PD-ANW-536

ISN=52636

AUDIT OF
THE ACCOUNTABILITY FOR LOCAL
CURRENCY IN AFRICA

AUDIT REPORT NO. 87-10
September 17, 1987

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

Deputy
Inspector General

September 17, 1987

MEMORANDUM FOR AA/AFR, Charles L. Gladson

FROM: DIG, James B. Durnil

SUBJECT: Audit of the Accountability for Local Currency in Africa

This report represents the results of audit of the accountability for local currency in Africa. The objectives of this audit were to evaluate A.I.D. Missions' and recipient governments' (1) systems established to account for and control local currency proceeds and (2) agreements governing local currency accruing from A.I.D. sponsored activities.

The audit showed that A.I.D. Missions and recipient governments had not established adequate accounting systems and internal controls over local currency proceeds in 9 of 10 countries reviewed by the audit. As a result, the local currency equivalent to $107 million had not been properly accounted for, delays occurred in collecting local currency valued at $113.4 million, and A.I.D. forfeited the use of the local currency equivalent to $9.4 million. In addition, the audit disclosed that millions of dollars of development impact could be lost because some PL 480 agreement provisions were inadequate for determining the amount of local currency proceeds to be applied to development activities and/or did not contain provisions for interest bearing accounts.

The report contains a recommendation for A.I.D. Mission controller personnel to play a greater role in evaluating and establishing local currency accounting and internal control systems. A recommendation is also made for A.I.D. to improve both PL 480 agreement provisions for determining the amount of local currency proceeds and financial management over these proceeds.

Excerpts from the A.I.D. management comments received are included at the end of each findings section along with Office of Inspector General comments. Appendices 1 thru 4 present the full text of comments received from A.I.D. management officials.

Please advise us within 30 days of any additional information relating to corrective actions planned or taken which we should consider in resolving or closing the report's recommendation number one. We appreciate the cooperation and courtesy extended to our staff by all African Missions' and A.I.D. Bureaus' officials during the audit.

EXECUTIVE SUMMARY

In Africa, an estimated $1 billion of local currency accrued annually through various A.I.D. programs. These proceeds resulted from non-project assistance programs, such as Public Law 480 (PL 480) title I sales agreements; PL 480 Title II Section 206 and Emergency Food grant agreements; PL 480 Title III agreements; Economic Support Fund Commodity Import Programs and Cash Transfer grants. Most local currency proceeds resulted when the recipient governments sold U.S.-provided commodities (e.g. wheat, machinery, fertilizer, etc.) or dollars to private sector businesses within the receiving countries. Such proceeds were actually owned by the recipient governments; however, Federal law, A.I.D. regulations, and written agreements between A.I.D and the recipient governments required that the proceeds be used to fund mutually agreed upon development initiatives.

The implementation and day to day operations of each of the local currency programs differed from country to country and specific legislative and A.I.D. regulatory requirements differed among programs. However, the programs had two major areas in common. First, the programs accrued local currency proceeds to be used for development activities agreed upon between A.I.D. and the recipient governments. Second, A.I.D. had responsibility for ensuring the local currency proceeds were used for agreed to purposes.

The audit covered several African countries and reviewed A.I.D. Missions' and recipient governments' accounting and internal controls over local currency proceeds accruing through various A.I.D. programs. The specific objectives were to evaluate A.I.D. Missions' and recipient governments' (1) accounting and internal control systems for local currency proceeds and (2) agreement provisions requiring local currency deposits.

The audit disclosed that A.I.D. Missions and recipient governments could improve accounting and internal controls for local currency in 9 of 10 countries covered by this audit. The audit identified that (1) local currency equivalent of $107 million had not been accounted for, (2) significant delays had occurred in collecting local currency valued at $113.4 million, and (3) A.I.D. had forfeited the use of the local currency equivalent to $9.4 million. In addition, millions of dollars of development impact may have been lost because some PL 480 agreement provisions were not clear as to the exact amount of local currency proceeds to be deposited for development activities and/or did not contain provisions for interest bearing accounts.

To correct these problems, the report contains a recommendation for A.I.D. Mission controller personnel to play a greater role in evaluating and establishing local currency accounting and internal control systems. A recommendation is also made for A.I.D. to improve both PL 480 agreement provisions for determining the amount of local currency proceeds and financial management over these proceeds.

Office of the Inspector General

AUDIT OF
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IN AFRICA

TABLE OF CONTENTS

AUDIT OF
THE ACCOUNTABILITY FOR LOCAL CURRENCY
IN AFRICA

PART I - INTRODUCTION

A. Background

In Africa an estimated $1 billion of local currency was accrued annually through various A.I.D. programs. These proceeds normally resulted from non-project assistance programs, such as Public Law 480 (PL 480) Title I sales agreements; PL 480 Title II Section 206 grant agreements; PL 480 Title III agreements; Economic Support Fund Commodity Import Programs and Cash Transfer grants. Local currency proceeds were generally defined by A.I.D. as those monies which accrued to developing countries receiving A.I.D. assistance from the sale of commodities or dollars loaned or given to those countries. Such proceeds were actually owned by the recipient governments; however, legislation, A.I.D. regulations, and written agreements between A.I.D. and the recipient governments required that the proceeds be used to fund mutually agreed to development initiatives.

PL 480 Title I commodity sales was the primary source of local currency proceeds in Africa. Under Title I agreements, recipient governments bought U.S. commodities (e.g. wheat, wheat flour, vegetable oil, etc.) on highly concessional credit terms. Such agreements provided two major benefits to the recipient governments. First, recipients were able to "buy now and pay later"; and second, the governments received local currency proceeds when the commodities were sold within the country. The resulting local currency proceeds were then available for the recipient governments to finance development related activities agreed to by the recipient governments and A.I.D.

PL 480 Title II Section 206 and PL 480 Title II Emergency Food Assistance programs constituted a relatively small percentage of local currency proceeds. Section 206 food A.I.D. was normally provided to chronic, food-deficient countries, many of which may have been receiving Emergency Food A.I.D. for several years. In contrast, Emergency Food A.I.D. was provided in emergency situations. Under both programs, food commodities were provided free to the recipient governments. Local currency proceeds from Section 206 were available to pay local transportation, distribution and handling costs associated with the food A.I.D. or to support activities designed to alleviate the causes of the need for assistance. Emergency Food A.I.D. local currency proceeds were normally limited to paying local transportation, distribution and handling costs.

PL 480 Title III loan programs were relatively few in number. Initially, agreements were signed similar to the Title sales I agreement, and local currency proceeds accrued in the same manner. Use of the local currency proceeds for agreed development purposes however, resulted in forgiveness of loan repayments to the U.S. government.

