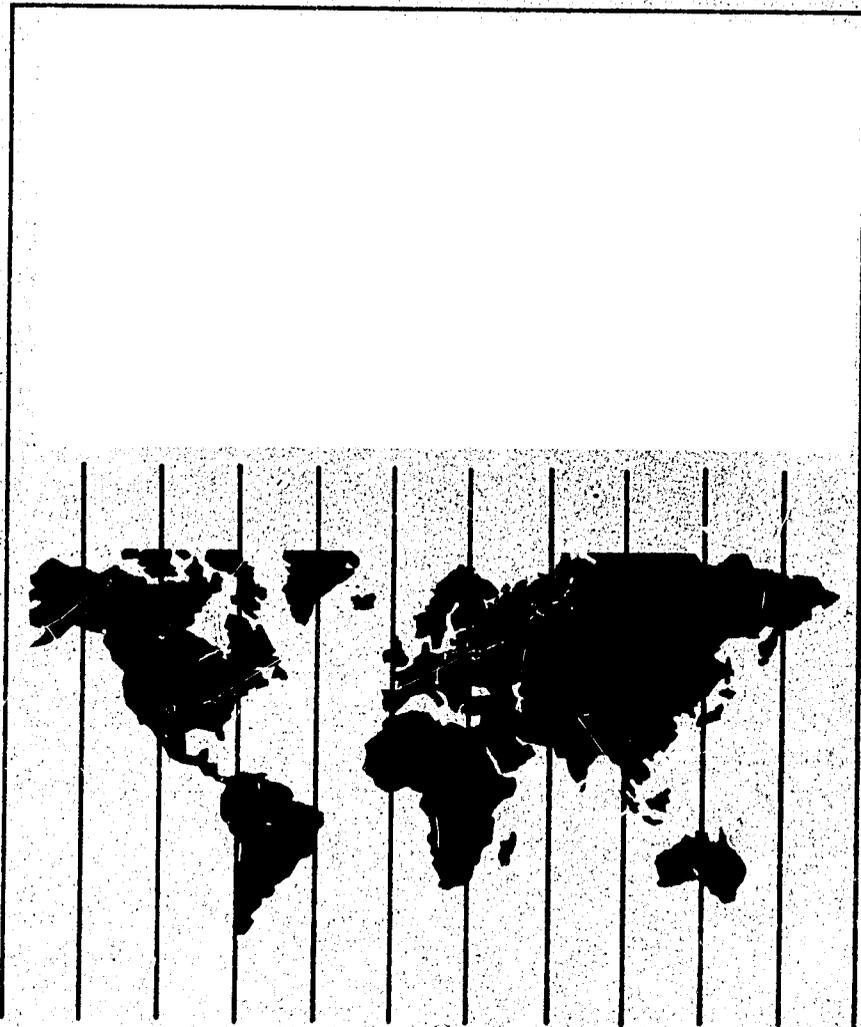


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UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE
INSPECTOR
GENERAL



Regional Inspector General for Audit
LATIN AMERICA
(Washington, D.C.)

PDAAQ249

EMERGENCY RELIEF AND
REHABILITATION FOR GRENADA
UNDER THE
FOREIGN DISASTER ASSISTANCE PROGRAM

AUDIT REPORT NO. 1-000-85-6

January 11, 1985

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EXECUTIVE SUMMARY

Introduction

On October 25, 1983, American and other military forces from the Caribbean area intervened to put an end to the political chaos in Grenada. Two days later, a disaster was officially declared in Grenada and U.S. disaster assistance efforts headed by OFDA were initiated.

The AID Office of Foreign Disaster Assistance (OFDA) is responsible for coordinating the provision of immediate emergency relief and shortrun rehabilitation assistance for disaster-stricken countries. Other AID elements are responsible for providing long-term disaster reconstruction assistance. OFDA may call upon the resources of U.S. Government agencies on a reimbursable basis. OFDA also uses the services of private voluntary organizations and private sector entities to carry out disaster assistance functions.

Audit Findings, Conclusions, and Recommendations

OFDA was to have completed emergency relief and shortrun rehabilitation assistance for Grenada not later than April 1984. Yet, OFDA had not completed its tasks as of the audit cut-off date (July 31, 1984) due to ineffective management, a lack of role definition, and a belief that its authority had been curtailed by Agency management. Certain medical items never arrived or arrived late and some equipment arrived incomplete or did not work. At the time of our audit the equipment problems had finally been resolved. We recommend that OFDA seek to better define the working relationships and responsibilities among principal AID components normally involved in disaster relief and complete or resolve procurement action on the medical items not yet delivered to Grenada.

Management Comments

On September 28, 1984, we furnished OFDA management a Record of Audit Findings (RAF) for review and comment. On October 19, 1984, we held an exit conference with OFDA and other interested AID officials. At the exit conference we received written responses from OFDA and from AID's Office of Commodity Management (SER/COM). On October 29, 1984, we provided OFDA and certain offices within AID's Directorate for Program and Management Services (M/SER) with a draft audit report for review and comment. The Associate Assistant to the Administrator for Management (M/AAA/SER) responded on November 15, 1984 and the OFDA Director responded on December 7, 1984. These responses were considered in preparing this report.

Audit Responses

The responses from OFDA and M/SER are difficult to summarize; for this reason they have been included in their entirety in this report as Exhibits A and B, respectively. We believe a reading of those exhibits will be enlightening not so much because of the issue taken therein with our report, which has already been modified to reflect the comments as we deemed appropriate, but because of the lack of consensus among the major players in the Agency's disaster relief efforts evidenced in the comments themselves. (This lack of consensus also seriously delayed issuance of this report.)

AID has chosen to establish a central disaster relief function (OFDA) rather than individual capabilities within each of its geographic bureaus. But if it is to function effectively, the authority effectively delegated to the OFDA Director should reflect the responsibilities which that Office has been charged with carrying out. This was not the case, in practice, during the Grenada relief effort which, according to statements made to us by OFDA officials, is not unlike other relief situations it constantly faces. In our view, top Agency management must support OFDA's attempts to clarify and strengthen its lines of authority if future disaster relief efforts are not to suffer from the same errors and embarrassments as the Grenada experience.

Objectives, Scope, and Methodology

We made the audit to determine whether or not OFDA furnished commodities and services for Grenada efficiently, effectively, and economically. Our examination included an analysis of documents and discussions with appropriate officials in Washington, Grenada, and the Regional Development Office for the Caribbean in Barbados. Our report is limited to OFDA disaster assistance efforts for Grenada. A previous IG audit report, No. O-902-31-118, dated August 17, 1981, covered overall OFDA administration of the foreign disaster assistance program. We made the audit in accordance with the Comptroller General's Standards for Audit of Governmental Organizations, Programs, Activities, and Functions.

BACKGROUND

The joint military intervention in Grenada began on the morning of October 25, 1983. Immediately before and after the intervention, Grenadian citizens, the People's Revolutionary Army, members of the Cuban Armed Forces, and the airport brigade, looted stores and warehouses throughout Grenada. Captured Cuban and Russian foodstuffs were used to feed prisoners of war and displaced persons. But these foodstuffs were insufficient to meet the needs of all the people.

