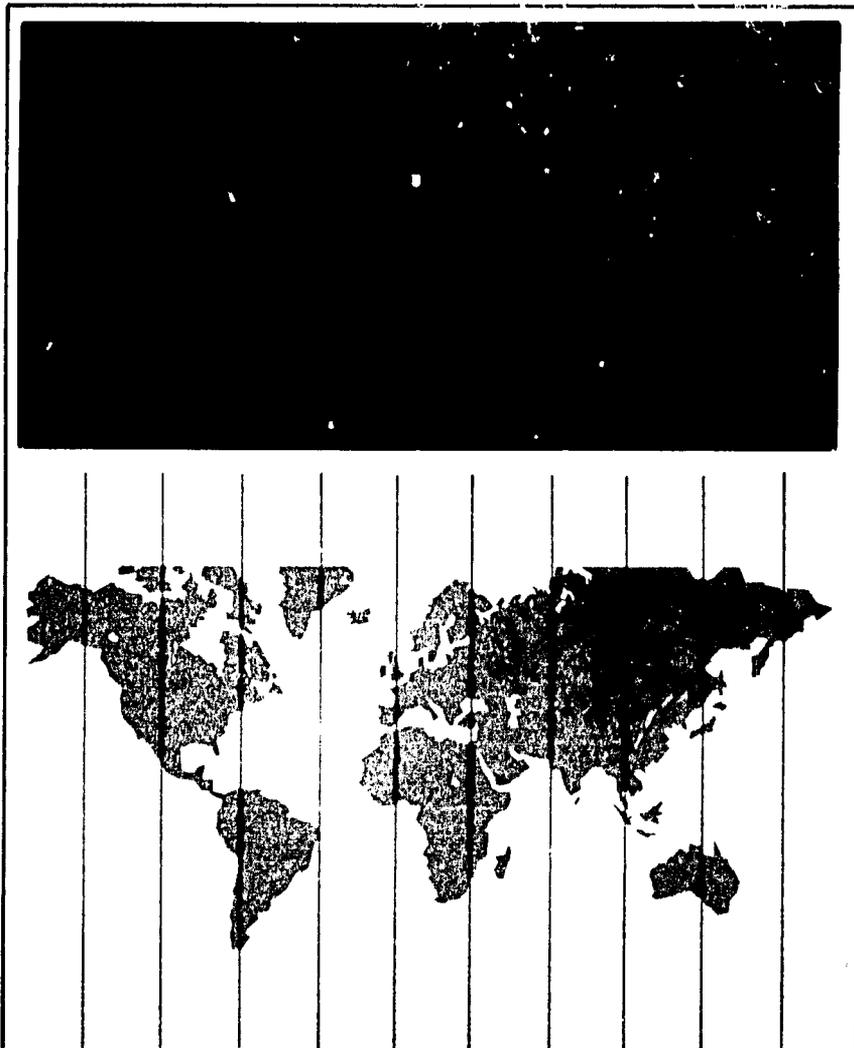


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UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE
INSPECTOR
GENERAL



Regional Inspector General for Audit
WASHINGTON

PL 480
FOOD FOR PEACE
IN THE GAMBIA

AUDIT REPORT NO: 0-635-82-09

October 30, 1981

Catholic Relief Services did not keep good records on Food-for-Peace commodities. Disagreement among officials of AID, Catholic Relief Services, and the Gambian Government has hurt the program. Unfit food, claims, and reports were all handled poorly.

PL 480
FOOD FOR PEACE
IN THE GAMBIA

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	1
BACKGROUND	1
FINDINGS, CONCLUSIONS AND RECOMMENDATIONS	3
CRS Was Unable to Account for P.L. 480 Food	3
Disagreement Among AID, CRS, and Gambian Officials Adversely Affects Program	5
Disposal of Unfit Title II Food Without Approval	7
Commodity Loss Claims Need Follow-up	8
Delinquent Status Reports	9
EXHIBITS	
A. Differences Between Surveyor's Report and Perpetual Records	10
B. Summary of Title II Shipments and Losses Based on Arrivals From October 22, 1979 Through March 3, 1981	11
APPENDIX	
A. List of Recommendations	12
B. List of Recipients	13

EXECUTIVE SUMMARY

Introduction

The Gambia is a small, poor, densely populated country with a per capita gross product of about \$230. It is one of the world's least developed countries. The bulk of The Gambia's foreign exchange is spent on food imports because food production is so low. In recent years, the drought in the Sahel has further exacerbated the country's food production.