The Commodity Import Program, a grant program, constituted the second largest source of local currency proceeds. Under this program, recipient governments made dollars available to importers in exchange for local currency. Importers then used the dollars to import items such as machinery, equipment, spare parts, raw materials, etc. Such items were usually sold to private sector businessmen for local currency. The local currency that accrued to the recipient governments was to be used for agreed to economic development purposes.

Cash transfer grants usually were provided to those governments which needed foreign exchange to import essential commodities such as oil. These grants resulted in the actual transfer of U.S. dollars to recipient governments. Local currency accrued because the recipient governments were required to make available an equivalent amount of local currency. These local currencies had to be used for agreed to economic development activities.

The implementation and day to day operations of each local currency differed from country to country and specific legislative and A.I.D. regulatory requirements varied among programs. However, the programs had two areas in common. First, the programs accrued local currency proceeds which were to be used for development activities agreed to between A.I.D. and the recipient governments. Second, A.I.D. had responsibility for ensuring the local currency proceeds were used for agreed upon purposes.

Audit Objectives and Scope

This audit was made in several African countries and examined A.I.D. Missions' and recipient governments' administration of local currency proceeds from PL 480 Title I sales, PL 480 Section 206 and Emergency Food grants, PL 480 Title III loans, Economic Support Fund Commodity Import Programs and Cash Transfer grants. The specific objectives were to evaluate A.I.D. Missions' and recipient governments' (1) accounting and internal controls systems for local currency proceeds, and (2) agreement provisions for accruing local currency. The audit reviewed local currency proceeds generated under 47 PL 480 sales and grant agreements, Commodity Import Program grants and cash transfer grants totalling over $1 billion (See Exhibit 1) during the fiscal years 1979-1986. Because of the extensive time that would have been required, the audit did not not attempt to evaluate the systems in hundreds of individual projects; but rather was limited to evaluating the systems from the point local currencies were accrued to the point funds were disbursed to individual projects.

Audit field work was done at A.I.D. Missions in Gambia, Kenya, Mauritania, Somalia, and Zaire. In addition, Office of Inspector General audit reports issued from January 1983 thru January 1987 and related to local currency issues in African countries were reviewed and analyzed (See Appendix 5). Discussions were held with responsible A.I.D. officials at the A.I.D. Missions visited; at the Regional Financial Management Center in Nairobi, Kenya; and at A.I.D. Headquarters in Washington, D.C.. Discussions were also held with responsible recipient government officials and private sector officials. The audit was made in accordance with generally accepted government auditing standards.

AUDIT OF
THE ACCOUNTABILITY FOR LOCAL CURRENCY
IN AFRICA

PART II - RESULTS OF AUDIT

The audit disclosed that A.I.D. Missions and/or recipient governments did not have adequate accounting and internal controls for local currency proceeds in 9 of 10 countries covered by this audit. As a result, the local currency equivalent to $107 million could not be accounted for, delays occurred in collecting the local currency equivalent to $113.4 million, and A.I.D. forfeited the use of the local currency equivalent to $9.4 million. In addition, the audit disclosed that millions of dollars of development impact could be forfeited because some PL 480 agreement provisions were inadequate for determining the amount of local currency to be applied to development activities and/or did not contain provisions for interest bearing accounts.

To correct these problems, the report contains a recommendation for A.I.D. Mission controller personnel to play a greater role in evaluating and establishing local currency accounting and internal control systems. A recommendation is also made for A.I.D. to improve both PL 480 agreement provisions for determining the amount of local currency proceeds and financial management over these proceeds.

A. Findings and Recommendations

1. A.I.D. Needs to Improve Local Currency Accounting and Internal Controls

Legislation and A.I.D. regulations required that local currency proceeds be used for agreed to purposes and that A.I.D. ensure such usage. Generally, neither A.I.D. Missions nor recipient governments had adequate accounting and/or internal control systems to ensure local currency proceeds were used for agreed to purposes. There was a correlation between the involvement of A.I.D. Missions' controller personnel and the adequacy of accounting and internal control systems. Because of inadequate accounting and/or internal controls, A.I.D. Missions and recipient governments could not account for the local currency equivalent of $107 million, delays occurred in collecting the local currency equivalent to $113.4 million, and A.I.D. forfeited the use of the local currency equivalent to $9.4 million.

Recommendation No. 1

The Assistant Administrator for the Africa Bureau should:

a. require A.I.D. Mission controllers to review and evaluate recipient governments' and A.I.D. Missions' accounting and internal control systems for each A.I.D. program accruing local currency proceeds, and

b. require A.I.D. Mission controllers to attest to the adequacy of local currency accounting and internal control systems before programs are implemented.

Discussion

Legislation and A.I.D. regulations required that the local currency proceeds resulting from PL 480 Title I sales, PL 480 Title II Section 206 and Emergency Food grants, PL 480 Title III loans, Economic Support Fund Commodity Import Programs and Cash Transfer grants be used for economic development purposes and that A.I.D. monitor such usage.

Section 106(b)(1) of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) stated that Title I sales agreements for agricultural commodities "... shall include provisions to assure that the proceeds from the sale of the commodities in the recipient country are used for such economic development purposes as are agreed upon in the sale agreement or any amendment thereto." Section 109(d)(3) of Public Law 480 also stated "The President shall take all appropriate steps to determine whether the economic development and self-help provisions of each agreement entered into under this title, and of each amendment to such an agreement, are being fully carried out."

Commodity Import Programs and Cash Transfer grants were governed in part by the Foreign Assistance Act of 1961. Section 531 of that Act required that to the maximum extent feasible, funds made available for commodities would be used to generate local currencies to support economic development activities such as, food production and nutrition; rural development and generation of gainful employment; population planning and health and education; development administration and human resources development. Section 609 of the Act also required that the local currency proceeds from Commodity Import Program grants be deposited into special accounts to facilitate A.I.D. monitoring of proceeds usage. As of February 1, 1987, the special account provision also applied to cash transfer grants of more than $5 million.

A.I.D. regulations related to local currency proceeds generated by PL 480 agreements, Commodity Import Programs and cash transfer grants normally reiterated the legislative provisions and set forth the methods A.I.D. officials were to use in meeting legislative requirements. The regulations generally encouraged that the specific local currency uses be identified in each written agreement. The regulations also encouraged A.I.D. officials to impose actual accounting for the use of local currency proceeds on recipient governments to the extent feasible, thus relieving A.I.D. of much of the accounting burden. However, the regulations stressed the need for recipient governments to be able to satisfy the records maintenance and reporting requirements to enable A.I.D. to assure that the agreements, including local currency use provisions, were being adhered to. For example, A.I.D. Handbook 4 specified that the general covenants relative to Commodity Import Programs and cash transfer grants require recipient governments to "maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, such books and records relating to this grant as may be prescribed in Implementation Letters. Such books and records may be inspected by A.I.D. or any of its authorized representatives at all times as A.I.D. may reasonably require...."