Private housing and public buildings were damaged during the intervention: a mental institution and 10 private homes were destroyed; at least five government buildings and 40 private homes were damaged; and, damages to two radio stations, a police station, and the Prime Minister's office were reported. Public utilities already deteriorated after several years of neglect were further damaged during the brief hostilities. These events adversely affected the lives of the approximately 100,000 Grenadian citizens living on the 133-square mile island.

Foreign disasters are both acts of nature and acts of man that disrupt social and economic life. It is United States policy to assist the victims of such disasters. Two statutes contain the basic authority for the provision of U. S. disaster assistance to other countries. They are the Foreign Assistance Act (FAA) of 1961, as amended, and the Agricultural Trade Development and Assistance Act (P.L. 480) of 1954. The FAA authorizes the President to furnish assistance to other countries' disaster relief efforts following natural or man-made disasters. P.L. 480 authorizes the President to furnish agricultural commodities to meet famine and other urgent or extraordinary relief requirements.

The implementation of U.S. disaster assistance is delegated to chiefs of U.S. diplomatic Missions abroad and to the Director of the Office of U.S. Foreign Disaster Assistance (OFDA)--an organizational unit of the Agency for International Development (AID). Chiefs of Missions determine when disasters have occurred, and for each disaster determination, may immediately obligate up to \$25,000 in cash, supplies, or services to assist disaster victims. OFDA is the U.S. Government unit charged with responding to U.S. Mission requests for disaster assistance; organizing and coordinating the total U.S. Government disaster relief response; arranging for the procurement of supplies, services and transportation; and, engaging in disaster preparedness activities. OFDA is custodian of the Foreign Disaster Emergency Relief account which is established under the AID Contingency Fund. OFDA staff is available 24 hours a day to assist Missions in determining whether or not assistance should be provided; selecting the most effective form of assistance; and rapidly supplying the required relief specialists or commodities.

On October 27, 1983, the U.S. Ambassador in Bridgetown, Barbados declared that a disaster existed in Grenada, and exercised his authority to obligate up to \$25,000 and use appropriate U.S. Government resources at his disposal. At the time, participants in U.S. disaster relief efforts included units and personnel from the four U.S. military services and from AID. The OFDA Director was present in Grenada to oversee initial relief efforts. As of July 31, 1984, obligations for disaster assistance to Grenada totaled \$2.5 million which was allotted as follows:

<u>Allotee</u>	<u>Amount</u>
RDO/C <u>1/</u>	\$218,000
Grenada <u>1/</u>	1,411,000
AID/Washington <u>2/</u>	<u>903,634</u>
Total	<u>\$2,532,634</u>

The \$218,000 allotted to RDO/C enabled immediate local procurement of commodities and services for Grenada. The \$903,634 allotted to AID/Washington was used to pay U.S. suppliers and technicians, and commercial transportation.

OBJECTIVES, SCOPE, AND METHODOLOGY

This is the first audit of OFDA disaster assistance efforts applicable to Grenada. We made the audit during July and August 1984 to determine whether or not OFDA furnished commodities and services to Grenada efficiently, effectively, and economically. We reviewed OFDA, Contract and Commodity Management and Controller records located in Washington, D.C., and records at AID offices located in Grenada and Barbados. The audit covered OFDA procurement activity for Grenada from October 20, 1983 through July 31, 1984, and included a review of OFDA's internal controls. We made the audit in accordance with the Comptroller General's Standards for Audit of Governmental Organizations, Programs, Activities, and Functions.

- 1/ Source: SER/FM/CAD Report No. W-208 for July 1984.
2/ Source: SER/FM/PAD Records. Excludes \$28,274 reserved on July 5, 1984 for future obligations.

AUDIT FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

OFDA Administration of Grenada Disaster Assistance

In order to carry out the legislative mandate of coordinating and rapidly supplying needed relief to disaster-stricken countries, management of, and an authority over, those relief efforts by AID's office of U.S. Foreign Disaster Assistance (OFDA) needs to be strengthened. Legislative intent limits OFDA's involvement in disaster activities to urgent shortrun assistance.^{3/} AID Handbook 8 categorizes OFDA contributions as (i) emergency disaster relief, and (ii) shortrun rehabilitation assistance. OFDA is not authorized to participate in long-term rehabilitation or reconstruction.

Emergency disaster relief is aid which can be used immediately to alleviate the suffering of disaster victims. It includes such relief services and commodities as the provision and transportation of food, clothing, medicines, hospital equipment and beds, and repairs to essential services. Emergency disaster relief normally does not exceed 60 days following the formal declaration of a disaster.

Shortrun rehabilitation assistance is defined as limited and minor help required to restore to self-sufficiency disaster victims for whom relief would otherwise be prolonged. Shortrun rehabilitation activities are not intended to supplement long-term development or technical assistance projects, and are normally limited to an additional 90-day duration. In other words, OFDA's total involvement should generally not exceed 150 days after a disaster has been declared.

Using these criteria, OFDA was to have completed emergency relief and shortrun rehabilitation assistance for Grenada by April 1984. In fact, OFDA had not fulfilled its commitments to Grenada as of our audit cut-off on July 31, 1984.

60-Day Emergency Period

OFDA procurement actions during the initial 60-day period of emergency were effective. For the most part foodstuffs, medicines, clothing, bedding and other emergency commodities and services were provided to Grenada within a reasonable period of time. Because there was no AID Mission located in Grenada at

^{3/} Regional Inspector General for Audit/Washington Report No. 0-902-81-113, dated August 17, 1981, entitled Improvements Are Needed in Administering the Foreign Disaster Assistance Program discusses OFDA's role in shortrun disaster relief.

the time of the intervention, OFDA coordinated with AID's Regional Development Office/Caribbean (RDO/C) located in Barbados to ensure immediate and effective assistance. On October 27, 1983, the U.S. Ambassador in Bridgetown, Barbados, declared that a disaster existed in Grenada, and obligated \$25,000 for emergency relief. In one day the obligation was used and on October 28, 1983, RDO/C requested from OFDA an immediate allotment of \$250,000 in disaster relief funds to purchase emergency food and relief supplies. RDO/C used \$140,000 in Barbados and reallocated \$110,000 to Grenada for such emergency purchases. By the end of November 1983, the \$250,000 allotment was spent on local procurement of emergency food, commodities, and services.

In November 1983, RDO/C obligated another \$500,000 in disaster relief funds for rehabilitation and reconstruction activities in Grenada and immediately committed these funds under six grants to various Ministries and organizations in Grenada. This obligation was not subject to OFDA assistance limitations.

90-Day Shortrun Rehabilitation Period

The administration of disaster assistance by OFDA faltered during the subsequent 90-day period of shortrun rehabilitation because OFDA did not effectively monitor procurement actions and commodity deliveries to ensure that requested commodities were furnished to Grenada in good order. As a result, some medical items ordered in December 1983 had not arrived in Grenada as of July 31, 1984; and certain equipment delivered to Grenada was not complete or did not work. Consequently, OFDA's involvement in Grenada disaster assistance exceeded time limitations established to provide emergency disaster relief and shortrun rehabilitation assistance, but more importantly, it was not made available when needed, or was made available in such a way as to constitute an embarrassment on occasion to the U.S. Government.