PL-480, Title II, food has been a significant element in U.S. economic assistance to The Gambia, comprising more than 40 percent of the total assistance so far provided to the country.

Catholic Relief Services (CRS) has been distributing PL-480 food in The Gambia since 1969. An estimated 33,500 people receive food under the maternal-child health and other programs. The cost of the program was about \$1 million in fiscal 1981.

AID has a small staff in the Office of the AID Representative in The Gambia but does not have a Food-for-Peace Officer assigned. Technical support is provided by the Regional Food-for-Peace Officer in Senegal.

Purpose and Scope

The audit covered the period from March 31, 1976, to March 31, 1981. Records in Washington, The Gambia and Senegal were reviewed, and discussions were held with appropriate AID, CRS and Gambian officials.

The audit was made to evaluate CRS management and AID monitoring of the program. The audit included a review of compliance with rules and regulations with emphasis on commodity accounting.

CRS Was Unable to Account for P.L. 480 Food

Accounting for Food-for-Peace commodities was not adequate. A 1977 CRS internal audit report also noted commodity accounting problems. The recommendations in that report were not implemented. In the current audit we found that at least 84,000 pounds of commodities had not been accounted for. Under AID rules, CRS is responsible and should be billed for the value of these commodities - about \$18,000. We also recommend that the AID Representative sign no new agreements with CRS/Gambia until the commodity accounting system is deemed adequate.]

Disagreement Among AID, CRS and Gambia Officials Adversely Affects the Program

Disagreement among the principal officials responsible for the program has impaired its effectiveness. There has been disagreement over such matters as who is eligible for the feeding programs and which child growth chart should be used. As a result, program recipients have not benefited as much as they otherwise could have from the program.

Subsequent to the completion of our field work, we were advised that working relationships had improved. In fact, plans were going forward to work jointly in some activities.

Disposal of Unfit Title II Food Without Approval

In many cases, CRS/Gambia disposed of commodities found unfit for human consumption without AID approval. This practice must be discontinued. First of all, if unfit food were consumed, it could injure the health of the people who consume it. And then unapproved disposal could be used to cover up the theft of commodities. The rules require AID approval of the disposal method.

Commodity Loss Claims Need Follow-up

In most cases CRS/Gambia filed the necessary claims for commodities lost in transit. CRS had not filed proper claims for one ocean transportation loss of \$14,961, and four inland transportation losses totalling \$8,430. We recommend recovering these amounts.

Delinquent Status Reports

CRS/Gambia had not been submitting the quarterly Commodity and Recipient Status Reports. These are the fundamental reports by which AID monitors the progress of Food-for-Peace Title II programs. The AID office had not taken action to obtain the reports; such action should be taken.

BACKGROUND

The Gambia is among the world's least developed countries. Over 80 percent of its 600,000 people live in rural areas. While it is a small country, it is relatively densely populated with approximately 260 persons per square mile. The life expectancy of its people is less than 45 years. Infant mortality by age five is about 50 percent because of malnutrition and infectious diseases.

The processing of groundnuts (peanuts) is The Gambia's only significant industry and represents 90 to 95 percent of the country's exports. The foreign exchange derived from these exports is used mainly to purchase food (mostly rice) from other countries since The Gambia has been unable to grow enough food to feed its population. This situation is at least partly the result of drought conditions which have plagued food production in Sahelian countries in recent years.

P.L. 480, Title II, Food Commodity aid began in The Gambia in 1969 under the sponsorship of CRS. The Gambia program was administered by CRS in Senegal until 1975 when a resident American Project Director was assigned to The Gambia.

The Office of the AID Representative in The Gambia does not have a Food-for-Peace Officer. Monitoring of the program has been assigned to the Mission Program Office. Technical support is provided by the Regional Food-for-Peace Officer in Dakar, Senegal.