In most countries, neither the A.I.D. Missions nor the recipient governments had not established adequate accounting and internal control systems for local currency proceeds.

-- In Kenya, cash transfer grant local currency proceeds totalling $28 million could not be accounted for since an accounting system had not been established to account for actual use.

-- In Sudan, local currency totaling $39.9 million from Commodity Import Program grants and $36.0 million from cash transfer grants were unaccounted for due to inadequate accounting and internal controls systems. In addition, local currency proceeds equaling $68.4 million had not been deposited and were delinquent.

-- In Liberia, local currency equal to $7.4 million was uncollectible due to weak sales and credit policies. In addition, another $7.0 dollars worth was delinquent.

-- In Mauritania, $3.2 million was delinquent due to inadequate accounting and internal control systems.

(NOTE: Exhibit 2 contains a listing of the local currency proceeds unaccounted for, delinquent or forfeited by country and type of program.)

Generally, there was a correlation between the involvement of A.I.D. Mission controller personnel and the adequacy of accounting and internal control systems. In countries where controller personnel were involved, the systems were better than in those countries where controller personnel were not involved. For example, the Zaire Mission was able to account for the collection and disbursement of local currency proceeds. There, the Controller's staff was actively engaged in evaluating the recipient government's systems and in designing additional Mission systems/reporting requirements necessary to augment those systems. Working primarily with a foreign employee service national and a contract employee, both under the Controller, the Zaire Mission had an effective system in place and operating. The only problem noted in that audit was that local currency proceeds had not been deposited in interest bearing accounts. The use of such an account could have generated additional local currency proceeds (through interest income) which could have been applied to development initiatives.

In the Congo, a Controller was not authorized and thus not available to oversee the accounting and internal controls. There, the amount of proceeds due had been neither calculated nor deposited. In other countries there was limited input from Controller type personnel which effected accounting and internal control systems. In Somalia, a contract employee, who was also a Certified Public Accountant, served as a technical advisor on the Government of Somalia local currency disbursements accounting system. Accordingly, a system existed whereby local currency disbursements could be accounted for. Conversely, the Mission was unable to determine how much local currency had actually been generated and collected. On the collection side of the system, there was no Controller type personnel oversight.

The Sudan Mission had a similar situation. Controller personnel were involved in accounting for local currency generations from some programs but not in others. In those programs where controller personnel were involved, accountability was better than in the programs where there was no involvement. As it was, an integrated accounting system did not exist.

Discussions with responsible A.I.D. officials indicated a reluctance by many to involve the Controller's offices in the process of accounting for local currency proceeds, even though Mission officials agreed that Controller staffs possessed the skills appropriate for evaluating and designing accounting and internal control systems. Various reasons were given for the limited involvement or non-involvement of Controller personnel. Some officials felt Controllers already had enough to do. Others felt Controller involvement had not been necessary and that other Missions personnel could handled to matter. In some cases, especially small Missions, there were no full-time Controllers assigned, but rather the Missions were serviced by Regional Controller personnel during short visits. Some A.I.D. officials also cited A.I.D. guidance which encouraged placing as much of the accounting burden as possible on the recipient government. Regardless of the reason, it was evident that A.I.D.'s technical experts for evaluating accounting and internal control systems often had no role in these matters.

Because of inadequate accounting and internal control systems, A.I.D. Missions and recipient governments were unable to account for local currency proceeds equivalent to about $107 million, proceeds equal to $110.2 were delinquent and proceeds equal to $9.4 had been forfeited. These amounts included the proceeds from Title I sales agreements, Title II Section 206 and Emergency Food grants programs, Commodity Import Program grants and cash transfer grants.

Beyond the inability to account for proceeds, the delinquencies, and the forfeited proceeds was the real or potential negative impact on development in the countries involved. Where local currency proceeds were unaccounted for, a determination could not be made as to how the funds had been used. In those cases, the proceeds may have been used to fund development projects and programs; or they may have been diverted to unauthorized uses.

Delinquent proceeds ran the risk of not being collected at all. In addition, the fact the funds were delinquent delayed implementation of the development projects they were intended to fund. For example, in Liberia, project activities had consequently been reduced and their future operation was uncertain. Forfeited proceeds, as discussed in this report, resulted in no development impact. Since the funds were never available, no benefit could be gained. Overall, the real and/or potential loss amounted to hundreds of millions of dollars.

Management Comment - A.I.D. Headquarters officials generally agreed with the overall substance of the finding. They expressed concern however that the finding had potential resource implications which the Agency might find difficult to meet.

Office of Inspector General Comment - We agree that implementing the recommendations could have resource implications. Such a determination however would have to be made on a Mission by Mission basis after examining the specific A.I.D. Mission's and recipient government's accounting systems and internal controls. It was not within the scope of this audit to do an analysis of the resource requirements.

Management Comment - Since audit reports dating back to 1983 were used as the basis for some of the problems cited in this report, A.I.D. Headquarter's officials commented that some problems had already been corrected. They also commented that in other cases, action is being taken to correct the problems.

Office of Inspector General Comment - In many cases, A.I.D. Missions had already taken action to correct problems cited in this report. In other instances, A.I.D. officials are working on noted problems. A basic reason this audit was done was due to fact that Office of the Inspector General audits had consistently reported on inadequate accounting and internal controls relative to local currency generating programs in Africa. Those audit reports then made recommendations to correct specific system design problems at individual A.I.D. Missions. Since Office of Inspector General officials believed there was a deeper problem than the one's identified in individual audit reports, this audit was then developed on an Africa-wide basis to determine why local currency generating programs consistently had related problems, and what needed to be done on a systems-wide basis.

Management Comment - A.I.D. Headquarter's officials commented on the recommendation for the Administrator to (a) require Mission controllers to review and evaluate local currency accounting and internal control systems and (b) require Mission controllers to attest to the adequacy of those systems before programs are implemented (Recommendation No. 1). They stated this recommendation was not needed since a revised directive concerning the Office of Management and Budget Circular A-123 addressed the concerns set forth in the report. This directive, according to those officials, would soon be issued worldwide . They also commented that "Even though we agree that involvement of a Controller... is highly desirable... the audit report and its recommendations should recognize that the ultimate responsibility for this rests with the Mission Director or A.I.D. Representative."

Office of Inspector General Comment - Once the revised directive is issued, we will review it to determine if the recommendation's objective has been met. Until that time, the recommendation stands. Similarly, we agree that ultimate responsibility for ensuring the adequacy of accounting and internal control systems rests with Mission Directors and A.I.D. Representatives for which controllers work. However, we see no need to incorporate this into the recommendation.