OFDA obligated an additional \$1,290,450 for shortrun rehabilitation on December 9, 1983. OFDA allocated \$661,725 of this \$1.3 million to RDO/C and \$628,723 to AID/Washington to finance activities in health, water, electric power, sewage disposal, and education. OFDA stipulated that all or a substantial portion of each activity was to be completed within 60 days from receipt of the December 9, 1983 allocation.

AID Handbook 3 lists disaster assistance resources available to OFDA. These include elements of the Department of State and other U.S. Government agencies including the Department of Defense, Health and Human Services, Interior and Commerce. Within AID, the Office of Contract Management (SER/CM) provides

a contracting officer to OFDA who takes contract actions and gives advice and assistance to OFDA in making emergency procurements; the Office of Commodity Management (SER/COM) provides commodity specifications, and arranges for the air and surface transportation of disaster relief supplies and food at OFDA's request; and, AID's geographic bureaus provide temporary staff to OFDA when a disaster crisis task force is constituted.

During the 90-day shortrun rehabilitation period, SER/CM makes all routine procurements. At the request of OFDA, SER/CM contracting officers issue contracts for routine procurements in accordance with normal procedures. OFDA provides SER/CM contracting officers with purchasing authorizations which include specifications of the supplies or services, delivery requirements, funding citations, and other necessary documentation. Specifications are normally determined by SER/COM commodity specialists before purchasing authorizations are furnished the SER/CM contracting officers.

OFDA issued eight purchasing authorizations (PIO/Cs) under the \$628,723 allocated to AID/Washington to procure:

<u>Date</u>	<u>Description</u>
12-20-83	Immunization and Cold Chain Equipment
12-22-83	X-ray Machines and supplies
12-20-83	Solid Waste Disposal Equipment
12-20-83	Chlorination Equipment
12-20-83	Electrical Equipment
12-23-83	Drugs and Medical Supplies
01-04-84	Radiographic Equipment and Rabies Vaccine
01-31-84	Medical and Laboratory Supplies

RDO/C requested that OFDA use \$100,000 of the RDO/C allocation to procure borehole pumps and motors. OFDA issued a PIO/C for this equipment on February 9, 1984.

OFDA called upon SER/COM commodity specialists to provide specifications for six of the nine procurement orders. SER/COM also provided assistance in procuring X-ray machines and some of the medical and laboratory supplies. OFDA provided the SER/CM contracting specialists with a duplicate copy of the PIO/Cs at the time they were sent to SER/COM. However, the SER/CM contracting specialists used the duplicate copies as a basis for executing contracts, grants and purchase orders without waiting for specifications. For example, a contract specialist furnished to us a two-page PIO/C that contained no specifications for the Solid Waste Disposal Equipment. In contrast, the

SER/COM documents contained a detailed 10-page list of specifications for this procurement along with potential suppliers and estimated cost. This led to confusion and a misunderstanding of roles and responsibilities. In a May 29, 1984 memorandum to the Director of the Office of Contract Management (SER/CM), an AID official wrote in part:

"The specifications as cited in the PIO/Cs for the large items, e.g., pumps, motors, compressors, etc., were often grossly inadequate. Sometimes the PIO/C merely stated: Pumps, motors, compressors and etc. and neglected to even cite the desired nomenclature. In order to resolve the many unknowns, telephone calls (with often poor connections) were made to Grenada technicians who in turn referred CM back to COM who also, in turn expected the specifications to be a Grenada problem. It became a catch 22 operation. A classical example is the procurement of flexible tubing. The PIO/C merely specified 'Flexible Tubing'. In trying to ascertain the size and other significant features of the tubing, CM contacted COM, OFDA, and Grenada. After vacillating between 6" and 4", rigid or flexible, Grenada suggested everything be held up pending final decisions.

"Further, a total lack of positive guidance seemed to prevail for the procurements. Grenada was under the impression that the procurements in the USA were being guided, monitored, and controlled by a committee set up to arrange for the coordination of the Grenada disaster. This certainly was not the case as CM had to independently contact OFDA for advice who often referred CM to COM who in turn directed CM back to Grenada who initiated the procurement. Another example of lack of responsibility definition is that OFDA informed CM that CM must coordinate the coordination (sic) for shipment to Grenada of all the late items being procured."

OFDA commented that it provided SER/CM with PIO/C's using specifications provided by AID Grenada and SER/COM/CPS. The specifications were developed very slowly, some were complex and many details were provided on the telephone between Grenada and AID/W. Once a supplier was identified, contact between the supplier and the Government of Grenada was encouraged so that the products met the desired purpose. OFDA had neither the time nor the expertise to monitor the amount or quality of the specifications provided between SER/COM and SER/CM. OFDA concluded that it was expected the work would be done in a professional manner by these specialists and that OFDA staff were always available by telephone to resolve problems or expedite an action. AAA/SER confirmed, however, that the lack of defined responsibilities and centralized control had hampered the normal flow of work.

Effective OFDA monitoring was further precluded because it did not set up a tracking system to monitor the performance of AID offices that were providing assistance and expertise. For example, there was no record regarding the length of time that SER/COM held the PIO/C on Solid Waste Disposal Equipment, nor when the PIO/C, complete with specifications was forwarded to SER/COM for execution. A pertinent telegram suggests that SER/COM was working on the specifications in February 1984, that is, two months after the PIO/C was issued by OFDA.

In any event, at least four of the nine procurement authorizations resulted in unduly delayed and incomplete assistance:

- Drug and medical supply orders placed in December 1983 had not been received seven months later. AAA/SER commented that the cause was a lack of funds and delayed inventorying in Grenada;
- A December 1983 x-ray machine request was met in March 1984, but replacement of the WWII units with serviceable ones only occurred in July 1984; that is, four months after the decision was made to purchase new units;
- In May 1984, Grenada was still seeking some of the solid waste disposal equipment that had been requested in December 1983;
- Over five months elapsed before Grenada received motors for the borehole pumps.

Management Authority Misunderstood

Due to the changing U.S. relationship with Grenada as a result of the intervention, the AID Administrator instructed OFDA to clear with senior AID officials all requests for Grenada disaster assistance prior to the commitment of funds. OFDA interpreted this clearance procedure to mean that the procurement and delivery of commodities and services to Grenada would be a shared management function. This interpretation is seen as a major contributing factor to the lack of coordination and role definition that impeded shortrun rehabilitation activities.

The reader may find it useful to peruse the two report exhibits at this point. Exhibit A is OFDA's response to our draft audit report. Page 1 sets forth OFDA's perceptions regarding its role. Exhibit B is AAA/SER's response; page 1 of Exhibit B identifies a need for full participation by commodity specialists prior to issuing contracts.

Conclusion

The period of shortrun rehabilitation disaster assistance to Grenada was marked by a lack of role definition and ineffective OFDA management resulting in poor performance. OFDA interpreted top Agency management interest in the programming of funds for Grenada as a diminution of its authority to manage and coordinate the disaster assistance. In our opinion, once the nature of the \$2.5 million activities had been approved by senior AID officials, OFDA was then required to manage and coordinate the assistance as mandated.

OFDA, SER/CM and SER/COM records generally did not include dates when procurement authorizations were received, acted upon and completed. OFDA needs a tracking system in order to effectively monitor procurement actions made on its behalf. Moreover, OFDA needs to appoint an individual to monitor procurement actions taken by SER/CM and SER/COM for each disaster occurrence. Effective monitoring could have prevented premature contract negotiations by SER/CM.

