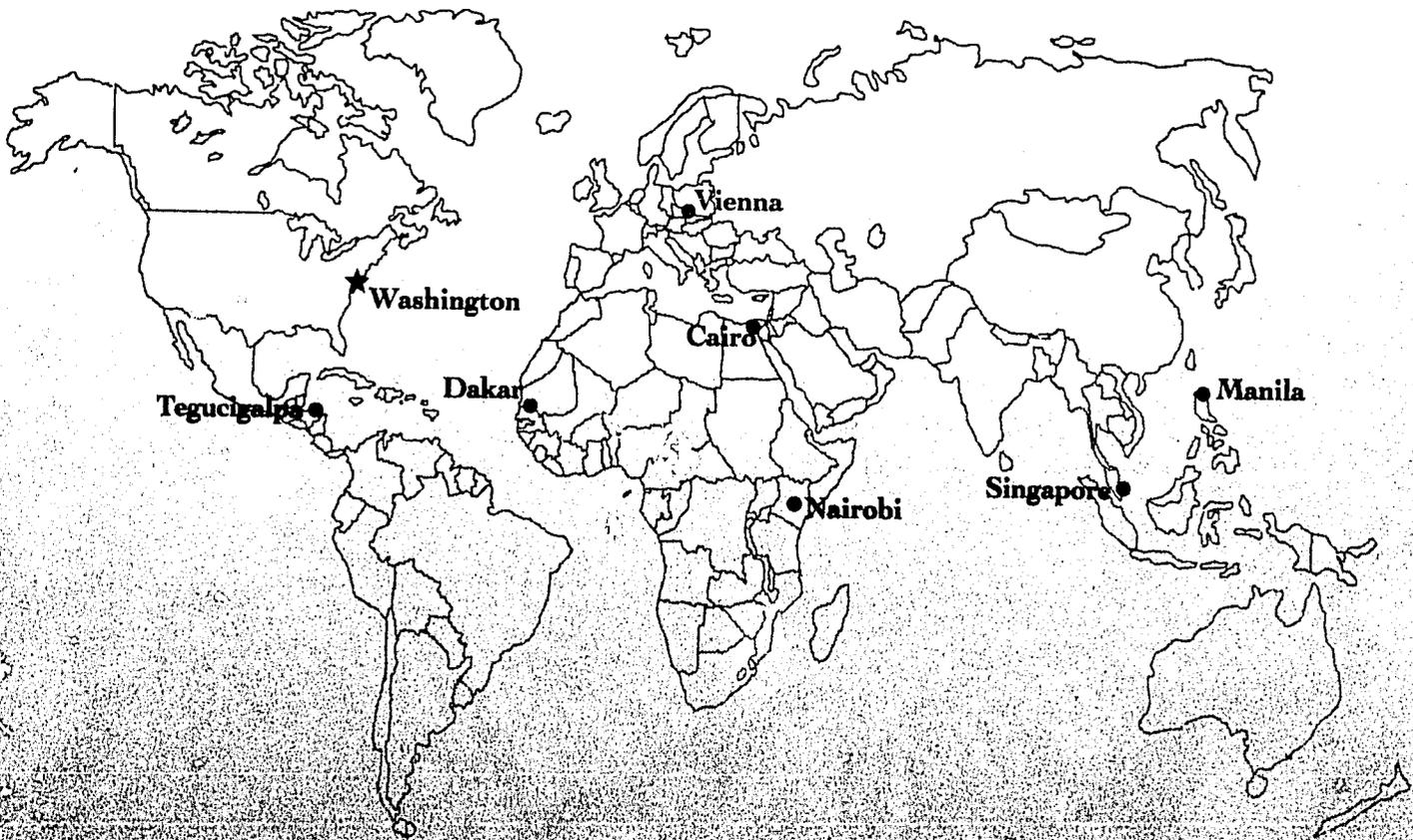


Regional Inspector General for Audit
San Jose, Costa Rica

Audit of Selected Systems
at the Office of the
USAID Representative to Brazil

Audit Report No. 1-512-94-001
November 29, 1993



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



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November 29, 1993

MEMORANDUM

TO: USAID Representative/Brazil, John D. Pielemeler

FROM: RIG/A/San Jose, Coinage N. Gothard *Coinage N. Gothard*

SUBJECT: Audit of Selected Systems at the Office of the USAID Representative to Brazil

The Office of the Regional Inspector General for Audit/San Jose has completed its audit of selected systems at the Office of the USAID Representative to Brazil. The final audit report is being transmitted to you for your action.

In preparing this report we reviewed your comments on the draft report dated July 29 and October 14, 1993. A summation of your comments has been included in the Executive Summary and after the appropriate audit objective. The Mission's comments without the related attachments (mission orders and memoranda) showing implementation of individual recommendations are included in Appendix II. However, the attachments will be made available to interested parties upon request.

Based on actions the Mission reported it is taking, Recommendation Nos. 3.1, 3.2 and 6.2 are closed and all remaining recommendations are resolved upon issuance of this report. Please respond within 30 days indicating any actions taken to implement the recommendations remaining open in this report.

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

**Regional Inspector General for Audit
San Jose, Costa Rica**

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USAID Representative to Brazil**

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EXECUTIVE SUMMARY

A.I.D. missions are required to establish and follow systems of internal control to assure compliance with applicable laws and regulations and A.I.D. policies and procedures. These controls are to provide reasonable assurance that obligations and costs are proper, funds and assets are safeguarded, revenues and expenditures are properly accounted, and programs are executed efficiently and effectively.

As of September 30, 1992, the Office of the USAID Representative to Brazil's (USAID Office) portfolio consisted of 25 agreements valued at \$26.8 million. The audit focused on whether the USAID Office established and followed systems in accordance with A.I.D. policies and procedures:

- developing quantitative indicators, performing site visits, and evaluating projects;
- monitoring cost-sharing contributions; and
- implementing a participant training program.

The audit found that the USAID Office had established informal systems for most of the areas covered by the audit but that the informal systems were not consistently followed or the results were not documented. Specifically the audit found:

- Four of five direct grant agreements reviewed for which the USAID Office had design responsibilities did not include timeframes for starting and ending activities and for all five there was no quantitative basis for measuring whether the purpose of the agreement was being achieved since quantitative indicators had not been established (see page 4).
- Evaluations were planned for 8 of 10 USAID Office grants and contracts reviewed. However, three evaluations had not been performed according to the agreement schedule and the dates for other evaluations had been slipped. Also, the USAID Office had not issued a mission order formally establishing its monitoring and evaluation system as required by the A.I.D. Evaluation Handbook (see page 7).

- For two of seven direct grant agreements reviewed regarding the recipients' cost-sharing contributions, the USAID Office either did not receive or use official financial reporting by the recipient as a basis for monitoring cost-sharing contributions. Also, certain project officers told us they did not verify contributions. Others stated that they reviewed contributions during their site visits but no documentation was maintained (see page 10).
- In the participant training area, training files were reviewed for 53 of 141 participants who were selected to receive training in the United States. The audit found: minutes of final selection committees were not kept documenting the considerations that led to their selections; participant training files did not always contain documentation evidencing that predeparture processing requirements were met; follow-up activities were undocumented beyond confirming that participants returned to Brazil; and the annual Returned Participants Follow-up Activities Reports to A.I.D./Washington had not been submitted for the last three calendar years (see page 13).

As a result of the problem areas identified above, the USAID Office had a reduced level of assurance that its program portfolio, valued at \$26.8 million, was properly safeguarded against waste, fraud, and abuse.

The principal report recommendations are that the USAID Office establish written procedures to:

- develop and incorporate quantitative indicators into its grant agreements,
- formalize its project monitoring and evaluation system,
- verify and document cost-sharing contributions required under USAID Office agreements,
- ensure that participant training predeparture processing requirements are met and documented,
- follow up to ensure that returnees from long term participant training work for an agreed-upon time period in areas where their training is utilized, and
- annually prepare and submit the Returned Participants Follow-up Activities Report to A.I.D./Washington.

A draft of this report was provided to the USAID Office. Management concurred with all the report recommendations and had started actions to address them. The USAID Office expressed disappointment with the tone of the draft report noting that it did not highlight some of the more positive aspects of the Mission's management. Management comments are discussed after each finding and are included without the related attachments as Appendix II.

RIG/A/San Jose considers the USAID Office's comments to be generally positive and constructive. The report has been modified as considered appropriate in response to the USAID Office's comments. In particular, an audit finding concerning the financial auditing of grants has been deleted because the recommendation went beyond A.I.D.'s minimum requirements in this area.

Office of the Inspector General

Office of the Inspector General
November 29, 1993

INTRODUCTION

Background

The Federal Managers' Financial Integrity Act of 1982 requires A.I.D. to prepare a yearly report to the Congress and the President of its management controls. In turn, A.I.D. requires each mission or office, such as the Office of the USAID Representative to Brazil (USAID Office), to submit a yearly assessment of its management controls in order to prepare the required report. These management controls, also called internal controls, are to provide reasonable assurance that obligations and costs are proper, funds and assets are safeguarded, revenues and expenditures are properly accounted, and programs are executed efficiently and effectively.

At the time of our audit, assistance to Brazil was proscribed under Sections 669 and 670 of the Foreign Assistance Act (FAA) related to countries not providing safeguards for nuclear technology and processing and by Section 620 (q) of the FAA and 518 of the Appropriations Act (Brooke-Alexander) concerning default on loan payments to the U.S. Government. The USAID Office's program was therefore structured to proceed within the authority of three FAA and one Appropriations Act exceptions to the above proscriptions: FAA Section 123 (e) which makes provision for private voluntary organizations assisted prior to 1983; FAA Section 638 (B) which introduces a broad exception for training; FAA Section 534 related to global climate change; and Section 542 of the Appropriations Act which allows for assistance for AIDS prevention activities notwithstanding other provisions of law.