Management Comment - A.I.D. Headquarter's officials commented that the implication was that host country owned Title I local currency should not be commingled with other host country funds. They also noted that there is no policy restriction in effect to require special accounts for Title I local currency and that a new local currency policy paper now under review will provide guidance on this issue.

Office of Inspector General Comment - We agree that there is no current policy in effect requiring Title I local currency proceeds to be deposited in special accounts. In addition, legislation does not require the use of a special account for these funds, even though special accounts - which would preclude commingling - can facilitate monitoring and accounting for funds.

2. <u>PL 480 Agreement Provisions Need Strengthening</u>

Some PL 480 agreements had inadequate provisions for determining how much local currency proceeds should be generated for development use. As a result, host country officials disputed deposit requirements, deposits were delayed, interest earnings were forfeited, development projects were cancelled or delayed, and millions of dollars worth of development impact was delayed or lost. Inadequate A.I.D. guidance relative to varied country conditions contributed to this situation.

<u>Recommendation No. 2</u>

The Acting Assistant Administrator for the Bureau for Food for Peace and Voluntary Assistance should:

a. develop specific criteria and guidelines for calculating the amount of PL 480 local currency to be generated and used for agreed to or required development purposes,

b. design standardized agreement provisions relative to dates deposits are required and the exchange rate to be applied,

c. issue criteria requiring that local currency proceeds be deposited into interest bearing accounts, unless A.I.D. Missions can justify not using interest bearing accounts,

d. develop a checklist of financial provisions for use by A.I.D. Missions to ensure essential financial elements are included in PL 480 agreements, and

e. require that the financial provisions in PL 480 agreements be reviewed by the Mission controllers for adequacy.

<u>Discussion</u>

Five of ten A.I.D. Missions had inadequate provisions in PL 480 Title I, Title II and/or Title III agreements for generating local currency proceeds. Such agreements did not specify the timing for local currencies to be deposited in special accounts; or had inadequate criteria relative to the exchange rate to be used; and one agreement provided for an amount equal to the U.S. government's cost (the minimum required) rather than the total local currency proceeds generated.

Because the agreements were not explicit, the recipient governments and responsible A.I.D. Missions sometimes disagreed on the amounts to be deposited and used for development activities. For example, in Somalia, the Government of Somalia maintained the position that it owed the equivalent of $1.3 million in delinquent payments on two PL 480 Title I

Agreements. Somalia officials based their calculation on an exchange rate at the time the commodities arrived in country. A.I.D. Mission officials contended, however, that the Government of Somalia owed $8.4 million based on an exchange rate at a later date. The Title I agreement did not specify the exchange rate to be used or the specific date the exchange rate was to be calculated. Thus, the availability of $7.1 million for funding development activities was in question.

In Sudan, Title III agreements only required the Government of Sudan to deposit an amount equal to the U.S. Government's cost of the commodities. The Government of Sudan actually received more than this minimum amount when it sold the commodities. The difference between the amount required by legislation and the amount received from commodity sales totalled the local currency equivalent of $71 million.

In three countries, considerable delays in making deposits occurred because the agreements did not specify when deposits should be made. In Mauritania, the program lost $300,000 of interest to the special account because deposits were inordinately delayed. In the Gambia, unnecessary costs of $95,000 resulted because the government delayed making deposits. In Madagascar, only $2.3 million of about $4.5 million generated had been deposited.

Overall, the actual and potential effect of inadequate agreement provisions amounted to millions of dollars through delays or failure to collect sufficient proceeds and lost interest earnings. Failure to collect proceeds deprived the program of their use. Delays in collecting resulted in deferring the development impact and caused addition costs, project slippages and sometimes project cancellations.

Mission officials often stated that weakness in these agreement provisions should be referred to the Bureau for Food for Peace and Voluntary Assistance. These officials stated the Bureau had ultimate responsibility for designing the agreements and reviewing and approving agreements provisions - especially Title I and Title III agreements. In addition, not all Missions had trained Food for Peace Officers who would be more familiar with the mechanics of how the programs should work.

Similarly, Mission Controller personnel often played no role in reviewing the agreement provisions. While this in itself would not ensure all agreement provisions were adequate, it could provide another perspective. Country conditions can sometimes dictate the necessity for specificity in agreement provisions.

For example, in Somalia where inflation is high and the exchange rate rises steadily, provisions to ensure full value for the commodity are more important than in a country such as

Liberia where the exchange rate is not a factor. Thus, the perspective of personnel familiar with local conditions and possessing a financial background could contribute to enhanced agreement provisions to address specific country problems.

It is A.I.D. policy is to maximize the resources available for development. Legislation and A.I.D. regulations sometimes defined the minimum amount of local currency to be generated by agreements and applied to development. For example, PL 480 legislation requires that the "proceeds" generated by the sale of commodities be applied to agreed to development purposes. To ensure that development resources are maximized and legislative requirements are met, PL 480 agreements must include explicit and appropriate language for determining the amounts of local currency to be generated and applied to development activities.

Management Comment - A.I.D. Headquarter's officials questioned whether local currency proceeds which exceeded U.S. Government costs had to be deposited in special accounts. The officials stated "It could be argued that, as long as the government [recipient government] deposits the local currency equivalent of the USG [U.S. Government] cost, we should be satisfied.

Office of Inspector General Comment - In the report, we cited the example where the Government of Sudan had not deposited the total local currency proceeds generated from commodities provided under a Title III agreement. Rather, only an amount equal to the U.S. Governments cost of the commodities was deposited. Accordingly, local currency proceeds totalling $71 million had not been deposited which should have been.

This issue was identified in an Inspector General report entitled, "The PL 480 Title I and Title III programs in Sudan Are in Need of Management Attention, Audit Report No. 3-650-84-14," dated July 23, 1984. That report recommended that A.I.D. seek a legal counsel ruling regarding the deposit of local currency proceeds which exceed U.S. Government costs. Subsequently, the recommendation was closed on the basis of A.I.D. Headquarter's officials response that "If the proceeds of sale are greater than the equivalent of the CCC [specified U.S. Government costs] disbursement, the greater amount will be deposited.... A similar pattern will be followed in future agreements."

During the audit, this issue was also discussed with responsible officials in A.I.D.'s Bureau for Food for Peace and Voluntary Assistance. Those officials told us that local currency proceeds with exceeded U.S. Government costs in Title I programs were also required to be deposited.

Management Comment - Regarding recommendation number 2 of this report, A.I.D. Headquarter's officials agreed with the finding that A.I.D. Missions require improved guidance to help in the drafting of PL 480 agreements. The commented that they had been aware of that need for some time and had contracted with a private firm to completely redraft guidance on food A.I.D. Based on our recommendation they now intend to instruct the private firm to include additional guidance based on the report findings.