Finally, overseas Missions need to know who is responsible and whom to contact for assistance. In turn, assisting entities within AID need to know their responsibilities and limitations in providing support to OFDA.

Recommendation No. 1

Office of U.S. Foreign Disaster Assistance (OFDA) coordinate with top Agency management and the principal AID components normally involved in disaster relief assistance in order to prepare, obtain approval for, and issue an appropriate management directive that will clearly define their respective roles and responsibilities. The directive should make provision for disaster-related procurement.

Commodity Procurement Shortfalls

This section describes the procurement and delivery problems encountered in three of the nine procurement authorizations handled by OFDA during the shortrun rehabilitation period. It illustrates what can happen when effective management is absent.

Medical Items Not Delivered

A report submitted by a participating Federal agency, the Center for Disease Control (CDC), dated December 16, 1983, listed laboratory resources needed by the capital city's St. George's general hospital to support the health system in Grenada. The listing was forwarded to OFDA for procurement action, but several months later, 85 items in varying quantities reportedly had still not arrived. The items ranged from acetic acid and formaldehyde to a refrigerator and microscope.

We could not determine the universe of drugs and medical supplies ordered for Grenada due to changes in the Grenadian Government and the absence of an arrival accounting system to track the receipt and distribution of medical items. In August 1984, an AID contract specialist went to Grenada to follow-up on items ordered but not received and to establish a control log to account for commodities delivered. He found another 40 medical items of varying quantities ranging from paraffin and surgical tubing to dental forceps and trays which had not been delivered. Delivery dates for these items had been estimated as early as January, 1984.

To sum up, 125 medical items that is, 85 reported, and 40 identified by the contract specialist of varying quantities were not accounted for.

Equipment Not Complete

On December 9, 1983, OFDA approved a \$100,0000 allocation for the procurement of borehole pumps to assist in rehabilitating Grenada's water sector. On December 13, 1983 Grenada sent OFDA specifications for four borehole pumps and motors, including ancillary items and spare parts. OFDA issued a PIO/C on February 9, 1984 with an estimated delivery date to Grenada of February 15, 1984. On March 3, 1984, SER/CM notified Grenada that the pumps were to be ordered March 5, 1984 and the estimated date of arrival in Grenada would be April 30, 1984. On April 16, 1984, SER/CM notified Grenada that procurement action was nearly complete and the equipment was scheduled to arrive by military transport on April 23, 1984.

On May 9, 1984, five months after OFDA initiated the procurement action, USAID/Grenada informed OFDA that:

"It has happened again. In spite of our efforts here to ensure that procurement is initiated per valid and proper specifications resulting in timely arrival of all needed components. We just cannot seem to do it right. Not once, not twice, not ever. Two weeks ago, ... we received pumps but no motors or control panels. Yet, all components were specified in a series of cables beginning as far back as December, 1983. But in spite of our constant queries to AID/W, it was not until after the arrival of the pumps, that we learned the motors and control panels were to be delayed for another six weeks."

AID's office in Grenada concluded by stating:

"... all our time is taken up explaining to the GOG* why we simply cannot get our procurement act together. In summary, it seems that we should have programmed disaster relief funds for AID/W rather than for Grenada."

Unusable Equipment

On December 9, 1983 OFDA obligated \$58,000 to procure X-ray machines for Grenada. On December 30, 1983 OFDA notified Grenada that it had located four new X-ray units available from the U.S. Government's excess property program. As cost savings were realized by procurement of excess property, OFDA on February 4, 1984, reduced the obligation from \$58,000 to \$11,390 on its commodity request and reallocated the remainder (\$46,610) for emergency drug procurement.

The X-ray units, actually manufactured during World War II, were delivered to Grenada on March 23 and 27, 1984. A biomedical technician and a senior radiographer found the units highly unsatisfactory, unsafe, and unusable.

- Two of the units were last inspected in 1952 and 1953, respectively.
- Two other units were last inspected in 1976.
- The footswitch cords were brittle and parts of the units exhibited corrosion.
- Rollers were loose or chipped, wires disconnected and a panel missing on the automatic processor.

- View boxes were dented and improperly packed.
- The units were older than any other X-ray equipment used in Grenada.

These conditions were confirmed by audit staff in Grenada. The AID office in Grenada informed OFDA that:

"The condition, vintage, and lack of information on this equipment has proved to be an embarrassment to the Mission. After all the hopes and expectation raised, the equipment, except for the grid cassettes, is inoperative. The X-ray machines pose a hazard to the patient and technicians alike. Project Hope's physicians who counted on availability of this service find that they must seek other alternatives. USAID/Grenada is concerned that this situation, together with other incidents related to procurement, are damaging to the U.S. image and interest in Grenada. Mission does not have funding to replace this equipment but request OFDA consideration in new procurement."

USAID/Grenada arranged to return the unusable X-ray units to the U.S., but by July 1984, it was determined that parts of these units would be useful in testing and repairing U.S.-made equipment located at Grenada's general hospital. On July 23, 1984, USAID/Grenada granted approval to the Minister of Health to salvage X-ray parts as proposed. An AID contract specialist told us that new X-ray units were received in Grenada on July 25, 1984. To sum up, over seven months passed before this procurement action was completed.

OFDA responded:

"When the need for an X-ray machine was identified, OFDA was informed by SER/COM that several unused but old X-ray machines were available from AID Excess Property. OFDA was assured that these machines were serviceable and appropriate for use in Grenada. Since the cost of the machines was not high and spare parts might be a problem, OFDA ordered four shipped to Grenada. Once the report on the inadequacy of the machines was reported, (sic) OFDA ordered new X-ray machines and shipped them to Grenada. OFDA did not pay for the original machines from AID Excess Property. OFDA has used AID excess property in other disasters and never experienced such a problem. There should be no need for OFDA to inspect materials being provided by another AID office. AID's Excess Property office can provide more information on this subject."

*Government of Grenada

Pages 6 through 10 of Exhibit B contain AAA/SER's response on the X-ray machines.

Transportation Arrangements

Based on a review of Government Bills of Lading (GBLs) and records of the contract specialists and the AID Office of Financial Management, the AID Transportation Support Division (SER/COM/TS) arranged transportation for seven of 15 shipments to Grenada from November 1983 to July 1984 at a cost of about \$50,000. During the same period, the contract specialists and a private citizen contacted by OFDA arranged transportation for eight shipments to Grenada at no cost to the U.S. Government. In addition, the private citizen arranged to stockpile OFDA commodities gratis at his warehouse located in Florida.

As presently written, AID Handbook 8 contains instructions that the AID Transportation Support Division (SER/COM/TS) is to make all transportation arrangements for OFDA. As discussed above, the instruction was not fully complied with -- nor is this always practical in an emergency situation. AAA/SER recognizes the ambiguity; management's proposed corrective actions are discussed on page 6 of Exhibit B.

Reporting

OFDA stated that it has made repeated attempts to obtain from Grenada a reconciliation of commodities ordered vs. those delivered. The information is required in order to ensure that the requested commodities and services were furnished by OFDA, by other means, or cancelled for valid reasons. Although the absence of an arrival accounting system in Grenada coupled with the absence of an OFDA tracking system in Washington may affect the accuracy of the reconciliation, it will nevertheless be useful in identifying commodities such as the 125 medical items not yet accounted for.