CRS/Gambia estimates there are about 33,500 recipients in the maternal child health pre-school feeding, Food-for-Work, and adult programs. The food is distributed at about 80 centers located throughout the country. These distribution centers are located mostly in small, rural villages. Currently there are no centers in the urban area of Banjul. Over 95 percent of the Title II food is distributed to combat infant mortality through maternal child health and pre-school feeding programs. In three of the last four years, total annual distribution has exceeded 2,000 metric tons:

	<u>Fiscal</u> <u>Year</u>	<u>Recipients</u>	<u>Metric Tons (MT)</u>	<u>Cost</u> <u>\$000</u>
(est)	1981	33,500	2,038 (almost 4.5 million lbs.)	\$ 1,021
	1980	28,500	2,147 (almost 4.7 million lbs.)	852
	1979	24,400	2,259 (almost 5 million lbs.)	872
	1978	17,200	947 (almost 2.1 million lbs.)	367

Purpose and Scope

Our review of The Gambia P.L. 480, Title II, program covered the period from March 31, 1976, to March 31, 1981, with emphasis on program activities during the last 18 months of this period.

The purposes of our audit were to:

1. Determine management's effectiveness in meeting commodity distribution targets.
2. Examine accountability and physical control of the commodities.
3. Verify compliance with applicable laws and regulations.
4. Follow up on prior audit reports.
5. Determine the adequacy of AID's monitoring of the program.
6. Identify and report on problems needing attention.

We reviewed AID files in Washington, The Gambia, and Senegal and CRS records, reports, and procedures in The Gambia. We visited the port facilities, village distribution centers at Gunjur and Fass, and the two main food warehouses at Banjul. We interviewed officials at all locations visited.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

CRS Was Unable to Account for P.L. 480 Food

CRS/Gambia has been unable to account for significant quantities of food in its central warehouses. Our efforts to reconcile the differences proved fruitless. This program was reviewed in 1977 by CRS internal review. They also found the commodity accounting deficient. Because of the continuing nature of the problem, we do not believe that additional commitments to the program should be made until an adequate accounting system is developed.

The CRS Director, who took over the program in April 1980, inventoried the food on hand and tried to reconcile the physical inventory quantities to the records. He attempted to do this for shipments received in 1980. This reconciliation was not complete but was sufficient to disclose minimum commodity losses. He was unable to account for 40,000 lbs. of wheat soy blend, 41,400 lbs. of soy fortified sorgham grits and 2,472 lbs. of vegetable oil. Although the Director was unable to determine what caused the shortages, he dismissed the inventory clerk and warehouseman.

Reconciling the food received, distributed, and on hand to the physical inventory proved impossible, but the attempt did reveal a number of deficiencies in the record keeping.

1. The independent marine survey reports did not agree with the amounts posted in the perpetual records as being received. Differences suggested that over 375,000 lbs. of commodities were lost between the port and the warehouse. We do not know what was lost because CRS accounting records are unreliable, and the independent marine survey reports are equally unreliable. (See Exhibit A for examples of differences.)
2. CRS/Gambia maintains inventory records at the warehouse and at the office headquarters. These are duplicate records supposedly prepared from the same source documents. The records did not agree.
3. The inventory records did not agree with the quantities developed when the CRS Director tried to reconstruct the records from the original documents.

4. Food returned to the warehouse from the centers and rebagged was not accounted for in the records.

Although we found many discrepancies in the records, these discrepancies did not fully account for the differences between the records and the physical inventory. As a result, there are significant but undetermined shortages of food. The records were just not in condition to determine the extent of commodity losses.

The last CRS comprehensive internal audit report was issued in May, 1977, and covered the period July 1, 1975, through March 31, 1977. That 1977 report included several recommendations for improving the management of CRS/Gambia programs; however, CRS/Gambia had not implemented the appropriate changes. Four years later we found the same deficiencies. For example, the following recommendations included in the CRS audit report are still valid:

1. CRS/Gambia should submit to CRS/New York all documents needed for filing marine claims not later than 90 days after the vessel has left the U.S. port.
2. CRS/Gambia should reconcile its books and physical inventory balances.
3. CRS/Gambia should take immediate actions to require end-use checks. (Prepare quarterly or at least semi-annual schedules for the field inspectors.)

Section 211.5(c), Regulation 11, AID Handbook No. 9, requires Voluntary Agencies (CRS) to conduct periodic comprehensive internal reviews. The AID Representative should have monitored the implementation of the recommendations contained in the CRS internal audit report.

Problems in the program were exacerbated because the AID Mission/Gambia has not been adequately monitoring the CRS/Gambia Title II Program. In general, we found only limited involvement by the Mission. The Program Officer had made no reviews of the Food-for-Peace Program. The only field inspection trips performed by AID were made by the Regional Food-for-Peace Officer/Senegal in 1978 and January 1979.

Conclusions and Recommendations

The recommendations contained in this report render moot those contained in the 1977 CRS internal audit report. Even so, we believe that the Office of the AID Representative should monitor the implementation of recommendations contained in any future CRS internal audit report.