Office of Inspector General Comment - The steps being taken are commendable and should lead to earlier resolution of the report recommendations.

3. Compliance and Internal Controls

Compliance

The audit identified weaknesses in A.I.D.'s failure to ensure accountability over and reporting on the use of local currency proceeds as discussed in Finding No. 1.

Nothing else came to our attention, based on the items tested, that would indicated that untested items did not conform to applicable laws, regulations, and agreements.

Internal Controls

The majority of the problems noted in this report were due to poor internal controls which did not enable A.I.D. Missions or recipient governments to account for local currency proceeds. When corrected, the conditions cited will improve programs operations.

AUDIT OF
THE ACCOUNTABILITY FOR LOCAL CURRENCY
IN AFRICA

PART III - EXHIBITS AND APPENDICES

16

EXHIBIT 1

Dollar Value Of Audited Local
Currency Programs
(In millions)

	PL 480 Title I	PL 480 Title II	PL 480 Title III	Commodity Import Programs	Cash Transfer Grants
Burkino Faso	-	$2.6	-	-	-
Congo	$2.0	-	-	-	-
Gambia	-	4.4	-	-	-
Kenya	-	-	-	-	$40.7
Liberia	65.0	-	-	-	-
Mauritania	-	13.7	-	-	-
Madagascar	13.0	8.8	-	-	-
Somalia	56.3		-	$61.5	-
Sudan	50.0	-	$80.0	358.8	38.0
Zaire	55.0	-	-	20.0	-
	$241.3	$29.5	$80.0	$440.3	$78.7

Tabulation of Unaccountable, Delinquent and/or Forfeited Local Currency Proceeds

Country	Type of Program	Program Year(s) (Fiscal Year)	Amount (Millions)	Unaccountable, Delinquent or Forfeited
Burkino Faso	Title II Sec. 206	See Note	2.6	Unaccountable
Sudan	Commodity Import Program	1979 thru 1986	39.9	Unaccountable
Kenya	Cash Transfer Grant	1982	.5	Unaccountable
Kenya	Cash Transfer Grant	1983	28.0	Unaccountable
Sudan	Cash Transfer Grant	1979 thru 1986	36.0	Unaccountable
			$107.0	
Congo	Title I	1982	$ 2.0	Delinquent
Sudan	Title I	1980 thru 1983	31.0	Delinquent
Liberia	Title I	1980 thru 1984	7.0	Delinquent
Gambia	Title II Emergency	1984, 1985	.8	Delinquent
Burkino Faso	Title II, Sec. 206		1.1	Delinquent
Mauritania	Title II, Sec. 206		3.2	Delinquent
Sudan	Commodity Import Program	1979 thru 1986	68.3	Delinquent
			$113.4	
Liberia	Title I	1980 thru 1984	7.4	Forfeited
Somalia	Commodity Import Program	1982, 1983, 1985	1.6	Forfeited
Zaire	Commodity Import Program	1984, 1985	.4	Forfeited
			$9.4	

Note: The audit report did not identify the specific year for this program.

ACTION: AID-4 INFO: ECON - 5

VZCZCNAC786 26-MAR-87 TOR: 04:03
PP RUEHNR CN: 08580
DE RUEHC #9198/01 0850223 CHRG: AID
ZNR UUUUU ZZH DIST: AID
P 260215Z MAR 87 ADD:
FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI PRIORITY 3432
BT
UNCLAS SECTION 01 OF 02 STATE 089198

AIDAC FOR RICHARD C. THABET, RIG/A/NAIROBI

E.O. 12356: N/A

SUBJECT: AUDIT OF THE ACCOUNTABILITY FOR LOCAL CURRENCY IN AFRICA: AA/PPC COMMENTS

REF: (A) THABET/DAGATA MEMORANDUM OF JANUARY 13, 1987 (B) STATE 258238, (C) STATE 065979

I APPRECIATE THE OPPORTUNITY TO COMMENT ON THE DRAFT AUDIT REPORT. ALTHOUGH PPC CONCURS WITH THE THRUST OF THE TWO RECOMMENDATIONS, I BELIEVE THE REPORT SHOULD TAKE INTO CONSIDERATION THE FOLLOWING POINTS.

1. POLICY. THE DRAFT REPORT DOES NOT ACCURATELY REFLECT AGENCY POLICY ON LOCAL CURRENCY PROGRAMMING IN AT LEAST THREE PLACES (PP. 9, 15 AND 19). THE POLICY OF THE AGENCY IS TO ENCOURAGE AN OVERALL HOST COUNTRY BUDGET THAT REPRESENTS A SOUND, DEVELOPMENT-ORIENTED ALLOCATION OF BUDGETARY RESOURCES. THIS POLICY OBJECTIVE IS STATED IN PD-5 (P. 4), RESTATED IN THE

DRAFT PD THAT WILL SUPERCEDE PD-5, AND SHOULD, WE BELIEVE, BE REFLECTED IN THE AUDIT REPORT. PD-5 IS DATED FEBRUARY 22, 1983, NOT 1985 (P. 9); THIS SHOULD BE CORRECTED. ALSO, OUR POLICY "APPLIES TO" (RATHER THAN "WAS CONSISTENT FOR") ALL AID-ADMINISTERED PROGRAMS GENERATING LOCAL CURRENCY PROCEEDS (P. 9).

2. THE DATA. THE DRAFT REPORT CITES A FIGURE OF DOLS 309.9 MILLION OF LOCAL CURRENCY THAT CANNOT BE ACCOUNTED FOR. WE HAVE REVIEWED THE DATA IN THE REPORT AND CANNOT TRACK HOW THAT FIGURE WAS DERIVED. WE SUGGEST THE REPORT INCLUDE A TABULATION OF THE DATA, DISAGGREGATED BY SOURCE OF LOCAL CURRENCY (INCLUDING THE COUNTRY AND THE YEAR AND FORM OF ASSISTANCE).

ALONG THESE LINES, IT WOULD BE USEFUL TO INCLUDE, IN THE FIRST PARAGRAPH OF THE EXECUTIVE SUMMARY AND ON P. 1, A SUMMARY OF THE INFORMATION COVERED BY THE AUDIT. THIS COULD BE DONE IN PART BY BRINGING THE INFORMATION ON P. 4 TO THE BEGINNING OF THE REPORT.