As of September 30, 1992, the USAID Office's agreement portfolio was valued at approximately \$26.8 million. Obligations and expenditures for these agreements as of the same date were about \$15.5 and \$8.5 million, respectively. Under its portfolio the USAID Office had 20 direct agreements and 5 buy-in agreements to central or regional projects. Additionally, although the management responsibility of A.I.D./Washington, the Mission monitored 18 centrally funded family planning projects and 1 regionally funded labor project (see Appendices III, IV, and V).

The USAID Office is responsible for establishing systems of internal control to manage its portfolio. The audit focused on internal control systems most relevant to the USAID Office's portfolio which were in place from October 1, 1988 to September 30, 1992. We selected these systems based on their importance to the USAID Office's program objectives and because prior

Office of Inspector General audits frequently disclosed problems with these systems at other A.I.D. missions and offices.

Audit Objectives

The Office of the Regional Inspector General for Audit/San Jose, as part of its Fiscal Year 1992 audit plan, audited the USAID Office's systems of internal control for selected functions to answer the following audit objectives:

- Did the USAID Office establish and follow a system in accordance with A.I.D. policies and procedures to ensure that: (a) quantitative indicators are developed to measure project achievements, (b) site visits are made and are documented by project officials, and (c) evaluations are planned and performed?
- Did the USAID Office establish and follow a system to monitor cost-sharing contributions in accordance with A.I.D. policies and procedures?
- Did the USAID Office establish and follow a system in accordance with A.I.D. policies and procedures to: (a) plan participant training, (b) select participants, (c) ensure predeparture processing of participants, and (d) ensure that participants return to Brazil and utilize their training?

In answering these audit objectives, we tested whether the USAID Office followed applicable internal control procedures and complied with certain provisions of laws and regulations.

Appendix I contains a discussion of the scope and methodology for this audit.

REPORT OF AUDIT FINDINGS

Did the USAID Office establish and follow a system in accordance with A.I.D. policies and procedures to ensure that: (a) quantitative indicators are developed to measure project achievements, (b) site visits are made and are documented by project officials, and (c) evaluations are planned and performed?

The USAID Office established and followed a system in accordance with A.I.D. policies and procedures to ensure site visits were made and documented by project officials. However, it did not establish and follow systems to ensure that quantitative indicators were developed to measure project achievements or to ensure that evaluations were planned and performed.

The USAID Office followed an informal system to ensure that site visits were made and documented by project officials. We reviewed the files of 6¹ of the 25 agreements in the USAID Office's portfolio to determine the extent of site visit activities and found that site visits were made regularly and that site visit reports were prepared describing the technical progress of agreement activities.

Regarding quantitative indicators and evaluations, the audit found that the USAID Office did not have a system to ensure that quantitative indicators were developed to measure project achievements and had not established an evaluation system as required by the A.I.D. Evaluation Handbook. The issues regarding quantitative indicators and evaluations are discussed below.

¹ The six agreements reviewed were: (1) Global Climate Change and Amazon Deforestation (implemented through two agreements with World Wildlife Fund), (2) Global Climate Change: University of Florida, (3) Global Climate Change: Environmental Law Institute, (4) AIDS Technical Project (implemented by Family Health International), and (5) AIDS Communication Project (implemented by the Academy for Educational Development).

Written Procedures For Developing and Utilizing Quantitative Indicators are Needed

Federal and/or A.I.D. policies for grants to nongovernmental organizations specify that the goals of the grant and the planning and implementation to reach those goals should be contained in the program description of the agreement and that A.I.D.'s role is to measure and evaluate the recipient's progress in achieving those goals. However, none of the five grant agreements tested, for which the USAID Office had project design responsibilities, included quantitative indicators to measure whether the purposes of these agreements were being achieved. This problem occurred because USAID Office management was unaware, until recently, that USAID offices were required to follow A.I.D. policies and procedures for quantitative indicators. As a result, the USAID Office did not have a quantitative basis for identifying implementation problems and demonstrating the impact of its development efforts.

Recommendation No. 1: We recommend that the USAID Office:

- 1.1 establish written procedures for developing and incorporating quantitative indicators into its agreements;**
- 1.2 review its present portfolio to identify those agreements which have a substantial implementation period remaining and develop appropriate indicators to measure their achievements; and**
- 1.3 report this condition as a weakness in its next internal control assessment if it is not corrected.**

For evaluation purposes agreement designs should include elements which will permit and facilitate measurement of progress towards planned targets and determination of why the assisted program is or is not achieving its planned targets. A.I.D. guidance identifies those elements as baseline data, targets that are objectively verifiable (preferably stated in quantitative terms), and indicators to measure progress from the baseline conditions to the planned targets. For discussion purposes we refer to these evaluative elements as quantitative indicators.

Office of Management and Budget Circular A-110 and A.I.D. Handbook 13 require that quantitative indicators be established to measure a grant program to assure program objectives are met. Some of the principal requirements stemming from the Circular are that:

- A.I.D. staff monitor grantees' activities to assure the grants' purposes are achieved and the grantees' operations conform to the terms and conditions of the grant agreement; and**

- recipients monitor their own performance under the grants and submit periodic (usually quarterly) performance reports to A.I.D. comparing actual accomplishments with the objectives (targets) established for the period and, if possible, cost data for computation of unit costs.

A.I.D. Handbook 13 (Chapter 4) specifies that grant applications are to include a clear summary of what is planned to be accomplished under the grant assisted program, the steps required to meet objectives in an identifiable period of time, and benchmarks of progress towards those objectives. A.I.D.'s role is not to manage program implementation but rather to measure and evaluate the grantee's progress in achieving the goals through review and analysis of grantee reporting and other measures.

The audit tested five grant agreements² with U.S. organizations for which the USAID Office had design responsibilities to determine whether they included: (1) quantifiable purposes, (2) timeframes for starting and ending activities, (3) quantitative indicators to measure achievements, and (4) quantified outputs.

Our review of the five agreements determined that the USAID Office had not always followed practices regarding the incorporation of quantitative indicators into its existing agreements. The results of our review showed:

- For all five agreements, we found no quantitative basis for measuring whether the purpose of the agreement was being achieved.
- One of the five agreements included a time schedule for the grantee to perform project activities, however, the other four agreements did not have such timeframes to start or end project activities.
- Four of the five agreements did not establish quantitative outputs or targets.
- All five agreements required the implementing entities to report on actual accomplishments. These reports included the entities' actions performed during a specified period, however, since quantitative indicators had not been established, there was no way for the USAID Office to measure whether those actions were on target.

² The five grant agreements reviewed were: 512-0784-G-00-1046 (Environmental Law Institute), 512-0784-G-00-0042 (World Wildlife Fund), 512-0784-G-00-1043 (World Wildlife Fund), 512-0784-G-00-0040 (University of Florida), and 598-0640-G-SS-9001 (National Association of the Partners of the Americas).

The USAID Office did not establish procedures in a mission order to ensure that A.I.D. policies and procedures for quantitative indicators were effectively implemented. The A.I.D. Representative stated that, prior to receiving two cables from A.I.D./Washington in late 1991 and early 1992 indicating that each country mission needed to develop quantitative indicators as part of the Agency's new information system for strategic management, he did not believe that USAID offices were required to include quantitative indicators in their grant agreements. As a result the USAID Office had not incorporated such indicators into the five agreements reviewed, thus, leaving it no quantitative basis for assessing the entities' programs.

According to USAID Office management, future grant agreements will be linked to three strategic objectives and steps have been taken to establish baseline data and develop quantitative indicators in regard to the strategic objectives. To accomplish this, the A.I.D. Representative provided a draft copy of a proposal for a technical assistance contract to review the design of current agreements and to ensure that quantitative indicators are established to support the three strategic objectives.

In conclusion, while the USAID Office has taken certain steps to correct this problem, we believe the USAID Office needs to establish written procedures to document its system to ensure that quantitative indicators are developed and included in agreements to measure project achievements. The USAID Office should also review its existing agreements, identify those with substantial implementation time remaining, and incorporate quantitative indicators to correspond to its new strategic objectives. These actions will give the USAID Office a verifiable basis for assessing a project's progress in meeting its objectives.

Management Comments and Our Evaluation

The USAID Office's comments indicated that it concurred with Recommendation Nos. 1.1, 1.2 and 1.3. For Recommendation No. 1.1, it stated it was developing the indicated procedures. Regarding Recommendation No. 1.2, it explained actions taken and planned to gather baseline data and incorporate appropriate indicators to measure progress. For Recommendation No. 1.3, it stated it would thoroughly review the areas of weakness noted by the audit during its next internal control assessment and report any remaining weaknesses. The USAID Office further commented that it had asked the auditors to verify whether A.I.D. handbooks require that grants to private voluntary organizations (PVOs) establish quantitative indicators. It expressed its opinion that logical frameworks, which are required by A.I.D. handbooks for bilateral projects, are not required for grant proposals from PVOs.

The actions proposed by the USAID Office satisfy the intent of Recommendation Nos. 1.1, 1.2 and 1.3. Accordingly, RIG/A/San Jose considers the recommendations to be resolved. To close Recommendation Nos. 1.1 and 1.2, the USAID Office should submit to RIG/A/San Jose its procedures for developing and incorporating quantitative indicators into its agreements, as well as documentation showing that baseline studies have been performed or are contracted for and that appropriate indicators have been incorporated into those agreements with substantial implementation periods remaining. Recommendation No. 1.3 can be closed upon the closure of Recommendation Nos. 1.1 and 1.2 or when the USAID Office reports the remaining weaknesses in its next internal control assessment.

As regards the USAID Office's comment regarding the A.I.D. criteria for quantitative indicators for PVO grants, we have revised the finding expanding upon the criteria applicable to specific support grants.