Conclusion

At the close of audit fieldwork, 125 medical items needed for disaster rehabilitation in Grenada had not been delivered. OFDA needs to complete or resolve procurement actions for these items. Not all of the equipment reached Grenada in good order: components were missing and equipment was not otherwise usable. Although corrective actions are now complete, the length of time taken by OFDA to resolve equipment procurement extended beyond the normally allotted period.

Recommendation No. 2

Office of U.S. Foreign Disaster Assistance:

(a) obtain a reconciliation of commodities ordered and those received by USAID/Grenada from that Office;

(b) review and take action to resolve the procurement problems hampering delivery of outstanding medical items requested by Grenada for disaster rehabilitation.

Improper Use of Imprest Funds

In Grenada we examined petty cash vouchers for the period October 31, 1983 to January 21, 1984, to determine the propriety of expenditures charged to the disaster assistance account. The Grenada imprest fund was used to pay for automobile rentals and drivers' and workers' wages, purchase of paper and supplies, and to make advances to personnel.

Also among the charges examined, however, was one for alcoholic beverages costing \$125.37 billed to and paid by OFDA on petty cash voucher number eight. The purchase of alcoholic beverages is a personal expense not reimbursable by the U.S. Government.

Recommendation No. 3

Office of U.S. Foreign Disaster Assistance (OFDA) identify the person responsible for and recover \$125.37 in billings for alcoholic beverages documented on petty cash voucher number eight.

7 DEC 1984

MEMORANDUM

TO: RIG/LA, Mr. Coinage N. Gothard

FROM: OFDA, Julius W. Becton, Jr., Director

SUBJECT: Grenada Disaster Draft Audit Report, November 1984

Thank you for the opportunity to comment on the subject Draft Audit Report. We appreciate that many of our earlier comments were reflected in the draft report. The following general and specific comments may help in finalizing the audit report.

Management of the Rehabilitation Activities: OFDA reiterates that the management of the Grenada rehabilitation activity was a shared responsibility with other AID Offices, particularly the AID/LAC Working Group. OFDA's traditional role in managing relief and rehabilitation efforts had been eroded during the past two years and AID Bureaus were exerting a very strong leadership role. Combined with a severe reduction in OFDA staff (26 to 19), OFDA did not have the experienced staff to manage the longer term rehabilitation activities. OFDA called upon other AID offices to support specific Grenada relief and rehabilitation activities as needed. OFDA solved problems when identified by other AID offices, but the overall coordination was done by the LAC Grenada Working Group.

When the LAC Grenada Working Group was formed, an OFDA representative informed the group that OFDA did not have the staff to manage and procure the commodities to support the rehabilitation efforts envisioned. Specifically, OFDA requested a LAC specialist to write the PIO/Cs for Grenada. The LAC Bureau did send a person to write PIO/Cs, but that person was not inclined to do the work and OFDA subsequently coordinated the PIO/C preparation.

The responsibility for coordination with AID/Grenada and RDO/C and subsequently with SER/COM and SER/CM was divided between OFDA and the LAC Working Group. Financial problems were addressed primarily by OFDA. Primary liaison between AID/W and AID Grenada was the LAC Working Group, especially the Grenada AID Desk Officer. OFDA received very few phone calls from Grenada during the rehabilitation period. Coordination of the specifications was often discussed between the LAC Grenada desk, AID Grenada and the SER offices.

The dilution of OFDA traditional authority and the decrease in OFDA staff both led to the problems identified in the Draft Audit report. OFDA would appreciate the inclusion of this explanation so that AID management can determine what future role OFDA will have in rehabilitation phase of disasters.

- 2 -

The Draft Audit Report does not clearly describe a number of circumstances which would enhance Recommendation One and ensure that AID is fully responsive to disaster victims in the future. The following comments are keyed to the page on which they appear.

Page ii, line 14 - suggest you clarify the statement by adding "due to ineffective management" of the rehabilitation effort "and a dilution of OFDA's traditional role". Reason: There is nothing in the report that implies that the immediate relief effort was not well managed.

Page ii, line 15 - suggest changing the word "crucial" to "some" which precedes "medical items never...." Reason: Nothing defined as crucial could have waited several months to be procured. Although requested from AID, many supplies were also requested and provided by other donors. AID provided Project Hope a grant which included funds to procure crucial medical drugs and supplies. If they were still needed after the initial order, they could have been purchased by Project Hope or again requested by AID Grenada from AID/W. Either the supplies in question were provided by others or they were no longer required; in either case they cannot be labeled "crucial".

Page ii, line 16 - replace the word "or" with "X Ray machines" which precedes "did not work...." Reason: To clarify that one requested item did not work (the X Ray machines) rather than implying many as may appear in the draft.

Page 2, line 22 - change the sentence beginning "The OFDA is responsible for the use of funds under the International Disaster Assistance account (IDA). Delete the balance. Reason: The draft is incorrect.

Page 3, line 8 - delete the portion of the sentence beginning "At the time..."; delete "units and personnel from the four U.S. Military services and". Reason: It is inaccurate. OFDA requested the services of a sanitary engineer, one driver/mechanic and equipment from the DoD. Personnel from other U.S. Military units happened to be in Grenada for other purposes and they volunteered to assist AID/Embassy staff. The Draft report implies that OFDA requested and paid for other services from DoD.

Page 5, line 16 - change the word "hospital" to "medical" and delete "and beds". Reason: Medical equipment is more accurate, and OFDA seldom provides hospital equipment. Beds are normally available locally and not cost effective disaster relief supplies.

Page 6, line 15 - delete to the end of the sentence after "because procurement actions..." or delete the entire sentence beginning "The assistance was...."

Page 8, line 7 - delete the sentence beginning "The lack of OFDA...." Reason: The report does not substantiate that 'the field' performed in such a manner that these statements are justified. Procurement was a very small portion of the Grenada disaster response and OFDA managed the overall immediate response well.

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Page 6, line 24 - change the sentence beginning "OFDA allotted" to read "OFDA allotted \$250,000 to RDO/C Bridgetown whose controller in turn provided \$110,000 to AID in Grenada". Reason: Statement in the Draft is inaccurate. OFDA provided no funds directly to Grenada. RDO/C was and is the responsible AID Mission for OFDA funding in support of Grenada.

Page 7, line 1 - clarify the paragraph by deleting the word "reconstruction" or alter the paragraph to read "RDO/C requested an additional \$500,000 for rehabilitation activities. The AID Grenada Working Group reviewed the cabled proposals and OFDA funded the most critically needed activities in accordance with OFDA's mandate for rehabilitation." Reason: RDO/C requested funds for many activities in Grenada. AID's Grenada Working Group reviewed the cabled proposals and determined which funding should be used for each activity. OFDA did not fund reconstruction activities and in several cases OFDA provided the initial funding for the critical phase of an activity (for example, Project Hope grant and road repairs) and AID funded the balance from the development account.

Page 7, paragraph 2 - amend the paragraph to clearly identify the quantity of procurement actions and the number of actions or a percentage which were incomplete or flawed. Reason: It appears unprofessional to generalize a major shortcoming from a small number of problems.