3. WE ARE TROUBLED BY THE LACK OF MENTION IN THE REPORT

OF STEPS A.I.D. HAS ALREADY TAKEN TO CORRECT THE PROBLEMS DISCUSSED IN THE AUDITS THAT WERE REVIEWED IN PREPARING THIS REPORT. WHILE THESE AUDITS ARE LISTED IN THE APPENDIX, MOST READERS WOULD NOT REALIZE THAT SOME AUDITS GO BACK AS FAR AS 1983 AND COVER PROGRAMS INITIATED WELL BEFORE THAT. FEW READERS WILL RECOGNIZE THAT IN SOME CASES THESE SAME REPORTS ACKNOWLEDGE THAT THE PROBLEMS HAVE BEEN SOLVED (OR THAT SUBSTANTIAL PROGRESS HAS ALREADY BEEN MADE IN ESTABLISHING ADEQUATE LOCAL CURRENCY CONTROLS) AND THAT, IN ALL OTHER CASES, CORRECTIONS ARE ACTIVELY BEING WORKED ON. WHEN THE AFRICA BUREAU WAS ASKED BY PPC TO COMMENT INFORMALLY ON THE SUBJECT REPORT, IT POINTED OUT THAT SUBSTANTIAL WORK HAS ALREADY BEEN DONE TO SATISFY YOUR FIRST SET OF RECOMMENDATIONS. ANOTHER FACTOR YOU MAY WANT TO CONSIDER IS GIVEN IN REF B, WHEREIN FM STATES THAT RECOMMENDATION 1 IS NOT REQUIRED. WE EXPECT THAT THE AFRICA BUREAU WILL BE FORWARDING INFORMATION ON ACTIONS UNDERTAKEN IN KENYA AND SOMALIA.

4. SCOPE OF REPORT. SINCE MOROCCO IS OUTSIDE OF A.I.D.'S AFRICA BUREAU, WE REQUEST THAT MOROCCO BE EXCLUDED FROM THE REPORT SO AS TO FACILITATE RESPONDING

O OUTSIDE INQUIRIES.

5. TITLE I. A SINGLE PROGRAM IN A SINGLE COUNTRY--THE PL 480 TITLE I PROGRAM IN MOROCCO--ACCOUNTS FOR MOST OF THE LOCAL CURRENCY THAT IS UNACCOUNTED FOR: DOLS 193.3 MILLION OUT OF THE DOLS 309.9 MILLION. THE REASON IT CANNOT BE ACCOUNTED FOR IS THAT THE LOCAL CURRENCY GENERATED UNDER THAT PROGRAM WAS "COMMINGLED" WITH OTHER RESOURCES IN THE GOVERNMENT'S BUDGET (PP. 10 AND 11), AS WAS DOLS 10.7 MILLION IN KENYA. THE IMPLICATION IS THAT HOST COUNTRY-OWNED TITLE I LOCAL CURRENCY SHOULD NOT BE COMMINGLED WITH OTHER HOST COUNTRY FUNDS. HOWEVER, THERE IS NO POLICY RESTRICTION CURRENTLY IN EFFECT TO REQUIRE THAT SPECIAL ACCOUNTS BE ESTABLISHED FOR TITLE I LOCAL CURRENCY. THIS SHOULD BE RECOGNIZED IN THE REPORT. A NEW LOCAL CURRENCY POLICY PAPER NOW UNDER REVIEW WILL PROVIDE GUIDANCE ON THIS ISSUE.

6. TITLE II, SECTION 206. EMERGENCY FOOD AID IS PROVIDED IN EMERGENCY SITUATIONS. IN CONTRAST, SECTION 206 FOOD AID IS NORMALLY PROVIDED TO CHRONIC, FOOD-DEFICIT COUNTRIES, MANY OF WHICH MAY HAVE BEEN RECEIVING EMERGENCY FOOD AID FOR SEVERAL YEARS. THUS, SECTION 206 FOOD AID IS NOT THE SAME AS EMERGENCY FOOD AID, AND THIS SHOULD BE CLARIFIED IN THE REPORT (P. 2).

THE LEGISLATION CURRENTLY PERMITS TWO USES FOR LOCAL CURRENCY GENERATED UNDER SECTION 206 PROGRAMS. THE

FIRST USE NOTED IN THE REPORT--TO PAY LOCAL TRANSPORTATION, DISTRIBUTION AND HANDLING COSTS ASSOCIATED WITH THE FOOD AID--IS PERMITTED UNDER THE LEGISLATION. HOWEVER, THE SECOND USE NOTED IN THE REPORT--TO SUPPORT "PROJECT ACTIVITIES DIRECTLY RELATED TO EMERGENCY RELIEF OR REHABILITATION"--IS NOT EXPLICITLY PERMITTED IN THE LEGISLATION (P. 2). RATHER, THE SECOND WAY IN WHICH SECTION 206 LOCAL CURRENCY MAY BE USED, ACCORDING TO THE LEGISLATION, IS TO SUPPORT ACTIVITIES DESIGNED TO "ALLEVIATE THE CAUSES OF THE NEED FOR THE ASSISTANCE." IT IS NOT CLEAR FROM THE REPORT IF LOCAL CURRENCY GENERATED UNDER SECTION 206 HAS BEEN USED ACCORDING TO LEGISLATIVE INTENT OR NOT.

OF THE DOLS 309.9 MILLION OF LOCAL CURRENCY THAT THE REPORT SAYS COULD NOT BE ACCOUNTED FOR, NONE WAS FROM A SECTION 206 PROGRAM OR A TITLE III PROGRAM (P. 13). IT MAY BE WORTH EMPHASIZING THIS POINT. FOR EXAMPLE, IT

AL CURRENCY GENERATED IN THE GAMBIA AND IN MAURITANIA WAS UNACCOUNTED FOR, SINCE SECTION 206 WAS THE ONLY PROGRAM IN THESE COUNTRIES THAT GENERATED HOST COUNTRY-OWNED LOCAL CURRENCY.

7. TITLE III. TITLE III PROGRAMS ARE NEGOTIATED AS LOANS--NOT AS GRANTS--THAT CAN BE FORGIVEN IF CERTAIN CONDITIONS ARE FULFILLED (PP. 1, 4 AND 8). IN ADDITION, THE "USE OF LOCAL CURRENCY PROCEEDS FOR DEVELOPMENT ASSISTANCE" IS NOT THE WAY TO STATE WHAT TRIGGERS LOAN FORGIVENESS. IT IS THE "USE OF LOCAL CURRENCY PROCEEDS FOR AGREED DEVELOPMENT PURPOSES."

8. SECTION 609. UNDER SECTION 609 OF THE FAA, THE SPECIAL ACCOUNT PROVISION APPLIES TO GRANT-FUNDED CIPS THAT ARE PROVIDED UNDER THE ESF PROGRAM. AS OF FEBRUARY 1, 1987, THE SPECIAL ACCOUNT PROVISION ALSO APPLIES TO ESF CASH TRANSFERS OF MORE THAN DOLS 5 MILLION. THESE SPECIFIC LEGAL POINTS SHOULD BE INCLUDED IN THE DISCUSSION ON P. 9, AS THE PRESENT TEXT MAY LEAD THE READER TO BELIEVE THAT A SPECIAL ACCOUNT IS REQUIRED IN ALL CASES.