A Formal Evaluation System Needs To Be Established

The A.I.D. Evaluation Handbook requires each mission to establish a monitoring and evaluation system which complies with Agency standards and requirements. While the USAID Office followed an informal system that ensured most of its agreements included evaluation provisions, the audit noted that evaluations had not been planned for certain agreements and some evaluations had not been performed or were delayed without explanation. We attribute the USAID Office's nonuniform handling of evaluations to its failure to establish a formal system through the issuance of a mission order. As a result, there was reduced assurance that evaluations would be performed and acted upon, and management did not yet know what impact its projects were having with respect to its strategic objectives.

Recommendation No. 2: We recommend that the USAID Office:

- 2.1** formally establish its monitoring and evaluation system by issuing a mission order meeting the requirements of the A.I.D. Evaluation Handbook; and
- 2.2** report this weakness in its next internal control assessment if it is not corrected.

U.S. Government requirements for accountability in the use of development assistance funds and for determining the effectiveness of development programs and projects mandate that A.I.D. develop and implement an effective monitoring and evaluation system. The primary purpose of A.I.D.'s monitoring and evaluation system is to meet the information requirements

of A.I.D. and other development managers so that the performance and effectiveness of projects can be improved.

A.I.D. Handbook 3, Supplement to Chapter 12 (the A.I.D. Evaluation Handbook), requires missions to establish and maintain a monitoring and evaluation system that complies with A.I.D. standards and requirements for using information in the planning and implementation of development programs and projects. A mission order describing the organization and assignment of responsibilities for the mission's monitoring and evaluation system is required.

The audit reviewed 10 grant agreements and contracts and found that the USAID Office included evaluation requirements in most of its agreements and had developed an evaluation plan as part of its annual action plan. Additionally it updated its evaluation plan through its Semiannual Project Implementation Status Report submitted to A.I.D./Washington's Latin America and Caribbean Bureau. However, we noted that:

- USAID Office agreements with the National Association of the Partners of the Americas, the entity implementing the two participant training projects, did not include provisions for evaluations or state that evaluations were not required.
- For three other agreements³ the USAID Office's Semiannual Project Implementation Status Reports did not explain why planned evaluations were not performed according to the agreement schedule.
- Between April 1992 when it submitted its annual evaluation plan as part of its action plan and March 1993 when it submitted its Semiannual Project Implementation Status Report for September 1992, four of nine planned evaluation activities had been delayed from three to nine months.

USAID Office management stated that its past projects had been evaluated. We were unable to verify this information, however, as files prior to September 1988 had been sent to the U.S. for storage or destruction and thus were not available for our review. As to our October 1, 1988 to September 30, 1992 audit period, although at least three active agreements should have been evaluated by our audit cutoff date, the USAID Office was unable to provide us with any evaluation reports.

³ Implementing entities and agreement numbers were: World Wildlife Fund, 512-0784-G-00-0042; University of Florida, 512-0784-G-00-0040; and Environmental Law Institute, 512-0784-G-00-1046.

While the above indicates that through its informal system the USAID Office usually does include evaluation requirements in its agreements, the informal system has not assured that evaluation requirements are always included. Also there are indications that the informal system has not been effective in ensuring that evaluations are performed as planned and agreed-upon. In any case, the A.I.D. Evaluation Handbook requires missions to formally establish their monitoring and evaluation systems by issuing a mission order and the USAID Office had not done so.

In conclusion, due to its lack of a formal monitoring and evaluation system the USAID Office has a reduced level of assurance that evaluations will be uniformly planned and performed according to the agreed-upon schedule. The USAID Office also lacks procedures governing the submission of evaluation reports to A.I.D./Washington and follow up to ensure implementation of evaluation recommendations. These internal control weaknesses, if not corrected, can lead to evaluations not being performed to highlight problems or acted upon to resolve them. Additionally, evaluations are needed to demonstrate the impact projects are having with respect to achieving the USAID Office's strategic objectives. We believe the USAID Office should formally establish, by mission order, its monitoring and evaluation system as required by the A.I.D. Evaluation Handbook.

Management Comments and our Evaluation

The USAID Office concurred with Recommendation Nos. 2.1 and 2.2. It stated that it planned to finalize its local order formally establishing its monitoring and evaluation system within 60 days and would report any uncorrected weakness in its next internal control assessment. However, the USAID Office believed we were in error to use its agreement with the Environmental Law Institute (ELI) as one of our examples of an evaluation not performed on schedule because the evaluation had been scheduled for the end of the agreement. It also suggested that we focus the finding solely at the agreement level since the USAID Office normally places primary responsibility for evaluation of subgrants with the U.S. grantee.

RIG/A/San Jose considers Recommendation Nos. 2.1 and 2.2 to be resolved based on the USAID Office's proposed actions. Recommendation No. 2.1 can be closed when its local order satisfying the recommendation is finalized and at that time Recommendation No. 2.2 can be closed as well.

As regards the ELI agreement, RIG/A/San Jose included it as an example because the agreement indicated that a preliminary evaluation should have been conducted 6 to 10 weeks after the agreement was signed in August 1991 and there was no evidence that such evaluation had been performed. At the USAID Office's suggestion, we have deleted an example regarding

certain subagreements that did not include evaluation requirements or did not indicate the date by when the evaluation would be conducted.

Did the USAID Office establish and follow a system to monitor cost-sharing contributions in accordance with A.I.D. policies and procedures?

The USAID Office established a system but did not always follow that system to monitor cost-sharing contributions in accordance with A.I.D. policies and procedures.

The audit noted that the USAID Office received various degrees of financial reporting from the U.S. implementing entities with which it had direct agreements and from some of the Brazilian subrecipients under the USAID Office's direct agreements and buy-ins. However, USAID Office verification of these reported contributions was inconsistent and in most cases undocumented. Nor did the documentation provided to us by the USAID Office regarding the planned contributions under certain agreements agree with what the USAID Office subsequently reported in its Semiannual Project Implementation Status Report. The general issue of documenting and verifying contributions is discussed below.

Formal Procedures For Verifying Cost-Sharing Contributions Need To Be Established

A.I.D. Handbooks 3 and 13 specify that agreement-required contributions should be monitored both through recipient reporting and verification of such reported information during site visits. The audit disclosed that the USAID Office did not always follow these requirements. Due to the heavy workload of the USAID Office project officers, the informal procedures that the Mission was following were inconsistently applied and the results undocumented. As a result, the USAID Office did not have adequate controls to assure that required cost-sharing contributions were made.

Recommendation No. 3: We recommend that the USAID Office:

- 3.1 establish formal procedures, including assignments of responsibility within the USAID Office, for documenting and verifying cost-sharing contributions required under USAID Office agreements; and**
- 3.2 report this weakness in its next internal control assessment if it is not corrected.**

A.I.D. Handbook 3 (Chapter 11) prescribes that as a minimum requirement missions must have monitoring procedures or methods to ensure the timely and coordinated provision of A.I.D. and other financing and inputs. A specific monitoring responsibility cited in the Handbook is to assure that an entity's contributions are released timely and in sufficient amounts. The guidance also provides for site visits to ascertain the availability of funds from all sources required to complete the assisted activity. Office of Management and Budget Circular A-110 provides further guidance specific to the monitoring of grants to nonprofit organizations. The Circular, which is applicable both to primary recipients and their substantive subrecipients, specifies financial and reporting requirements and states that site visits should be made as frequently as practicable to review program accomplishments and management control systems.

The audit found that the USAID Office had not established formal procedures implementing the above guidance and the informal system that it was following did not necessarily result in proper control over cost-sharing contributions. The audit reviewed 7 of the USAID Office's 17 direct grant agreements with U.S. nongovernmental organizations as well as 3 of the 5 USAID Office buy-in agreements⁴ to A.I.D./Washington-designed projects and found various weaknesses regarding the monitoring of contributions.

For its direct grant agreements with U.S. organizations, the USAID Office did not consistently receive and use official financial reporting. We noted that for agreements implemented by the Environmental Law Institute and the University of Florida, the USAID Office was using financial information included in progress reports from these entities rather than official billing information. For example, official billing information from the University of Florida, as of September 30, 1992, showed recipient contributions of \$268,346 while the USAID Office's Semiannual Project Implementation Status Report, based on the implementing entity's progress report of a month earlier, reported contributions of \$786,388. One apparent reason for the difference between the two figures was that the financial information from a major Brazilian subrecipient was not reported as part of the official billing information. The project officer for the University of Florida agreement stated that although she received reports on cost-sharing contributions, her workload was heavy and did not permit her time to verify them.

⁴ These buy-in agreements included one grant and two contracts each with subagreements which required subrecipient contributions.

As regards buy-ins, which involved contributions mainly from Brazilian subrecipients, a project officer stated that he received reports from the subrecipients and verified the amount of the contributions during his site visits. However, the project officer could provide no documentation to support his statements. Additionally, as shown below, the USAID Office subsequently reported information in its Semiannual Report (for the period ended September 30, 1992) at variance with what we were provided during the audit.

INFORMATION PROVIDED TO AUDITORS VERSUS INFORMATION IN USAID OFFICE/BRAZIL'S SEPTEMBER 30, 1992 SEMIANNUAL REPORT

Project ¹	Planned	Contribution	Actual	Contribution
	Per Agreements Provided to Auditors	As Reported in the Semiannual Report	Documented Information Provided to Auditors	As Reported in the Semiannual Report
AIDSTECH	\$145,700	\$260,000	N/A ²	\$120,000
AIDSCOM	0	167,000	N/A ²	90,000
DRUGCOM	649,700	160,000	N/A ²	220,000

¹ Project acronyms have the following meanings: AIDSTECH - AIDS Technical Project, AIDSCOM - AIDS Communication Project, DRUGCOM - Narcotics Awareness and Education Project.