Page 10, line 26 - please add that the memo cited was not cleared or approved by any other AID office. Reason: Although the facts written by a person may appear to be correct from the writer's perspective, facts unknown to the writer may alter the overall conclusion. Memos uncleared by others involved tend to reflect one person or office bias.

Page 13, line 17 - OFDA again stresses the fact that management was shared and the audit report should reflect this.

Page 14, line 20 - Recommendation No. 1. Please add "disaster-related" before "procurement..."; and delete the remainder of the sentence "coordination within OFDA". Reason: It makes the recommendation more precise and there is no need to coordinate procurement within OFDA.

Page 20, line 5 - please delete the sentence which begins "Had OFDA ..." or change it to read "Had SER/COM/GPR arranged to inspect...". Reason: OFDA relied on SER/COM/GPR to ensure that the X Ray machines were as described and in suitable condition for use in Grenada. OFDA has used AID Surplus Property on previous occasions and had no problems with those commodities. OFDA must rely on other AID offices to perform their role without OFDA inspecting every detail.

Page 22, line 3 - Recommendation No. 2. Please modify the recommendation to read "OFDA resolve the status of the items (approximately 125) initially requested by AID Grenada for disaster rehabilitation."

Page 22, line 15 - please change "paid by OFDA" to "paid by AID Grenada using disaster account funds". Reason: OFDA allotted funds to RDO/C and did not approve or administratively review any of the Mission allotted funds. OFDA will cable RDO/C to disallow the \$125.37 inappropriate

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expenditure of disaster relief funds. OFDA agrees entirely with the sense of the recommendation, but was unaware of the expenditure until the audit.

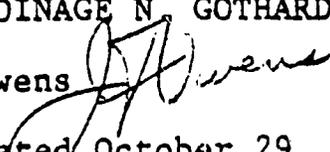
OFDA Comments on the Memo from SER to RIG/W/LA Dated November 15:

OFDA appreciates the efforts of SER personnel to explain further background to the Grenada disaster response. In general we agree with the statements and emphasis of the memo. One point of further clarification in the role of Mr. Raymond Schultz of Florida. Mr. Schultz, the Vice President of Sister Cities International (a private and voluntary organization), has been extremely helpful to OFDA in expediting disaster relief shipments through Miami and in supporting disaster preparedness programs in Latin America. (He has received two citations from Administrator McPherson for his disaster relief contributions.) When contacted, he offered his business warehouse and staff to assist the Grenada relief operation at no cost to the U.S. Government. He, and primarily his efforts (not SER/CM), prevented further delays and saved AID the expense of warehousing and shipping. It is too gratuitous to SER to include themselves when distributing credit for the arrangement and accomplishments of Mr. Schultz.

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NOV 15 1984

MEMORANDUM FOR RIG/W/LA, MR. COINAGE N. GOTHARD, JR.

FROM: M/AAA/SER, John F. Owens SUBJECT: Draft Audit Report Dated October 29, 1984 On
Emergency Relief and Rehabilitation for Grenada Under
the Foreign Disaster Assistance Program

We appreciate the opportunity to comment on the subject draft audit report. We endorse its central proposition that OFDA should better define working relationships with SER offices and the various office responsibilities when coordinating disaster assistance procurement. We agree that there is improvement needed in developing administrative procedures for handling A.I.D. direct procurement of disaster commodities and that there were some roadblocks to timely completion of the Grenada procurements.

The Report would be right on the mark if it addressed particular improvements. For example, we think there is need for requesting 100% SER/COM participation in writing specifications prior to SER/CM contracting, for more resources to carry out OFDA emergency procurement and for instituting arrival accounting systems when, under emergency conditions, no existing procedures are in place. However, the Report misses the mark by concentrating on retelling, unfortunately neither completely nor fully accurately, facts or history pertaining to a few of the procurements. The draft text demonstrably does not correctly show the individual though coordinate roles of OFDA, SER/CM and SER/COM in carrying out the work. Specifically, we fault the following:

(1) The Report on page 10 reads:

"OFDA provided the SER/CM contracting specialists with an advance copy of the PIO/C's at the time they were sent to SER/COM. However, the SER/CM contract specialists used the advance copies as a basis for executing contracts, grants and purchase orders. For example, a contract specialist furnished to us a two-page PIO/C that contained no specifications for the Solid Waste Disposal Equipment. In contrast, the SER/COM documents contained a detailed 10-page record of specifications for this procurement along with potential suppliers and estimated cost. This led to confusion and a misunderstanding of roles and responsibilities. In a May 29, 1984 memorandum to the Director of the Office of Contract Management (SER/CM), an AID official wrote in part:"

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More accurately it should read:

"OFDA provided both SER/COM and SER/CM with copies of PIO/C's. In some, but not all cases, SER/COM was instructed to further clarify the PIO/C's. Where there was no clarification by SER/COM, SER/CM used the initial copy as the basis for proceeding with the contract. In one case, that of the solid waste disposal equipment, there was some lack of coordination. SER/COM prepared detailed specifications but these do not appear in SER/CM files.

"A memorandum was written on May 29, 1984 by the SER/CM Contracting Officer to the Chief of Contracts, SER/CM, in response to allegations that SER/CM was causing unnecessary delays in the procurement cycle. The memo states in part:"

Further SER Explanation: SER/CM did not use the "advance copies" of the PIO/C's for finalizing procurements. When detailed specifications were developed, these were used. More detailed specifications would have been developed if SER/COM support had been solicited in each case rather than in the selective instances. The SER/CM memorandum from which the Report quotes was in response to a cable from Grenada stating the problem concerning borehole pumps and the remaining medical supplies. Many times the contract specialists contacted the manufacturers' reps to ascertain what piece of equipment would actually do the job. Questions concerning "tropicalized motors" or "sealed motors" were answered with the advice that delivery of the "sealed motors" would be approximately 12-16 weeks and the "tropicalized motors" would be delivered in 1-2 weeks and last almost as long as the sealed. Numerous questions from the suppliers as to exact details, i.e. tolerances, power requirements, etc., were settled with SER/CM and USAID/Grenada contacting the responsible Government of Grenada Agency. In developing the sewage pipe PIO/C both SER/CM and SER/COM contacted a Grenada engineer and based on these discussions, drew up detailed and effective specifications. This was confirmed by an onsite inspection of one of the sewage disposal plants and discussions with the GOG engineers.

Th flexible tubing issues involve two different pipe procurements and illustrate the SER problems in providing coordinated support. In one instance, Grenada ultimately decided to procure locally with UK assistance. In the second case, with some difficulty, SER/COM developed

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requirements for "6" inch PVC pipe via telephone contact directly with Grenada local government employees. The size of the pipe, of course, must be given by the field and A.I.D.'s field personnel were not able to resolve this matter.

(2) The Report on page 12 reads:

"It was expected that the work would be done in a professional manner by these specialists. OFDA staff were always available by telephone to resolve problems to expedite an action."

More accurately it should read:

"It was expected that the work would be done in a professional manner but the lack of defined responsibilities and centralized control hampered the normal flow of work."