9. OTHER POINTS OF CLARIFICATION. (A) THE REFERENCE TO "WHOSE FUNDS WERE BEING USED" (P. 11) IS AMBIGUOUS AND MAY IMPLY THAT THE FUNDS BELONG TO THE U.S. ALL LOCAL CURRENCY THAT WAS AUDITED IN THE REPORT IS HOST COUNTRY-OWNED LOCAL CURRENCY, NOT U.S.-OWNED LOCAL CURRENCY.

(B) THE CONCEPT OF "FORFEITED DEVELOPMENT IMPACT" IS DIFFICULT TO GRASP WITHOUT SOME ELABORATION. IN ADDITION, IT IS NOT CLEAR HOW THE FIGURE "HUNDREDS OF MILLIONS OF DOLLARS" WAS DERIVED (PP. II, 6, AND 18). IF THIS CONCEPT IS TO BE RETAINED, PERHAPS SOME EXPLANATION OR DEFINITION SHOULD BE PROVIDED.

(C) RECOMMENDATION 2 (PP. 15-16) CONCERNS PL 480 AGREEMENTS, NOT CIP OR CASH TRANSFER AGREEMENTS. THIS SUGGESTS THAT THE AUDIT DETERMINED THAT CIP AND CASH TRANSFER AGREEMENTS WERE RESPONSIVE TO THE FIVE SPECIFIC POINTS INCLUDED UNDER THIS RECOMMENDATION. IF THIS IS THE CASE, THE IMPLICATION MAY BE THAT WE SHOULD USE THESE CIP AND CASH TRANSFER AGREEMENTS AS A MODEL FOR PL 480 AGREEMENTS. IN ANY EVENT, IT WOULD BE HELPFUL IF THE REPORT STATED EXPLICITLY THAT RECOMMENDATION 2. DOES NOT APPLY TO CIP AND CASH TRANSFER AGREEMENTS BECAUSE THEY WERE FOUND TO BE ADEQUATE.

(D) THE AUDIT SUGGESTS THAT WHEN RECIPIENT COUNTRIES SELL FOOD AID COMMODITIES FOR MORE THAN THE USG COST, THEY SHOULD DEPOSIT THE INCREMENTAL LOCAL CURRENCY (THAT WHICH IS OVER AND ABOVE THE AMOUNT THAT WOULD BE GENERATED AT THE USG COST LEVEL) INTO THE SPECIAL ACCOUNT (P. 17. THIS WOULD HAVE THE EFFECT OF MAKING ADDITIONAL LOCAL CURRENCY AVAILABLE FOR DEVELOPMENT-ORIENTED ACTIVITIES. HOWEVER, THIS MIGHT BE VIEWED AS PENALIZING RECIPIENT COUNTRIES. IN THE PAST, WE SOMETIMES EXPERIENCED THE OPPOSITE PROBLEM: THAT IS, SOME RECIPIENT GOVERNMENTS HAVE WANTED TO SELL FOOD AID AT LESS THAN USG COST IN ORDER TO SUBSIDIZE URBAN CONSUMERS. IN THESE CASES, THE GOVERNMENT HAD TO USE BUDGETARY REVENUES TO SATISFY THE SPECIAL ACCOUNT REQUIREMENT (IF ANY). IT COULD BE ARGUED THAT, AS LONG AS THE GOVERNMENT DEPOSITS THE LOCAL CURRENCY EQUIVALENT OF THE USG COST, WE SHOULD BE SATISFIED.

(E) THE MANAGEMENT COMMENT ON P. 14 SHOULD BE EXPANDED TO CLARIFY THAT IMPLEMENTING THE FIRST RECOMMENDATION HAS POTENTIAL RESOURCE IMPLICATIONS IN TERMS OF BOTH STAFFING AND OPERATING EXPENSE BUDGETS. IT WOULD ALSO BE USEFUL TO POINT OUT THAT SEVERAL MISSIONS IN AFRICA (E.G. KENYA) HAVE USED PRIVATE ACCOUNTING FIRMS AVAILABLE UNDER THE REDSO IQCS TO WORK ON STRENGTHENING HOST COUNTRY LOCAL CURRENCY ACCOUNTING SYSTEMS. SHULTZ
BT
#9198

NNNN

ACTION: AID-5

VZCZCNA0403 07-MAR-8[illegible] [illegible]: 14:49
RR RUEHNR CN: 01191
DE RUEHC #5979 0651428 CHRG: AID
ZNR UUUUU ZZH DIST: AA
R 061426Z MAR 87
FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI 2637
BT
UNCLAS STATE 065979

AIDAC FOR AAG/RIG/N THABET FROM AA/FVA BOLLINGER

E.O. 12356: N/A
TAGS: N/A
SUBJECT: DRAFT AUDIT OF THE ACCOUNTABILITY FOR LOCAL CURRENCY IN AFRICA

1. YOU HAVE RECEIVED, OR WILL SHORTLY RECEIVE CABLED COMMENTS FROM PPC AND FROM M/FM/CONT WITH WHICH FVA HAS CONCURRED.

2. ADDITIONAL COMMENTARY FROM FVA CONTAINED HEREIN DEALS SPECIFICALLY WITH RECOMMENDATION NO. 2 ON STRENGTHENING THE PROVISIONS OF PL 480 AGREEMENTS.

3. FVA AGREES WITH THE FINDING IN THE DRAFT AUDIT THAT MISSIONS REQUIRE IMPROVED GUIDANCE TO HELP IN THE DRAFTING OF PL 480 AGREEMENTS. WE HAVE BEEN AWARE OF THAT NEED FOR SOME TIME AND HAD CONTRACTED WITH THE FIRM OF TCR SERVICES, INC. IN AUGUST, 1986 TO COMPLETELY REDRAFT AID HANDBOOK 9 WHICH PROVIDES GUIDANCE ON FOOD AID. THE FIRST DRAFT OF TCR'S EFFORT IS PRESENTLY BEING REVIEWED BY FVA AND, BASED UPON YOUR DRAFT RECOMMENDATION NO. 2, WE NOW INTEND TO INSTRUCT TCR TO INCLUDE IN THE SECOND DRAFT OF HB 9 GUIDANCE TO MISSIONS WHICH WOULD HELP THEM TO:

A. DETERMINE THE AMOUNT OF LOCAL CURRENCY THAT SHOULD NORMALLY BE EXPECTED TO BE GENERATED FROM TITLE I AND SECTION 206 (100 PERCENT MONETIZATION) PROGRAMS;