Because of poor record keeping, CRS/Gambia has been unable to account for food received. This is not a new problem. An adequate system of inventory control must be developed. While an improved accounting system will help control future operations it will not cure past problems.

AID regulations provide that the cooperating sponsor (CRS) is responsible for commodities from the time CRS acquires control until the commodities are distributed. Since CRS was negligent in accounting for commodities, CRS should be responsible for the food that was lost.

Recommendation No. 1

The AID Mission/Gambia should bill CRS/Gambia for the quantities of food that we know to be unaccounted for. Missing food consists of 40,000 lbs. of wheat soy blend, 41,400 lbs. of soy fortified sorgham grits, and 2,472 lbs. of vegetable oil. The estimated CIF (cost, insurance, and freight) value of these commodities is \$18,000.

Recommendation No. 2

The AID Mission/Gambia should not approve any future CRS/Gambia P.L. 480 program until the AID Representative in Gambia provides assurance that the commodity accounting system is adequate.

Disagreement Among AID, CRS, and Gambian Officials Adversely Affects Program

Severe droughts in recent years have contributed to an annual food deficit of about 30,000 metric tons. As a result, dependence on foreign donors for food commodities has increased. Nevertheless, the CRS Title II Program has been adversely affected by the inability of CRS and Gambian Government officials to develop effective working relationships. They don't even agree on who should be eligible to participate in the program. A summary of the three major issues will illustrate the seriousness of the breach:

1. Eligibility of Recipients to Participate in the MCH Feeding Program

There was a philosophical difference between CRS and the Gambian Government over the criteria for eligibility to

participate in the maternal child health program. CRS/Gambia has operated on the premise that almost any child under age six and its mother should be eligible to participate in the program. CRS believes it is not enough just to get underweight, undernourished children healthy, but that it is essential to maintain that healthy status. Where there is poverty and lack of adequate food, healthy children could easily become underweight or undernourished. As a result, CRS has generally enrolled children and their mothers on a first-come, first-served basis.

The Food Assistance Coordinator said that he and other Gambian Government officials favored allowing only "at risk" children (those who fall below the 80% weight-to-age progress level) in the maternal child health program. Then as these "at risk" children became healthy, they would be phased out of the program so that other needy children could replace them. They consider this approach necessary, in part, so that healthy Gambians are not encouraged to become too dependent on foreign assistance. They feel one way to insure serving "at risk" children might be through the joint efforts of CRS/Gambia and the Gambian Government medical services field staff. These joint teams would search out those children who qualify as "at risk" and enroll them in the feeding program.

An ad hoc committee under the chairmanship of the Food Assistance Coordinator was appointed to study this problem and make recommendations to the Gambian Parliament as to the criteria for enrollment in the CRS feeding program. In the meantime, the Committee decided not to permit further expansion of the feeding program.

2. Disagreement as to the Type of Growth Surveillance Chart to be Used

Another area of conflict between the Gambian Medical and Health Services and CRS/Gambia was a change by CRS in the type of chart used to measure progress of children in the feeding program. The director of Medical and Health Services said that CRS had introduced the old chart in about 1971. Thousands were printed, and his staff at the clinics had become accustomed to its use.

Recently, CRS has introduced a new chart which has many of the mothers confused. The new chart also places an additional burden on the already overworked Gambian staff at the clinics who must work with the new chart as well as the old one. The Gambians believe that donor agencies should conform to their country-wide practices rather than expect the medical staff to conform to an individual donor's system. CRS personnel have indicated that they intend to continue using the new chart because they believe it is superior to the old one.

3. Withholding of Medical Services From Children in the Maternal Child Health Program

As a result of disputes between the Gambian medical service staff and the CRS/Gambia field teams, the Gambian medical services personnel have been instructed not to be at the Maternal Child Health Centers when CRS is conducting food distributions. The distribution of food brings many children to the center including some that might be in need of medical attention. According to CRS officials, many of the children are found to be ill during the weighing process and their mothers are advised to bring them back to the clinic when the medical people are there. This is a hardship for many mothers who must walk great distances to the center, carrying their children.

Conclusions

The need for food assistance by people, especially children, in The Gambia, is great. Because of disagreements between officials of CRS, AID and the Government of Gambia, the program is less effective than it should be. If this Program is to continue, there must be a concerted effort by all concerned to resolve differences. Regardless of the merits of arguments set forth by the contending parties, the program must operate within the Gambian context.