² At the time of our audit in October 1992 the project officer was unable to provide documentation of the amounts actually contributed.

The examples above show that the informal procedures that the USAID Office has followed have resulted in inconsistent monitoring of cost sharing contributions which if not corrected could lead to failure to enforce agreement contribution provisions with attendant negative effects on accomplishing the supported activities and sustaining them when A.I.D. support ends. We believe the USAID Office needs to assess its controls over cost-sharing contributions and establish policies and procedures in the form of a mission order in order to address the weaknesses noted by this audit and to assure that agreed-to commitments made to A.I.D. activities by U.S. and foreign entities are realized.

Management Comments and Our Evaluation

The USAID Office concurred with Recommendation Nos. 3.1 and 3.2 and included with its comments its new local order No. 93-1 establishing its policy and procedures for cost sharing contributions and a draft letter which it proposed to send to all active and new grantees to inform the grantees of the USAID Office's requirements for audits and cost sharing

contributions. However, the USAID Office expressed disappointment that the audit report did not give positive recognition to the fact that for many of its grantees and their subgrantees the USAID Office had exceeded A.I.D.'s policy guidelines by requiring more than a 25 percent contribution. It also requested that we include A.I.D.'s Policy Determination No. 16, "Program Financing Arrangements with Independent Organizations", dated October 9, 1987, as additional criteria, which the USAID Office pointed out does not require a 25 percent cost-sharing contribution in all cases. Further, it considered our draft report observation--that showing "NA" in its semiannual report as the contribution amount for older participant training agreements indicated that the USAID Office had lost track of the information--to be unnecessarily negative.

RIG/A/San Jose agrees that in most cases the USAID Office met or exceeded A.I.D.'s minimum requirements for cost-sharing contributions and has revised the report taking out the reference the Mission considered unnecessarily negative and examples which went beyond A.I.D.'s minimum requirements. A.I.D.'s Policy Determination No. 16 has not been included as an additional criteria as the finding concerns the USAID Office's monitoring of contributions. The draft report did not take issue with whether the USAID Office required sufficient contribution amounts in its agreements since, in the cases where it did not include contribution requirements, contributions were still being made.

RIG/A/San Jose has reviewed the USAID Office's local order on cost-sharing contributions and its proposed letter to grantees and finds that they fully meet the intent of Recommendation No. 3.1. Therefore, RIG/A/San Jose considers Recommendation Nos. 3.1 and 3.2 to be closed.

Did the USAID Office establish and follow a system in accordance with A.I.D. policies and procedures to: (a) plan participant training, (b) select participants, (c) ensure predeparture processing of participants, and (d) ensure that participants return to Brazil and utilize their training?

The USAID Office established but did not consistently follow a system in accordance with A.I.D. policies and procedures to: (a) plan participant training, (b) select participants, (c) ensure predeparture processing of participants, and (d) ensure that participants return to Brazil and utilize their training.

The USAID Office had informal procedures which required the contractor and grantee administering the participant training support services to plan

training activities which were directly related to the USAID Office strategic objectives. It also developed a five-year country training plan for the period 1991 to 1995. In the selection of participants, the USAID Office required the support services contractor and grantee to follow basic criteria for recruiting and screening participants and assist it in identifying specific training needs in both private and public sector priority areas. The USAID Office's informal procedures for its participant predeparture process included such actions as requiring participants to receive orientation, obtain visas, undergo medical examinations and obtain medical clearances, and test for English language proficiency when required. To ensure that participants return to Brazil and utilize their training, the Mission required participants to sign a training agreement and participate in debriefing sessions.

However, the audit found that the USAID Office's informal procedures did not ensure that A.I.D. policies and procedures were consistently followed in the following areas: (1) establishing final selection committees, specifying the process that these committees should follow in making the final selection of participant trainees, and documenting the minutes of final selection committees meetings, (2) documenting the completion of the various predeparture processing requirements, (3) ensuring that training agreements with participants are specific as to the length of time participants are required to work in activities related to the training received and maintaining an up-to-date central database for trainees, and (4) submitting the annual Returned Participants Follow-up Activities report to A.I.D./Washington's Office of International Training. Each of these areas are discussed in the following four report sections.

A System for the Final Selection of Candidates Needs To Be Documented

A.I.D. Handbook 10, Chapter 4 recommends the establishment of selection committees for reviewing and selecting nominees. The USAID Office did not have written procedures to: (1) establish committees to make the final selection of candidates for participant training, (2) specify the process the committees should follow in selecting final candidates, and (3) require that minutes of meeting be maintained to document the considerations that led to the selection of final candidates. Although USAID Office officials stated final selection committees were used, no documentation was available to verify this. Written procedures in this area had not been developed because the A.I.D. Representative did not consider them necessary. As a result, a control which could document that the final selection process was objective and appropriate was not in place.

Recommendation No. 4: We recommend that the USAID Office:

- 4.1 establish written procedures to: (1) provide guidance in the establishment of final selection committees, (2) specify the criteria to be used in the final selection of candidates for participant training, and (3) require that minutes of the meetings be prepared and maintained which document the final selection process; and**
- 4.2 report this weakness in its next internal control assessment if it is not corrected.**

A.I.D. Handbook 10, Chapter 4 states that "Selection criteria cannot be replaced by patronage or seniority lists submitted by the host country (which are frequently politically motivated rather than created in response to identified development needs of the host country)." To avoid such situations, A.I.D. recommends the establishment of selection committees for reviewing and selecting nominees. A.I.D. Handbook 10, Chapter 4 states that "selection committees are effective mechanisms for reviewing and choosing nominees. The committees are most effective when they include mission, host country and private sector officials. Missions should encourage host countries to assume the major role in the selection process."

USAID Office management stated that it used selection committees to make the final selection of participant trainees from the lists of applicants submitted by its participant training contractor and grantee. According to USAID Office management, the final selection committee consisted of the training officer and representatives from the training contractor and grantee. These individuals were responsible for screening training candidates to ensure that appropriate documentation had been submitted. Next, the training officer would ask USAID Office staff, who worked directly with specific training areas, for their concurrence regarding the screened candidates. Finally, the A.I.D. Representative would select participants based on recommendations from his staff. The USAID Office's training officer told us that these informal procedures ensured that the trainee ultimately selected would fall within the parameters of the training needs of the USAID Office.

The USAID Office's preselection of participants was administered through a contractor, the State University of New York (SUNY), and a grantee, the National Association of the Partners of the Americas (NAPA). The audit reviewed the contract with SUNY and the grant with NAPA to evaluate the process followed for the preselection of training candidates. Both of these agreements included basic criteria for the contractor and grantee to preselect candidates and ensured that the training activities were directly related to the USAID Office's program objectives.

However, no documentation was available to support that this informal procedure was followed in actual practice. Also, the USAID Office did not have a mission order or specific written instructions to be followed by selection committees in their selection of final candidates from the lists of recommended candidates submitted by either SUNY or NAPA. A mission order was not issued because the A.I.D. Representative did not consider written procedures necessary to guide himself and his minimal staff. Also the A.I.D. Representative pointed out that he personally approved all final selections. However, having a formal documented process would provide evidence that candidates were selected based on objective and appropriate criteria.

To be in a better position to counter any allegation of unfairness in the final selection process, we believe the USAID Office needs to establish and follow formal written procedures describing its system for the final selection of participant training candidates.

Management Comments and Our Evaluation

In response to Recommendation No. 4.1, the USAID Office reported that it concurs with the recommendation and is adapting a USAID/Ecuador Mission Order to formalize the relevant training procedures for the USAID Office. It also agreed with Recommendation No. 4.2 to report the weakness in its next internal control assessment if it is not corrected. In further comments the USAID Office also explained what it considered to be unique features of its participant training program which ensure that its selection committees are very familiar with training candidates prior to final selection.

RIG/A/San Jose considers Recommendation Nos. 4.1 and 4.2 to be resolved based upon the USAID Office's indicated actions to implement the recommendations. The recommendations can be closed when RIG/A/San Jose receives acceptable documentation that Recommendation No. 4.1 has been fully implemented.

The Predeparture Process Needs To Be Documented

A.I.D. Handbook 10 specifies A.I.D.'s policies and procedures regarding the processing of participant trainees prior to their departure for training. The audit found that the USAID Office's informal procedures for participant training did not ensure the predeparture processing requirements were consistently met and documented. We attribute this problem partly to the lack of written procedures and partly to the USAID Office not devoting sufficient staff time to assure the specified requirements were met and documented. Also, USAID Office management was unaware that it was

using an outdated version of a participant training agreement. Various problems could occur from any failure to address predeparture processing requirements for trainees.

Recommendation No. 5: We recommend that the USAID Office:

5.1 establish written procedures to ensure that documentation is obtained and maintained in the participant training files for such predeparture requirements as: (a) English language testing, (b) medical examinations and medical clearances, (c) visa applications, (d) biographical information, (e) agreements (currently A.I.D. form 1381-6) which commit long-term participant trainees to work in Brazil for a specified period of time in positions where their training would be useful, and (f) Project Implementation Order/Participants;

5.2 report this weakness in its next internal control assessment if it is not corrected.

A.I.D. Handbook 10, Chapters 6, 12, 13, 14, and 18 specify A.I.D.'s policies and procedures regarding the processing of participant trainees prior to their departure for training.

The audit tested 53 of 141 participants selected to receive either short- or long-term training in the United States to determine whether A.I.D.'s participant training predeparture procedures were followed. These procedures included: (a) administering English language testing for participants whose training was for three months or longer, (b) ensuring participants underwent medical examinations and received medical clearances, (c) ensuring participants obtained appropriate visas to enter the United States, (d) ensuring participants provided their biographical information to the USAID Office, (e) obtaining agreements from participants that they would return to Brazil and work in positions where their training was useful, and (f) ensuring the preparation of Project Implementation Order/Participants (PIO/Ps) for each training activity. Of the 53 participants in the sample, six received long-term training of a year or longer, one received short-term training of four months, and 46 received short-term training of less than three months duration. The results of our testing in each procedural area follows.