B. DETERMINE APPROPRIATE TIMING FOR DEPOSIT OF LOCAL CURRENCY;

C. NEGOTIATE, WHEREVER POSSIBLE, FOR HOST COUNTRY CONCURRENCE IN THE USE OF INTEREST-BEARING ACCOUNTS FOR THE LOCAL CURRENCY;

D. FOLLOW MORE CAREFULLY THE INTENT OF THE LEGISLATION WITH REGARD TO DETERMINING THE APPLICABLE EXCHANGE RATE FOR LOCAL CURRENCY GENERATION UNDER PL 480 TITLE I PROGRAMS, AS CONTAINED IN SECTION 103 (H) OF PL 480 TITLE I;

E. DETERMINE THE APPLICABLE EXCHANGE RATE FOR PURPOSES OF TITLE II MONETIZATION.

4. SINCE COMPLETION OF THE NEW HB 9 IS STILL SEVERAL MONTHS AWAY, FVA WILL PREPARE FOR CONCURRENCE BY THE WORKING GROUP OF THE FOOD AID SUBCOMMITTEE OF THE DCC AND SUBSEQUENT TRANSMISSION TO MISSIONS, INTERIM GUIDANCE ON THESE AND RELATED ISSUES. WHITEHEAD
BT
#5979

NNNN

ACTION: AID-5

VZCZCNA0832 | 04-MAR-87 | TOR: 22:07
PP RUEHNR | | CN: 65333
DE RUEHC #1819 0622144 | | CRRG: AID
ZNR UUUUU ZZH | | DIST: AA
P 032142Z MAR 87
FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI PRIORITY 2486
BT
UNCLAS STATE 061819

AIDAC RIG/A

E.O. 12356: N/A

SUBJECT: COMMENTS OF DRAFT AUDIT REPORT

REF: NAIROBI 06541

1. AFR/CONT COMMENTS INCLUDED IN M/FM RESPONSE.

2. AFR HAS NO OTHER COMMENTS. WHITEHEAD
BT
#1819

NNNN

ACTION: AID-

VZCZCNA0344
PP RUEHNR
DE RUEHC #8238 0550408
ZNR UUUUU ZZH
P 220406Z FEB 87
FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI PRIORITY 2359
BT
UNCLAS STATE 058238

C : 31187
CTRG: AID
DIST: AA

AIDM AID FOR RIG/A/N, THABET FROM CHRISTENSEN

E.O. 12356: N/A
TAGS: N/A
SUBJECT: - FM COMMENTS ON DRAFT AUDIT REPORT ON ACCOUNTABILITY FOR LOCAL CURRENCY IN AFRICA

REF: NAIROBI 06540

FM IN GENERAL AGREEMENT WITH PPC AND FVA COMMENTS WHICH ARE BEING TRANSMITTED SEPTELS AND HAS FOLLOWING ADDITIONAL COMMENTS:

1. RECOMMENDATION NO. 1 IS NOT REQUIRED. THE REVISED A-123 INTERNAL CONTROL PROCESS ADDRESSES THE CONCERNS SET FORTH IN THE DRAFT REPORT. THE REVISED PROCESS REQUIRES THAT ALL OVERSEAS MISSIONS PERFORM AN INTERNAL CONTROL ASSESSMENT EACH YEAR AND THAT ASSESSMENT COVERS, UNDER THE CAPTION OF "NON-PROJECT ACTIVITIES" THE MANAGEMENT AND ACCOUNTABILITY OF ALL COUNTERPART PROGRAMS. THE ASSESSMENT DIRECTIVE WILL BE DISTRIBUTED WORLDWIDE WITHIN THE NEXT FEW WEEKS AND WILL BE COMPLETED DURING NOVEMBER OF THIS YEAR.

2. EVEN THOUGH WE AGREE THAT INVOLVEMENT OF A CONTROLLER IN COUNTERPART MANAGEMENT IS HIGHLY DESIRABLE, WE BELIEVE THE AUDIT REPORT AND ITS

RECOMMENDATIONS SHOULD RECOGNIZE THAT THE ULTIMATE RESPONSIBILITY FOR THIS RESTS WITH THE MISSION DIRECTOR OR AID REPRESENTATIVE. ARMACOST
BT
#8238

NNNN

AID INSPECTOR GENERAL
AUDIT REPORTS REVIEWED

1. PL 480 Proceeds And Usages Needs Closer Monitoring In Madagascar
Audit Report No. 3-687-83-8 Dated 2/28/83

2. An Assessment Of USAID/Somalia Commodity Import Program
Audit Report No. 3-649-84-5 Dated 1/31/84

3. The Government Of The Peoples Republic Of The Congo Had Not Complied With The Terms And Conditions of its PL 480 Title I Program.
Audit Report No. 3-679-84-6 Dated 1/31/84

4. The PL 480 Title I and Title III Programs In Sudan Are In Need Of Management Attention
Audit Report No. 3-650-84-14 Dated 7/23/84

5. Kenya Program Grant Could Have Been More Effective
Audit Report No. 3-615-85-1 Dated 10/2/84

6. Structural Adjustment In Kenya Needs To Be Evaluated
Audit Report No. 3-615-85-8 Dated 2/15/85

7. Audit Of Sudan's Rural Health Support Project
Audit Report No. 3-650-85-11 Dated 4/4/85

8. Audit of The PL 480 Title I Program To Liberia
Audit Report No. 7-669-85-8 Dated 5/24/85

9. Memorandum Report On Government of Burkino Faso Compliance With PL 480 Title II Agreements
Audit Report No. 7-686-86-2 Dated 10/9/85

10. Audit of the P.L. 480 Title II Section 206 Program - Mauritania
Audit Report No. 7-682-87-2 Dated 11/7/86

11. Audit of P.L. 480 Title II Programs - The Gambia
Audit Report No. 7-635-87-3 Dated 11/21/86

12. Audit of the P.L. 480 Title I Program in Morocco
Audit Report No. 3-611-87-1 Dated 11/21/86

27

13. Audit of Local Currency Controls in Zaire
Audit Report No. 3-660-87-3 Dated 12/3/86

14. Audit of Local Currency Generations of Sudan's Commodity Import Programs and Cash Transfer Grants
Audit Report No. 3-650-87-4 Dated 12/8/86

15. Audit of Local Currency Generated From Somalia's Commodity Import and PL 480 Programs
Audit Report No. 3-649-87-7 Dated 1/26/87

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GC	1
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M/SER/EOMS	1
M/SER/CM/SD/SS	1
IG	1
DIG	1
IG/PPO	2
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RIG/II/N	1
IG/PSA	1
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