(3) The Report on page 13 reads:

"December 1983 drug and medical supply requests were not completed seven months later;"

"the December 1983 X-Ray machine request was met in March 1984, but replacement of the units with ones that could be used took another four months;"

More accurately it should read:

"December 1983 drug and medical supply requests were not completed seven months later due to a lack of funds and delayed inventorying in Grenada;"

"the December 1983 X-Ray machine request was met in March 1984, but replacement of the units with ones that were fully acceptable took place in late July 1984, 4 weeks after the decision to purchase new units was made;"

First Item: As no ongoing inventory was being done in Grenada on the commodities supplied and there was no feed back to SER/CM, corrective action against delinquent suppliers was hampered.

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Second Item: SER/COM offices did not delay in effecting the reprocurment. The two new units were ordered, shipped and delivered in a matter of 3-4 weeks. One of the units was placed into operation on July 23, 1984 and the other unit is scheduled to go to a remote hospital in Grenada in the near future.

- (4) The Report on page 14 contains the following sentence that should be deleted:

"Effective monitoring may have prevented premature contractual negotiations by SER/CM."

Further SER Explanation: There were early, urgent contractual negotiations. Had SER/CM waited for others to act and suppliers not been alerted to the forthcoming quick turn around requirements, even greater delays would have been encountered. All contacts made by SER/CM were done professionally to ensure fair competition and to secure adequate response to AID requirements during the emergency situation. To wait and "spring" the requirements on the commercial sector would undoubtedly have delayed procurement and increased cost.

- (5) The Report on page 15 reads:

"The listing was forwarded to OFDA for procurement action, but as of August 3, 1984, 85 items in varying quantities had not arrived because OFDA did not follow up with SER/CM to ensure that the items were ordered. The items ranged from acetic acid and formaldehyde to a refrigerator and microscope."

More accurately it should read:

"The amended listing was forwarded to OFDA for procurement action, but due to a lack of adequate manpower in Grenada an inventory of the items could not be completed in a timely manner to allow for the reprocurment of the missing items."

Further SER Explanation: The statement that medicines in varying quantities did not arrive because OFDA did not follow up is not correct. OFDA and SER/CM were in contact with suppliers concerning invoices and how much of the order was actually shipped. There was no inventory control in Grenada and therefore OFDA and SER/CM could only go by shipping documents and invoices and the "word" of the suppliers. Additionally, approximately 80 items were

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never ordered because both LAC and OFDA could not fund the additional \$25,000 needed for these items. Regarding a refrigerator that has not been ordered, it is actually a freezer for the Hematology Lab in the General Hospital in St. Georges and it was among the items for which funding does not exist. On page 16, the Report notes the absence of an arrival accounting system in Grenada, which was precluded by the conditions under which this emergency developed. In fairness, the Report should recognize throughout its critique that circumstances in Grenada were unusual, perhaps unique, and the procurement issues, accordingly, particularly complex.

- (6) The Report on page 17 recounts delays in the delivery of motors and control panels for bore hole pumps.

More accurately the text should recount the reasons.

Further SER Explanation: The bore hole pumps were basic off-the-shelf items. The control panels and motors were manufactured to special order and delivery necessarily took longer. Procurement for this relatively sophisticated system designed for long term use was, in addition, more time consuming than it would have been had our participation been limited to supplying small light duty submersible pumps.

- (7) The Report on page 21 reads:

"The efforts of AID and a private citizen may have prevented even longer delays in the delivery of commodities to Grenada."

More accurately it should read:

"The efforts of a private citizen and AID, particularly SER personnel, prevented even longer delays and extra costs in the delivery of commodities to Grenada."

Further SER Explanation: A private citizen, Mr. R. Schultz of R.S. Aviation and SER/CM prevented even longer delays and saved approximately \$350,000 to \$400,000 in costs of warehousing and air transportation. The gratis air transportation was obtained through the U.S. Air Force, U.S. Coast Guard, and Morrison-Knudson, the airport contractors.

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While the Report does not specifically indicate any difficulties in arranging for transportation, SER's review observes that the Handbook 8 policies relating to procuring transportation for disaster commodities contain some ambiguity. As now written the policy contemplates procurement of transportation by SER/COM under a Government Bill of Lading. In fact, recognizing that procurement of transportation commercially rather than under a Government Bill of Lading may sometimes be more practical or effective, we intend to revise the policy to provide optionally for direct contracting for transportation by SER/CM (either separately or as part of a delivered price contract) with appropriate support by SER/COM/TS. Indirectly this issue is raised in the Report by the statement on page 9 that SER/CM makes all routine procurement, except transportation, during the 90 day rehabilitation period. In fact, SER/CM also procured transportation when contracting on a delivered basis and the Report should so indicate.

- (8) The Report on pages 18-20 describes the procurement of "unusable" X-Ray equipment.

More accurately the text should recount information available to M/SER/COM/GPR Officials.

Further SER Explanation: We particularly regret the Audit Report's failure to include or describe SER's effort to clarify further the facts pertinent to the allegedly unusable X-Ray equipment shipped by M/SER/COM/GPR. Unfortunately, officials of M/SER/COM/GPR were not interviewed. We think it is evident that the information available to GPR officials merits explicit consideration. Denied the normal pre-report forum for discussions with the Auditor, we feel compelled to respond in detail. We request that the IG include these comments in the final Report.

GPR was first informed of the availability of surplus X-Ray equipment on December 13, 1983 when advised that 97 units of 15MA Picker X-Ray apparatus were available to meet program requirements from GSA's Defense Property Disposal in Mechanicsburg, PA. The units were listed as new, in the original packing, and had been manufactured by Picker Corp. The machines had been manufactured in the mid 1940s and by contacting the Picker Corp., GPR learned that spare parts support was not maintained by the manufacturer. Picker Corp. recommended, however, because of

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the number of units available, that "extra units" be shipped to interested buyers as a source of spare parts. The acquisition cost of these units had been \$2,031, and they were available to AID at \$147 each F.O.B., Mechanicsburg, PA.

GPR, realizing that the age of the X-Ray units might preclude acquisition interest, dispatched a circular message describing the availability of the equipment, explicitly stating the "vintage" and lack of parts availability. Grenada was not notified since the GPR had no previous transactions with Grenada. The circular message clearly indicated that items were under GSA control and would only be acquired by GPR upon firm commitments. As a result of the circular message, 22 units were requested; 6 for Bolivia and 16 for Seventh-Day Adventist World Service activities in Africa and Korea. Other inquiries were received, but commitments were not confirmed.

While the GPR and COM/CPS had discussed the availability of the X-Ray units for Grenada, there was no indication of Grenada's official interest until January 3, 1984 when, via telephone, OFDA requested GPR to expedite a shipment of two X-Ray machines and ancilliary equipment. OFDA provided funding citations and requested shipment via a scheduled airlift from Hialiah, Florida on January 15, 1984. Four units, including two for spare parts, were visually inspected by GPR and found to be in "new" condition. These units were subsequently shipped to Hialiah, Florida on January 17, 1984. In addition, a memorandum had been dispatched to the AID/GPR Field Office in Lathrop, California on January 5, 1984, confirming instructions to expedite the shipment of requested ancilliary equipment to Hialiah, Florida and shipment was made on January 10, 1984.