Subsequent to our audit the Office of the AID Representative reported to us that better working relationships had been established between CRS, the Government of Gambia and AID offices. Plans were going forward to work together in some activities.

In view of the apparent progress being made, we are making no recommendation.

Disposal of Unfit Title II Food Without Approval

Since the present CRS Director took over in April 1980, CRS/Gambia had not generally been obtaining AID approval to dispose of food commodities found unfit for human consumption. CRS/Gambia files revealed only two documented requests for such approval during that period.

The first instance concerned 338 damaged bags of food declared unfit for human consumption by The Gambia Crop Protection Service. The Mission at Banjul gave approval to dispose of this food as animal feed. In the second instance the Mission gave approval to destroy 17 cartons of vegetable oil by pouring it on the ground.

In reviewing other available records, (e.g., monthly reports from the various distribution centers, warehouse records, etc.) we noted many instances where Title II food commodities had been reported

unfit for human consumption. In some instances, the food was determined to be unfit and disposed of at the local level without obtaining AID approval. Lack of control could result in the consumption of unfit foods by humans or animals, or concealing of food theft through the reporting of vermin infestation, etc.

Section 7F2 of AID Handbook No. 9 stipulates that the cooperating sponsor (CRS) must notify AID of the quantity and type of commodities determined unfit and the circumstances pertaining to this determination. AID must approve disposal actions.

Conclusions and Recommendation

The disposition of Title II food commodities reported as being unfit for human consumption has not been properly handled by CRS/Gambia. We are making no separate recommendation on this point since it is a part of the overall commodity accounting problem.

Commodity Loss Claims Need Follow-up

With one exception, CRS Gambia filed transportation loss claims for lost and damaged commodities from the 10 shipments received from October 1979 to March 1981 (Exhibit B). One claim for commodities valued at \$14,961 lost on a shipment arriving at Banjul on May 20, 1980, was not filed against the carrier because a copy of the surveyor's report was not forwarded to CRS/New York.

During the audit period, four inland claims totalling \$8,430 were filed with the Government of The Gambia. The claims were against the Gambian Government because the losses occurred while its representatives were handling the commodities. Although the claims were submitted, they had not been settled.

CRS might expedite collection of the claims by requesting AID assistance or by submitting the claims to the Food Assistance Coordinator for the Gambian Government. This office has been designated as liaison with CRS/Gambia on all matters pertaining to food commodities. While discussing this matter with the coordinator, we were advised that the claims should have been brought to his attention.

Conclusions and Recommendations

A claim for \$14,961 against an ocean carrier has not been processed promptly. In addition, CRS had not taken effective action to collect four inland claims valued at \$8,430 against the Gambian Government.

Recommendation No. 3

The AID Mission/Gambia should take action to insure that the missing surveyor's report is obtained by CRS/Gambia and promptly forwarded to CRS/New York for filing of the claim.

Recommendation No. 4

The AID Mission/Gambia should assist CRS/Gambia in collecting the inland claims from the Gambian Government.

Delinquent Status Reports

CRS/Gambia has not been submitting some of the required reports to the AID Mission. The Mission has failed to follow up to assure that CRS/Gambia submits required reports promptly.

In April 1980, AID/W informed the Mission that it had not received any of CRS/Gambia's quarterly Commodity Status or Recipient Status Reports since July 1979. During the period April through December 1980, CRS/Gambia again failed to submit these quarterly reports. There was no evidence to indicate that the Mission had made any effort to obtain the overdue reports. Just prior to our departure from The Gambia on March 23, 1981, the CRS Director provided us with rough drafts of the reports covering the delinquent 9-month period and told us he would be submitting the reports to the Mission soon.

AID Regulation 11, Handbook 9, requires prompt submission of these reports.

The reports provide the current status of Title II food commodities and the number of recipients participating in the programs. Both reports are needed to manage Title II food programs.

Conclusion and Recommendation

Both AID and CRS in The Gambia have been negligent in meeting the reporting requirements of the Title II food program.

Recommendation No. 5

The AID Mission/Gambia should obtain from CRS/Gambia all overdue Commodity and Recipient Status Reports.