- A.I.D. Handbook 10, Chapter 12, requires that a sponsored participant who will receive training of more than three months in an English speaking country demonstrate an acceptable level of English language proficiency prior to departure for training unless the participant will be accompanied by an interpreter. Seven of the 53 participants in the sample received training of more than three months. None of the seven

participants were accompanied in their training by an interpreter. However, the USAID Office's training files did not include documentation indicating that any of these seven participants had been administered the required English language test. Without this documentation, there is no evidence that the USAID Office assured that the English language requirement was met.

- A.I.D. Handbook 10, Chapter 13, requires missions to ensure that all A.I.D.-sponsored participants undergo the prescribed medical examinations and that a medical certification is on file prior to issuance of a visa. The audit found that only 24 of the 53 training files reviewed included all the medical information specified by Handbook 10. The training files for six participants did not include documentation indicating they had undergone medical examinations. The remaining 23 files did not include the medical clearance document (AID 1382-1) which should have been prepared by the training officer and reviewed by the A.I.D. Representative. As a result, in these cases the USAID Office had no documentation to show that the procedures for medical examinations and granting of medical clearances were followed.
- A.I.D. Handbook 10, Chapter 14, states that, "It is AID policy that AID-sponsored participants are admitted to the United States only under the AID J-1 visa. AID J-1 visas may be issued for periods not to exceed one year." While the USAID Office ensured that most of the selected participants obtained the required visas for entry to the United States, our audit tests found that the training files did not include a visa application in 6 of the 53 cases reviewed. Consequently, the USAID Office lacked documentation in the cited six cases that the visa procurement requirement was followed.
- A.I.D. Handbook 10, Chapter 6, states that, "A Biographical Data sheet... must be attached for each participant listed on the Face Sheet of the PIO/P." The audit found that biographical data sheets or similar information was included in 47 of the 53 selected training files. However, the training files for the other six participants did not provide such documentation. We believe that the information contained in these biographical data sheets or similar information is an important part of the selection process in applying the basic criteria for selecting candidates. Without it, the USAID Office has reduced assurance that its selection process is the most effective.
- A.I.D. Handbook 10, Chapter 18, requires A.I.D. missions and offices to obtain training agreements from long-term participants before entering training. Such training agreements notify participants of their responsibility to return to their home country and obtain work utilizing their training for an agreed-upon period. The USAID Office obtained

training agreements from the six long-term participants included in the audit sample and according to the training officer, all of the long-term trainees have returned to Brazil. However, our analysis of these training agreements showed that they did not include a requirement that the participants work for a specific period of time in positions where their received training would be useful as required by A.I.D. Handbook 10, Chapter 18. This situation occurred because the Mission was using an old form (AID 1380-3 dated June 1980) for its participant training agreements which did not contain this requirement. The currently used form (AID 1381-6 of July 1988) includes the time period requirement and should be used. As a result of the Mission not using the current version training agreement, its long-term training participants were not obligated to remain for any specific period in positions where their training could be effectively utilized.

- A.I.D. Handbook 10, Chapter 6, states that, "It is A.I.D. policy that all A.I.D.-sponsored participants, however managed and funded and wherever trained, must be documented by a Project Implementation Order/Participants (PIO/P)". The USAID Office complied with this policy for 51 of the 53 participants selected in the audit sample. For the other two participants, we could not find PIO/Ps in their training files. We believe that this could have been a filing error, however, the USAID Office needs to ensure that participant training files are well kept and include adequate supporting documentation.

In conclusion, the USAID Office needs to formalize its procedures to monitor the predeparture processing of participant trainees in order for it to improve its oversight of this process. We believe that the main reason for the above weaknesses was that the USAID Office's training officer assumed other nontraining responsibilities due to the small USAID Office staff and therefore did not have sufficient time to devote to the predeparture process. The USAID Office's recent hiring of a foreign national employee to solely administer its training program is a positive step towards correcting these procedural weaknesses. In addition, the USAID Office should obtain and use the current version of A.I.D.'s participant training agreement and establish written procedures to ensure that all A.I.D.'s requirements related to the predeparture processing of participant trainees are met and documented.

Management Comments and Our Evaluation

The USAID Office reported that it concurs with Recommendation Nos. 5.1 and 5.2. To implement Recommendation No. 5.1, it is adapting a USAID/Ecuador Mission Order to formalize the relevant training procedures for the USAID Office. Regarding Recommendation No. 5.2, the USAID Office reported that this weakness will be reported in its next

internal control assessment if it is not corrected. The USAID Office also expressed concern that the audit found that its files did not always contain required documents and stated that subsequent to the audit team's visit the USAID Office did its own review that indicated its files were almost complete after late 1990 when a part time training officer was hired.

RIG/A/San Jose considers Recommendation Nos. 5.1 and 5.2 to be resolved based upon the USAID Office's indicated actions to implement the recommendations. Recommendation Nos. 5.1 and 5.2 will be closed when RIG/A/San Jose receives acceptable documentation that Recommendation No. 5.1 has been fully implemented. Regarding the completeness of the participant training files, the files we reviewed were not complete at the time of the audit for the participants included in our sample.

Procedures To Follow Up On Returned Participants Need To Be Established

A.I.D. Handbook 10 requires participants to return to their home country and work in a field related to their training for a specified time period. The USAID Office had not established written procedures on follow-up of participants who had completed their training and it could not document that it continued its follow-up activities beyond confirming that participants returned to Brazil. Additionally, the contractor and grantee assisting the Mission in administering its participant training program did not maintain up-to-date data bases to track returned participants. As a result, the audit found no evidence that the USAID Office had determined the pattern of employment after training was completed and hence had obtained the information needed to evaluate the post-training aspects of its participant training program.

Recommendation No. 6: We recommend that the USAID Office:

- 6.1 establish and implement written follow-up procedures to ensure that returnees work for an agreed-upon time period in areas where their training is utilized;**
- 6.2 establish and maintain a centralized database such as the Participant Training Management System to track the employment activities of trainees who received training of three months or longer; and**
- 6.3 report this weakness in its next internal control assessment if it is not corrected.**

A.I.D. Handbook 10, Chapter 33 states that, "It is AID policy that upon completion of their planned training programs, AID-sponsored participants

are obligated to return to their home countries to apply their skills in development-related activities for which the training was authorized." It further states, "all feasible steps should be taken to ensure that AID-sponsored trainees return to work within their home countries and in positions where their training is utilized effectively." Chapter 33 also requires missions and offices to maintain an up-to-date central database on returnees to track the returnees' employment activities and identify those who do not work in positions which utilize their training. Additionally A.I.D. Handbook 10, Chapter 35 states that this data base will be maintained for a minimum of three years for returnees who received training of three months or longer.

Participant Training Notice 87-14 and A.I.D. Handbook 10, Chapter 18 require missions to include in training agreements terms and conditions which bind the host country to ensure that participants return at the end of training and are employed in positions which are related to their training for an agreed-upon period. The notice stipulates that the minimum length of service is normally not less than two years for each year of training.

The USAID Office had not established written procedures on follow-up of participant trainees as stated in A.I.D. policy. We determined that the USAID Office did confirm that participants returned to Brazil after completing training through the contractor and grantee who administered the USAID Office's participant training program. However, further follow-up activities were undocumented. The USAID Office training officer stated that he had frequent contacts with returnees, either through social gatherings or telephone calls. However, there was no documentation to substantiate his statement. Also, while both the participant training contractor and grantee stated that they maintained databases of names and addresses to follow up on returnees, they acknowledged that these databases were not up-to-date.

Since the Mission had not maintained documentation to determine whether long-term trainees were working in fields related to their training, we obtained the telephone numbers of the seven participants in our sample whose training was in excess of three months. We were not able to reach any of these participants primarily due to apparent invalid telephone numbers.

As a result of not establishing a documented follow-up system, there was no evidence that the USAID Office had determined the pattern of employment after training was completed and hence had obtained the information needed to evaluate the post-training aspects of its participant training program. To ensure the effectiveness of its training program, we believe the USAID Office should establish procedures to monitor and document the employment activities of returned participants.

Management Comments and Our Evaluation

The USAID Office concurred with Recommendation Nos. 6.1, 6.2 and 6.3. To implement Recommendation No. 6.1, it is adapting a USAID/Ecuador Mission Order to formalize the relevant training procedures for the USAID Office. Regarding Recommendation No. 6.2, the USAID Office has requested its training contractor to establish a Participant Training Management System to track the employment activities of all long term participants funded via the contractor since the initiation of its contract. Regarding Recommendation No. 6.3, it reported that this weakness will be reported on its next internal control assessment if it is not corrected.

RIG/A/San Jose considers Recommendation Nos. 6.1 and 6.3 to be resolved based upon the USAID Office's indicated actions to implement the recommendations. Recommendation No. 6.2 is closed based on the USAID Office's direction to its training contractor to establish and maintain the recommended data base. Recommendation Nos. 6.1 and 6.3 can be closed when the USAID Office submits documentation to RIG/A/San Jose showing implementation of Recommendation No. 6.1.

Procedures For The Annual Follow-Up Report Need To Be Established

Although required by A.I.D. procedures, the USAID Office has not submitted the annual Returned Participants Follow-up Activities Report to A.I.D./Washington's Office of International Training for the last three calendar years. The training officer had overlooked this requirement in administering his large workload. As a result, the Office of International Training may not have sufficient management information to evaluate the USAID Office's participant training program.