During the transaction process GPR had no information or data describing the technical requirements, specifications, or end use of the X-Ray equipment, nor did GPR know which activity in Grenada had authorized the equipment or determined that the equipment was appropriate. GPR notes that Grenada's cable (1696 dated May, 1984) reported that the equipment was received 27-29 March 1984. Unfortunately, the cable did not indicate how or where the equipment was handled and stored during the 2.5 months after shipment from Florida. Informally, GPR was advised

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that a USAID/Barbados staff officer, visiting Grenada for Project HOPE had, in a meeting with SER/COM/CPS, confirmed the X-Ray requirement and that with this confirmation Disaster Relief initiated the procurement. It is important to note that GPR policy on medical equipment (Hi-tech) procured "as is-where is", requires the interested customer or his representative to inspect the items prior to acquisition. The urgency and procedures involved in this particular transaction provided GPR no latitude to impose its standard inspection requirement.

Grenadian complaints particularly focus on the unsatisfactory condition of the ancilliary equipment, including the processing machine, radiographic cassette and illuminators shipped from Lathrop, CA. GPR notes that the identical equipment was shipped for the International Human Assistance Program, Inc.'s (IHAP) project in Sri Lanka. The latter project reports no problems, and photos available emphasize the acceptability of the equipment. Since the ancilliary equipment was shipped on January 10, 1984, from Lathrop, but not reported as received until March 30, 1984, we think it possible that, with improper storage or handling, this sensitive equipment was damaged by moisture, dirt or corrosion. As a result of Grenada's complaints and reported discrepancies, GPR promptly initiated the following actions:

A. Notified interested Missions in Bolivia and the Philippines, and Seventh-Day Adventist World Services for Africa and Korea, of the discrepancies noted by Grenada. GPR also requested notice if the interested buyers wished to cancel shipments of the X-Ray apparatus. In reply, Bolivia cancelled its request, and SAWS reduced its requirement to 10 units which were shipped after inspection.

B. Requested an inspection by New Cumberland Depot Quality Control of the remaining units to ascertain the condition of those defective elements reported by Grenada. The inspection report dated August 1, 1984, from the NCAD Quality Control inspector particularly emphasized that all rubber and electrical cords were in excellent condition.

C. Contacted the Engineer Division of Picker Corp. in Cleveland, Ohio, and forwarded the instructions and manuals for evaluation and comment. The manuals are identical to those forwarded to Grenada with the shipment of X-Ray machines. Picker's response advised that the 15MA Model X-Ray apparatus was manufactured

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in 1944-45 as an air-drop unit primarily to diagnose broken bones. Further, the unit was not intended to furnish "deep penetration", and did not have the collimator device added to units manufactured since 1974 to comply with the HEW Safety Act. Picker stated collimators can be purchased from Mitchell-Raytheon at a nominal cost. Although the 15MA X-Ray machine is not today's "state of the art," Picker believes the machines useful in developing countries. Picker agrees that operational checks for leakage, etc., require knowledgeable personnel when the machine is placed in operation. The latter comment addresses Grenada's statement that "there is no way for the radiographic operator to know if the machines are safe for use, therefore none are in operation."

The Audit Report appears to accept the conclusion reached in Grenada that information on the X-Ray equipment and its condition were unknown to A.I.D. and providing this equipment was an embarrassment to the Mission. The Report's conclusion is not well-founded. For example, the Mission in commenting on the Automatic Processor indicated "technicians are not able to know whether the finishing time is 5 min., 3 min., or 25 seconds." The equipment description in the GPR Availability Listing clearly stated: "FSN 6525-000-2077 Processing Mach. Radiographic Film, Automatic thru 90 seconds development speed, 1 master tank cooling unit-N, MG. Kodak 120/240V, 3 wire, 50/60 HZ AC, 25 AMP." The Mission further states that "the Lamps are of the type not found in Grenada and costly to import. They are 60 cycle and 120 volts. Therefore step-up transformer will have to be purchased in order to operate". Again, the GPR Availability Listing stated: 6525-000-2076, Illuminator, MBL multiple thru 4 seconds, Mfg GE, Mdl 11FV, 110 volt, 60 cyc. Apparently, in requesting the equipment, GPR's notice was overlooked.

Although GPR regrets that the Mission feels embarrassed, the Audit Report should have noted the history underlying this procurement and that the equipment was accurately advertised. Further, we note that at no time was GPR requested to determine the capability of the available equipment; no equipment specifications were provided or explanation given of how the equipment would be utilized by Grenada. The urgency expressed by OFDA to ship allowed no lead time for on-site inspection by a qualified technician; neither OFDA or Grenada requested inspection; and

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the shipping arrangements from the U.S. to Grenada were unknown to GPR. The handling and storage of the equipment during the delay in forwarding and the tardy receipt in Grenada are important factors not addressed by the Audit in assessing delivered condition.

Clearly, these "vintage" machines were worth their low cost - ultimately GPR did not bill for the equipment. As a matter of fact, the older machines were ordered because funds were not available for new equipment. Much of the alleged embarrassment, we feel, reflects the disappointment of medical personnel who, understandably, prefer modern equipment. Their inspection comments in Grenada may well be self-serving. To imply, as the Audit Report does, that GPR did not effectively and urgently seek to support the Grenada program is a disservice to the Management Bureau.

Comment on Recommendations:

- * SER concurs in Recommendation No. 1.
- * SER believes that Recommendation No. 2 requires clarification. Apparently there is need to resolve the status of 45 items ordered but allegedly not received. Additionally, there are 80 items not yet ordered for which funds are not available.
- * SER has no comment on Recommendation No. 3.

cc: M/SER/COM, W. Schmeisser, Jr.
M/SER/COM/ALI, P. Hagan
M/SER/CM, M. Darvin
OFDA, O. Davidson
M/SER/COM/GPR, H. Bang

LIST OF RECOMMENDATIONS

Recommendation No. 1

Office of U.S. Foreign Disaster Assistance (OFDA) coordinate with top Agency management and the principal AID components normally involved in disaster relief assistance in order to prepare, obtain approval for, and issue an appropriate management directive that will clearly define their respective roles and responsibilities. The directive should make provision for disaster-related procurement.

Recommendation No. 2

Office of U.S. Foreign Disaster Assistance:

(a) obtain a reconciliation of commodities ordered and those received by USAID/Grenada from that Office;

(b) review and take action to resolve the procurement problems hampering delivery of outstanding medical items requested by Grenada for disaster rehabilitation.

Recommendation No. 3

Office of U.S. Foreign Disaster Assistance (OFDA) identify the person responsible for and recover \$125.37 in billings for alcoholic beverages documented on petty cash voucher number eight.

LIST OF REPORT RECIPIENTS

Director, Office of U.S. Foreign Disaster Assistance (OFDA)	5
(RDO/C) Regional Development Office/Caribbean AID Affairs Office/Grenada	2
Bureau for Latin America and the Caribbean (AA/LAC)	2
Office of Caribbean Affairs, Barbados, Eastern Caribbean Islands Desk (LAC/CAR/BBECI)	1
LAC/CONT	1
Audit Liaison Officer, LAC/DP	1
Bureau for Management (AA/M)	3
M/SER/CM	2
M/SER/COM	2
LAC/GC	1
Bureau for External Affairs (XA)	1
Office of Legislative Affairs (LEG)	1
Office of the General Counsel (GC/LE)	1
Office of Financial Management (M/FM/ASD)	2
Bureau for Program and Policy Coordination (PPC)	1
PPC/CDIE	2