DIFFERENCES BETWEEN SURVEYOR'S REPORT AND PERPETUAL RECORDS

<u>P/L No.</u>	<u>Commodity</u>	<u>Received ^{1/} in Banjul</u>	<u>Surveyor's ^{2/} Report # of Containers</u>	<u>Perpetual Records # of Containers</u>	<u>Apparent Loss # of Containers</u>
139	SFSG	12/24/79	13,609	13,579	30
140	O11	1/21/80	1,513	1,497	16
142	SFSG	5/20/80	10,472	8,192	2,280
142	WSB	5/20/80	20,812	15,933	4,879
143	SFSG	7/21/80	11,641	11,456	185
146	SFSG	9/26/80	11,935	11,803	132
147	WSB	10/22/80	10,420	10,232	188

1/ Based on the number of containers per bill of lading less missing ones plus net good containers after salvage of damaged ones.

2/ Based on the number of containers at time of entry into the CRS/Gambia Record system.

Summary of Title II Shipments and Losses
Based on Arrivals From
October 22, 1979 Through March 3, 1981

<u>Name of Vessels</u>	<u>Packing List Number</u>	<u>Date of Arrival in Banjul</u>	<u>Commodity Description</u>	<u>Gross Weight in Metric Tons</u> ^{1/}	<u>CIF Value of Commodities</u> ^{2/}	<u>Estimated Value of Losses</u>
Delta Paraguay	137	10/22/79	WSB	246.834	\$ 125,181	\$ 1,931
Sakumo Lagoon	139	12/24/79)	WSB	509.796	114,749	1,355
		)	SFSG	323.405	136,697	3,628
Delta Mexico	140	1/21/80	Oil	36.160	41,304	618
		)	SFSG	277.601	84,816	10,800
Del Rio	142	5/20/80)	WSB	505.761	250,973	3,894
		)	Oil	36.183	34,172	267
Per Jamaica	143	7/21/80	SFSG	277.162	115,779	3,286
Del Oro	144	5/9/80	Oil	36.183	36,872	528
Frinton, G. R.	146	9/26/80	SFSG	277.092	123,587	439
Del Monte	147	10/22/80)	Oil	33.123	26,063	1,612
		)	WSB	245.216	155,445	2,647
Free Spirit)		)	Milk	194.590	119,274	720
Free Spirit)	148	2/10/81)	Rice	263.780	139,441	347
Del Sol )		)	Oil	103.443	113,864	2,332
Free Spirit)	)	2/10/81	Milk	210.546	122,543	235
Illerberg)	149)	3/3/81	Oil	110.058	106,902	663
Illerberg )	)	3/3/81	Rice	263.687	139,248	1,228
Totals:				<u>\$3,950.620</u>	<u>\$1,986,910</u>	<u>\$36,530</u>

1/ Gross weight includes commodities plus packaging and containers.

2/ CIF includes commodity costs plus freight and insurance charges.

LIST OF RECOMMENDATIONSRecommendation No. 1

The AID Mission/Gambia should bill CRS/Gambia for the quantities of food that we know to be unaccounted for. Missing food consists of 40,000 lbs. of wheat soy blend, 41,400 lbs. of soy fortified sorgham grits, and 2,472 lbs. of vegetable oil. The estimated CIF (cost, insurance, and freight) value of these commodities is \$18,000.

Recommendation No. 2

The AID Mission/Gambia should not approve any future CRS/Gambia P.L. 480 program until the AID Representative in Gambia provides assurance that the commodity accounting system is adequate.

Recommendation No. 3

The AID Mission/Gambia should take action to insure that the missing surveyor's report is obtained by CRS/Gambia and promptly forwarded to CRS/New York for filing of the claim.

Recommendation No. 4

The AID Mission/Gambia should assist CRS/Gambia in collecting the inland claims from the Gambian Government.

Recommendation No. 5

The AID Mission/Gambia should obtain from CRS/Gambia all overdue Commodity and Recipient Status Reports.

LIST-OF-REPORT-RECIPIENTS

Deputy Administrator (DA/AID)	1
Assistant Administrator/Bureau for Africa (AA/AFR)	5
Office of AID Representative/Gambia	2
Office of Food for Peace	5
The Gambia Desk Officer	1
Regional Food for Peace Officer/Senegal	1
Office of Legislative Affairs (LEG)	1
Office of Financial Management (FM)	1
General Counsel (GC)	1
Inspector General (IG)	1
RIG/A/EA	1
RIG/A/EAFR	1
RIG/A/Egypt	1
RIG/A/LA	1
RIG/A/NESA	1
IG/PPP	1
AIG/II	1
IG/EMS/C&R	16