Recommendation No. 7: We recommend that the USAID Office:

- 7.1 prepare and submit to A.I.D.'s Office of International Training the Returned Participants Follow-up Activities Reports covering activities for Fiscal Years 1989 through 1991;**
- 7.2 establish written procedures to ensure that Returned Participants Follow-up Activities Reports are prepared and submitted to A.I.D.'s Office of International Training annually; and**
- 7.3 report this weakness in its next internal control assessment if it is not corrected.**

A.I.D. Handbook 10, Chapter 35 requires mission directors to assign an employee to serve as follow-up officer with responsibilities for general

follow-up activities and record keeping and approve the Returned Participants Follow-up Activities Report. This report is to be prepared and submitted annually under the direction of the follow-up officer based on current and historical records.

The USAID Office had not submitted a Returned Participants Follow-up Activities Report to A.I.D./Washington's Office of International Training since calendar year 1989 (covering training activities of Fiscal Year 1988). According to the training officer, he has been assigned a large workload with many priorities and had overlooked this requirement. We also note, as discussed previously, the USAID Office did not have an up-to-date database on returned participants and therefore did not have adequate records from which to prepare the report. As a result of not receiving this report, the Office of International Training may not have sufficient management information to properly evaluate the participant training program in Brazil.

We believe the USAID Office should establish procedures to ensure Returned Participants Follow-up Activities Reports are prepared annually and submitted to the Office of International Training.

Management Comments and Our Evaluation

The USAID Office concurred with Recommendation Nos. 7.1, 7.2 and 7.3. Regarding Recommendation No. 7.1, the USAID Office has requested its training officer to prepare Returned Participants Follow-up Activities Reports for Fiscal Years 1989-1991. Regarding Recommendation No. 7.2, the USAID Office reported that it is adapting a USAID/Ecuador Mission Order to formalize the relevant training procedures for the USAID Office. On Recommendation No. 7.3, the USAID Office responded that it will report this weakness in its next internal control assessment if it is not corrected.

RIG/A/San Jose considers Recommendation Nos. 7.1, 7.2 and 7.3 to be resolved based upon the USAID Office's indicated actions to implement the recommendations. The recommendations can be closed when RIG/A/San Jose receives documentation that the planned actions have been completed.

SCOPE AND METHODOLOGY

Scope

We audited selected systems of internal control at the USAID Office in accordance with generally accepted government auditing standards. We conducted our fieldwork from October 21, 1992 to November 3, 1992 at the USAID Office in Brasilia, Brazil and additionally received further information from A.I.D./Washington and U.S. implementing entities during March 1993. The audit entailed reviewing 8 of 20 USAID Office direct project agreements with U.S. organizations, 4 of 5 USAID Office buy-in agreements, and 19 subagreements for 3 of the 5 buy-ins to A.I.D./Washington project agreements. We did not review 19 additional central or regional projects which did not involve USAID Office buy-ins. Although it monitored these latter projects, technically they were not the USAID Office's responsibility. On a sample basis the audit also reviewed site visit reports, periodic progress and financial reports submitted by recipients, and participant training records.

As of September 30, 1992, the USAID Office's portfolio consisted of 25 direct and buy-in agreements valued at about \$26.8 million. Obligations and expenditures as of the same date were about \$15.5 and \$8.5 million, respectively. We did not specifically audit these amounts, rather our audit focused on the USAID Office's internal controls established for each of the three audit objectives reviewed. We also determined that no previous audit had been performed of the USAID Office's activities.

Methodology

In answering our audit objectives, we tested whether the USAID Office followed applicable internal control procedures and complied with certain provisions of laws and regulations. Our tests were sufficient to provide reasonable--but not absolute--assurance of detecting abuse or illegal acts that could significantly affect the audit objectives. The methodology of all audit objectives involved: (1) obtaining and reviewing all relevant criteria contained in Federal laws and regulations and A.I.D. Handbooks, (2) interviewing cognizant officials to determine their policies and procedures

for managing the areas under audit and comparing them to the criteria obtained, (3) determining the universe for the areas under audit and devising appropriate samples for testing, and (4) executing tests to include reviewing files and agreements and performing follow-up as deemed appropriate.

MANAGEMENT COMMENTS



Brasília, July 29 1993

**Mr. Lou Mundy, RIG/A/T
RIG/A/Tegucigalpa
Agency for International Development**

SUBJECT: AUDIT OF SELECTED SYSTEMS AT AID/BRAZIL

I. Introduction

AID/Brazil has carefully reviewed the draft "Audit of Selected Systems at the Office of the USAID Representative to Brazil". This memo will provide a) comments on the text that we hope will lead to corrections in what we believe to be factually incorrect and to modifications in tone in the final report; and b) AID/Brazil's reply to the draft recommendations. This memo has been prepared with the timely assistance of the USAID/La Paz Controller's Office which as of May 1, 1993 assumed from USAID/Lima regional support responsibilities for Brazil. In the coming weeks, I plan to use all available resources to expedite implementation of the actions indicated below in order to close all of the RIG's final audit recommendations.

This memo also includes my Audit Representation Letter. I am sure you will take our comments into full consideration in preparing the final audit report and will include this reply in full in that report.

My staff and I found the systems audit useful in helping us identify areas for management improvement. Your team of three auditors which reviewed AID/Brazil files for three weeks was professional and diligent. My staff of seven (at the time) and I attempted to be responsive to their requests during the audit period, but as you will see below, we believe some points in the draft audit text should be modified based on additional information provided below. All recommendations in the draft report were discussed with us by the audit team prior to their departure with the exception of Recommendation 8, to which we are suggesting a minor change.

I was disappointed in the tone of the draft report. During the debriefings with me and with the Embassy DCM, the audit team pointed out our deficiencies, but also had some very positive comments about several aspects of AID/Brazil systems management. For example, while our "informal" system of requiring cost-sharing contributions requires better documentation, AID/Brazil has negotiated cost-sharing

contributions from many grantees and sub-grantees that are well above the 25 percent required by A.I.D. and at times equals or surpasses AID's contribution. Unfortunately, the audit team's positive verbal comments are not reflected in the draft audit report.

II. General Comments

The A.I.D. program in Brazil has an unusual structure because it is not a traditional bilateral program, due to FAA legislative restrictions. The program is carried out through grants to or contracts with U.S. institutions, most of them U.S. PVOs. Several of these institutions make subgrants, in turn, to Brazilian Non-Government or private organizations. The AID program in Brazil has evolved gradually over the period covered by the audit from dealing only with Family Planning and Training to also include strategic objectives in AIDS Prevention, Global Climate Change, and a smaller program in Narcotics Awareness.

The A.I.D. office in Brazil has expanded from four employees in FY90 to ten employees today, including a second USDH. As pointed out in the draft audit, this expansion allows for better management control - for example, relieving the training officer of other project management responsibilities. While my predecessors and I did not in the past consider written Local Orders, or other procedural memoranda necessary for all elements of the AID operation in order to manage a small staff and program, over the past two years I have issued several such procedural memoranda adapted from USAID/Peru M.O.s. Based on the recommendations of this audit we will prepare additional Memoranda or Local Orders, which again will be adapted from M.O.s from larger USAIDs. We intend to complement these actions by requesting participation of my largely Brazilian staff in formal AID training courses and by asking the RCO and USAID/La Paz Controller staff to provide training during their TDYs to Brazil.

III. Comments on Text and Response to Draft Audit Recommendations

A. Audit Area #1

Did the USAID Office establish and follow a system in accordance with A.I.D. policies and procedures to ensure that: (a) quantitative indicators are developed to measure project achievements, (b) site visits are made and are documented by project officials, and (c) evaluations are planned and performed?

1. Audit Recommendations

Recommendation No. 1:

- 1.1 establish written policies and procedures for developing and incorporating quantitative indicators into its agreements;***
- 1.2 review its present portfolio to identify those agreements which have a substantial implementation period remaining and develop appropriate indicators to measure their achievements; and***
- 1.3 report this condition as a weakness in its next internal control assessment if it is not corrected.***

Recommendation No. 2

- 2.1 formally establish its monitoring and evaluation system by issuing a mission order meeting the requirements of the A.I.D. Evaluation Handbook; and***
- 2.2 report this weakness in its next internal control assessment if it is not corrected.***

2. Comments on Text

Quantitative Indicators: AID/Brazil is cognizant of the importance of quantitative indicators in measuring program and project performance. Our comments to the audit team were apparently misinterpreted. First, we indicated that both qualitative as well as quantitative indicators are important for measuring success. Knowing that an environmental policy is being implemented appropriately and without delay is as important as knowing that it exists. Second, since much of our program is funded via grants to PVOs, I asked the auditors to verify whether the Handbook requirements for OPGs and other grants to PVOs were similar to requirements for standard AID bilateral projects. For example, while a Logical Framework has been required as a standard part of a Project Paper for many years, it is not required for grant proposals from PVOs.

Evaluation System: The draft audit states (p. 11) that three evaluations were not performed on schedule. Of those three, as indicated in our FY94 Evaluation Plan, the evaluation for the Environmental Law Institute has always been scheduled for the 1st quarter of FY94 and therefore has not been delayed. Also, for your information, the University of Florida evaluation was carried out in January, 1993 and the World Wildlife Fund evaluation is being carried out in July, 1993. Given our small staff and heavy workload we have come to recognize that we were overambitious in our initial scheduling of project evaluations. However, we would rather be overambitious and modify our initial schedule than underplan for necessary evaluations.

Page 11 indicates that evaluations were required but not carried out for certain subagreements. We are unable to respond to this statement without a list of the subagreements cited. AID/Brazil normally places the primary responsibility for evaluation of sub-projects on the U.S. grantee and these evaluations are tailored to the size and complexity of the sub-projects (e.g. many Drugcom sub-projects are less than \$25,000). Nevertheless, AID/Brazil project officers do perform periodic assessments of the progress of sub-projects. For example, in addition to evaluations contained in the final reports of the AIDSCOM and AIDSTECH projects submitted by the primary grantees, the AID/B project officer visited each project and prepared his independent assessment of project results at the end of these projects.

3. Reply to Recommendations

Recommendation 1.1: AID/Brazil concurs in this recommendation and is developing the written procedures indicated. Based on this action, we request that this recommendation be considered as resolved upon issuance of the final report.

Recommendation 1.2: Quantitative indicators have been or are being established for the ongoing AID/Brazil portfolio as follows, in most cases as part of the AID/W's increasing focus on Strategic Objectives and indicators to measure Mission success in meeting these objectives.

Global Climate Change: A two-day evaluation workshop was held in January 1993 with the full participation of all GCC grantees. The GCC Strategic Objective was reviewed and modified slightly, indicators were agreed upon for the GCC program as a whole, and each grantee prepared a Logical Framework for its activities within the GCC program. Each grantee has been required to submit a final Logical Framework including quantitative indicators to AID/Brazil as part of its request for FY93 funding.

AIDSCAP: Family Health International (FHI) and AID/B have developed Strategic Objective indicators for this new program over the past 18 months. These indicators are incorporated in the AID/Brazil-AIDSCAP AIDS Strategy document and in more detail in the AIDSCAP Implementation Plan. A sub-grant for collecting baseline data and for ongoing program evaluation is being finalized with a qualified Brazilian institution (CEMICAMP).

Family Planning: Although our family planning program is all centrally funded from R&D/Population and not covered in this audit, we would like to inform the RIG that Strategic Objective indicators have been established for the 7-year strategy approved by AID/W in 1992. Baseline data in our two focus states of Ceara and Bahia is being collected by the Population Council and the R&D/Population Evaluation project will assist in Mission in program evaluation over the course of the strategy period.

Training: The FY93 SUNY Contract Amendment will continue our practice of including quantitative indicators for individuals trained through direct training and post-training follow-up activities. The FY93 Partners grant will include quantitative indicators for individuals trained through Partners-sponsored seminars and workshops.

Drugcom: AID/Brazil, Development Associates (the primary Contractor), and sub-grantee agencies have developed quantitative indicators for each Drugcom sub-agreement. Progress on these indicators is included in semi-annual reports from Development Associates.

Based on these actions which cover our ongoing portfolio, we request that recommendation 1.2 be closed upon issuance of the final audit report.

Recommendation 1.3: AID/Brazil concurs with the recommendation and will ensure that the corresponding weaknesses are thoroughly reviewed, tested as appropriate, and fully documented in our next ICA. If the weaknesses persist at that time, they will be reported accordingly. Based on this assurance, AID/Brazil requests that this recommendation be closed upon issuance of the final audit report.

Recommendation 2.1: AID/Brazil concurs with the recommendation and plans to finalize the requisite Local Order within 60 days. As such, we request that this recommendation be considered resolved upon issuance of the final report.

Recommendation 2.2 : Same as 1.3 above.

B. Audit Area #2: Cost Sharing

Did the USAID Office establish and follow a system to ensure that recipients made cost-sharing contributions in accordance with A.I.D. policies and procedures?

Recommendation No. 3

3.1 establish a system for requesting and monitoring cost-sharing contributions from grantees and subrecipients by preparing written guidelines which: (a) explain the policy for seeking these contributions for each of the project design situations in the USAID Office's portfolio, (b) require through the applicable agreements that grantees and subrecipients provide cost-sharing contributions consistent with the USAID Office's policy, (c) explain in applicable agreements the documentation grantees and subrecipients should maintain to support their contributions and specify reporting requirements, (d) specify USAID Office policy and procedure for monitoring and verifying contributions through site visits, evaluations, and audits, including actions to be taken if an entity fails to provide its agreed-upon contributions as scheduled, and (e) assign responsibility within the USAID Office

for implementing its policies and procedures and for maintaining documentation evidencing its monitoring; and

3.2 report this weakness in its next internal control assessment if it is not corrected.

2. Comments on text

Although, as indicated below, AID/Brazil concurs in this recommendation we believe the text could be more balanced. First, the text should clearly indicate that Policy Determination No. 16 ("Programming Financing Arrangements with Independent Organizations", dated Oct. 9, 1987) does not mandate that A.I.D. managers require Recipient Grantees to provide 25 percent counterpart contributions in all cases. Also, AID Office has been very aggressive in insisting upon significant cost-sharing from grantees and sub-grantees as part of grant negotiations. For example, the World Wildlife Fund has agreed to match the AID grant 100 percent from funds they raise through mailings and citizen support. The SUNY cost-sharing contribution is 33 percent, well over the 25 percent required.

In addition AID/Brazil has insisted upon significant cost-sharing from sub-grantees, even when cost-sharing was not required under the terms of the grant to the U.S. implementing entity. For example, under the Drugcom sub-grants to PROAD and the Federal University of Ceara, the local institutions covered 45 percent of sub-project costs. Under the AIDSTECH sub-project with FIESP, FIESP provided 76 percent of sub-project costs. We could site numerous other examples which demonstrate our "informal" policy of requiring heavier cost-sharing than required by AID regulations.

We do concur, however, that AID/Brazil staff have not been able to verify and document, through visits to grantees home offices, actual as opposed to promised contributions.

Finally, the statement of page 19 that writing "NA" in a Semiannual Report indicated "that the USAID office had lost track of the information" is unnecessarily negative. Although this refers to older agreements before my arrival in Brazil, NA is often used in Semiannual Reports when the information has not been made available by the grantee in time for the report's issuance.

3. Reply to Recommendations:

Recommendation 3.1: USAID/Brazil concurs with this recommendation, and proposes to comply by issuing a comprehensive local order, and by providing all grantees with specific policy and reporting instructions by letter. The mission will place the onus for reporting grantee and sub-grantee cost-sharing contributions with the primary

grantees, and will verify contributions attributed to Brazilian institutions, on a sample basis, as provided in the proposed mission order. However, we believe it important to clarify that USAID/Brazil is not in a position to verify counterpart contributions which are being provided and accounted for by U.S.-based NGOs. In order to do so, Mission staff would be required to travel to the United States and review supporting documentation. Consistent with existing policy, the Mission believes audit coverage under the A-133 program, which establishes a U.S. institution's capability to adequately manage and account for project resources and meet the terms and conditions of applicable agreements, to be the proper means of ensuring adequate source documentation is in place. The Mission will, however, track and review U.S. NGO reporting from grantees, and request supporting documentation for any questionable items.

Attachment A provides a draft of the letter we propose sending to all grantees in order to explain cost-sharing policy, as well as reporting and supporting documentation requirements. The Mission believes this letter will satisfactorily address parts (a) and (c) of Recommendation No. 3. Forwarding this letter to all new grantees would also be a requirement under a new Local Order.

Attachment B provides a draft local order which will establish procedures for ensuring grantees comply with cost-sharing requirements for themselves and their subgrantees, that they maintain supporting documentation and report to USAID/Brazil, while providing for periodic documented verification of contributions being reported for Brazilian-based institutions. In addition, the local order establishes responsibility for implementing relevant policy. The Mission believes this Local Order addresses parts (b), (c), (d), and (e) of Recommendation No. 3.1.

Based on RIG/A/T review and acceptance of the draft letter and local order, USAID/Bolivia requests that all parts of Recommendation No. 3.1 be considered resolved upon issuance of the final report. Closure will be requested upon issuance of the proposed letters and local order in final.

Recommendation 3.2: Same as 1.3 above

C. Audit Area #3 Participant Training

1. Audit Question

Did the USAID Office establish and follow a system in accordance with A.I.D. policies and procedures to (a) plan participant training, (b) select participants, (c) ensure predeparture processing of participants, and (d) ensure that participants return to Brazil and utilize their training?

2. Audit Recommendations

Recommendation No. 4

- 4.1 establish written procedures to: (1) provide guidance in the establishment of final selections committees, (2) specify the criteria to be used in the final selection of candidates for participant training, and (3) require that minutes of the meetings be prepared and maintained which document the final selection process; and***
- 4.2 report this weakness in its next internal control assessment if it is not corrected.***

Recommendation No. 5

- 5.1 establish written procedures to ensure that documentation is obtained and maintained in the participant training files for such predeparture requirements as (a) English language testing, (b) medical examinations and medical clearances, (c) visa applications, (d) biographical information, (e) agreements (currently A.I.D. form 1381-6) which commit long-term participant trainees to work in Brazil for specified period of time in positions where their training would be useful, and (f) Project Implementation Order/Participants;***
- 5.2 report this weakness in its next internal control assessment if it is not corrected.***

Recommendation No. 6

- 6.1 establish and implement written follow-up procedures to ensure that returnees work for an agreed-upon time period in areas where their training is utilized;***
- 6.2 establish and maintain a centralized database such as the Participant Training Management System to track the employment activities of trainees who received training of three months or longer; and***
- 6.3 report this weakness in its next internal control assessment if it is not corrected.***

Recommendation No 7

- 7.1 prepare and submit to A.I.D.'s Office of International Training the Returned Participants Follow-up Activities Reports covering activities for Fiscal Year 1989 through 1991;***
- 7.2 establish written procedures to ensure that Returned participants Follow-up Activities Reports are prepared and submitted to A.I.D.'s Office of International Training annually; and***

7.3 report this weakness in its next internal control assessment if it is not corrected.

3. Comments on text:

Although as noted below AID/Brazil concurs in the above recommendations, we have the following comments on the text.

Because the AID/Brazil program is not a bilateral program, much of the general AID Handbook guidance regarding host government participation in participant selection is not appropriate. Unlike many AID training programs which use broad country-wide recruitment strategies, AID/Brazil uses its two training programs (SUNY and Partners) to complement and support our central portfolio in order to increase our impact with limited resources,. All AID/Brazil participant training is funneled through these two training programs rather than dispersed among AIDSCAP, DRUGCOM, GCC grantees, etc. SUNY, our major training contractor, has conducted assessments of the training needs of our major collaborators in the Environment, AIDS and Narcotics Awareness sectors, in close collaboration with our U.S. grantees working in these sectors. Priority is given to training for individuals working for or with program sub-grantee organizations. Selection is based on recommendations from the U.S. grantees, SUNY and AID/Brazil project officers. This interactive process normally ensures that our selection committees are very familiar with the training candidates prior to final selection. In a large proportion of cases, the participant will return to work with one of our sub-grantees.

A second unusual feature of the AID/Brazil training program is its strong emphasis on group training (5-12 participants), which normally includes several pre-departure meetings and briefings to:

- discuss training objectives and training agenda;**
- elicit suggestions from the group regarding content of the training being planned;**
- initiate group thinking about post-training follow-up activities.**

Contact with these groups normally continues once the short-term training is completed in order to aid the groups in carrying out the follow-up activities they agree upon at the end of their training. In many cases, such as the "Ceara Group" and the "Paulista Group" trained in Narcotics Awareness, AID/Brazil has continued to work with the training groups for several years. In other cases such as training for 12 environmental lawyers, the group formed itself into a new Brazilian NGO, which we have supported via GCC Environmental Law Institute activities.

Because of the programmatic nature of our follow-up, documentation on continuing contacts with these groups is more often found in DRUGCOM, AIDSCAP and GCC files rather than in the Training Office files.

We are concerned that the audit found that AID/Brazil files did not always contain required documents. Subsequent to the audit team's visit, our review of the files indicates that the files are almost all complete after late 1990 when a (part-time) training officer was hired and received training from a TDYer from the AID/W Office of International Training. The only exceptions are for candidates whose files are incomplete because they dropped out of training programs before departure. Unfortunately the files did not always include documentation that their training preparations were not being completed. SUNY, which began work in Brazil in August 1991, states that their pre-departure documentation is complete for all SUNY-funded participants. All participants for longer than four months have been administered TOEFL tests by SUNY, with the scores submitted to AID/Brazil.

There are a few cases where visa files are incomplete because the participant traveled to the U.S. on professional business prior to the start of their training program and obtained their J-1 Visa in the U.S.; however we agree that this anomaly should have been documented in the individual's file.

4. Reply to Recommendations:

Recommendations 4.1, 5.1, 6.1 and 7.2: AID/Brazil concurs in these recommendations and is adapting a USAID/Ecuador Mission Order to formalize the relevant training procedures for AID/Brazil.

Recommendation 6.2: AID/Brazil concurs in this recommendation. All AID/Brazil funded training three months or longer is implemented via the SUNY contract. Under our present training plan we anticipate sending only 2-3 participants annually for training three months or longer. Nine participants have received training of this duration since the SUNY contract began in FY91. As indicated in Attachment C I have requested SUNY to establish a Participant Training Management System to track the employment activities of all participants funded via SUNY since the initiation of their contract. Based on this action, I request that this recommendation be considered closed in the final audit report.

Recommendations 4.2, 5.2, 6.3 and 7.3: AID/Brazil concurs with these recommendations, and will ensure that the corresponding weaknesses are thoroughly reviewed, tested as appropriate, and fully documented in our next ICA. If the weaknesses persist at that time, they will be reported accordingly. Based on this assurance, USAID/Brazil requests that these ICA related recommendations be closed upon issuance of the final audit report.

Recommendation 7.1: AID/Brazil concurs with this recommendation. Per Attachment D, I have asked the AID/Brazil training officer, in collaboration with Partners and Suny to prepare Returned Participants Follow-up Activities Reports for FYs 1989-1991. Copies of these reports will be provided to the RIG. Based on these actions, I request that this recommendation be considered closed in the final audit report.

D. Audit Area #4: Financial Auditing

[We have deleted pages 11-13 of the Mission's comments to the draft report as they correspond to a fourth audit area that was not included in the final audit report.]

E. Miscellaneous Comments on Text

- 1. A corrected Appendix iii is found in Attachment G. Many of the organizations identified in the draft audit as sub-grantees have collaborated with a grantee on a particular activity but are not formally sub-grantees.**
- 2. A fourth FAA exception, Section 542, which allows for unrestricted assistance for AIDS prevention activities, should be included in the discussion on page 1.**

A handwritten signature in black ink that reads "John Pielemeier". The signature is written in a cursive, flowing style.

**John Pielemeier
AID Representative/Brazil**



Brasília, July 29, 1993

**Mr. Lou Mundy
RIG/A/Tegucigalpa
Agency for International Development**

Dear Mr. Mundy,

In connection with your audit of Selected Systems at the Office of the USAID Representative to Brazil covering procedures in place from September 30, 1988 to September 30, 1992, I confirm, to the best of my knowledge and belief, the following representations related to the period that I have served as A.I.D. Representative to Brazil (August 15, 1991 to present).

- 1. For the four objectives covered by the audit (site visits, quantitative indicators, and evaluations; cost sharing contributions; the participant training program; and financial auditing of grants) the USAID Office/Brazil, with the assistance of the Controller's Office of USAID/Peru and other regional staff, has overall responsibility for:**
 - the internal control systems;**
 - compliance with applicable laws, regulations and legally binding requirements; and**
 - the fairness and accuracy of the accounting and financial management information.**
- 2. To the best of my knowledge and belief, the USAID Office/Brazil has made available to RIG/A/T auditors all of the financial and management information related to the four objectives covered by the audit available at the USAID Office/Brazil.**
- 3. Although I have not personally read all of the files and records reviewed by the audit team, to the best of my knowledge and belief, those records are accurate and give a fair representation as to the status of the matters under audit.**
- 4. To the best of my knowledge and belief, the USAID Office/ Brazil has disclosed any known material irregularities (as defined in GAO/OP-4.1:2) related to the systems reviewed during the audit which we consider substantive involving either USAID Office/Brazil employees with internal control responsibilities or the recipients of USAID Office/Brazil grants or agreements.**

5. To the best of my knowledge and belief, the USAID Office/ Brazil is not aware of any material instances where financial or management information on matters directly relating to the systems reviewed during this audit have not been properly and accurately recorded and reported, other than as noted by the findings in the draft audit report.
6. To the best of my knowledge and belief, I believe that for the audited activities, USAID/Brazil is not aware of instances of non-compliance with binding A.I.D. policies and procedures required by law, nor of violations of laws or regulations, subject only to the qualifications reported in your draft audit report, and Management Comments thereto.
7. After review of your draft report and further consultation with my staff, I know of no other facts as of the date of this letter (other than those expressed in our Management Comments to the draft report) which, to the best of my knowledge and belief, would materially alter the conclusions reached in the draft report.



John Pielemeier
USAID Representative

**Projects Designed by the USAID Office
As of September 30, 1992
(Unaudited) ¹**

Project Number	Project Name	Agreement Number	Effective Date	Completion Date	Authorized Amount	Implementing Entity	Subgrantees
598-0784	Global Climate Change and Amazon Deforestation	512-0784-G-00-0042	8/90	9/93	425,000	World Wildlife Fund	IEA, CNS, FVA, and IMAZON
		512-0784-G-00-1043	9/91	9/95	2,867,700		
598-0784	Global Climate Change: USDA/Forest Service Forest Management and Research	512-0784-P-AG-1044	8/91	12/93	567,000	USDA/Forest Service	IBAMA
598-0784	Global Climate Change: University of Florida	512-0784-G-00-0040	8/90	9/93	1,263,640	University of Florida	PRISACRE
598-0784	Global Climate Change: Environmental Law Institute	512-0784-G-00-1046	8/91	3/93	356,276	Environmental Law Institute	Brazilian Environmental Law and Policy Institute
512-0784	Global Climate Change: Brazil Activities	512-0784-P-EP-1045	8/91	3/93	50,000	Environmental Protection Agency	IBAMA
598-0784	Global Climate Change: Marketing and Processing of Non-Timber Forest Products	512-0784-G-00-2045	8/92	9/93	265,000	Cultural Survival Enterprises	none
598-0660	MDC Training/Brazil	512-0660-C-00-0050	7/90	3/97	2,250,000	State University of New York	none
598-0640	LAC II Training	'	2/85	9/92	2,017,000	National Association of the Partners of the Americas (NAPA)	none
598-0616	Intercountry Technology Transfer	'	9/85	9/93	3,038,230	National Association of the Partners of the Americas (NAPA)	none

¹ We compiled this information from various sources including USAID Office action plans, Semiannual Project Implementation Status Reports, Project Implementation Orders, and, where available, the agreements themselves.

² There are five agreements under this project: (1) 598-0640-G-SS-50690 (FY85), (2) 598-0640-G-SS-6001 (FY86), (3) 598-0640-G-SS-7001 (FY87), (4) 598-0640-G-SS-8003 (FY88), (5) 598-0640-G-SS-9001 (FY89).

³ There are seven agreements under this project: (1) 598-0616-G-00-6002 (FY86), (2) 598-0616-G-SS-7002 (FY87), (3) 598-0616-G-SS-8002 (FY88), (4) 598-0616-G-SS-9003 (FY89), (5) 598-0616-G-00-0041 (FY90), (6) 598-0616-G-00-1051 (FY91), (7) 598-0616-G-00-2042 (FY92).

**USAID Office Buy-Ins to A.I.D./Washington
Designed Projects
As of September 30, 1992
(Unaudited) ¹**

Project Number	Project Name	Agreement Number	Effective Date	Completion Date	Authorized Amount	Implementing Entity	Subgrantees
598-0784	Global Climate Change: Gender Issues Related to Preservation and Sustainability of Natural Resources in Brazil	PDC-0100-Z-00-9044	6/91	3/93	744,691	The Futures Group	CNS, CEPASP, FVA, PESACRE, REBRAP
598-0616	AIDS Technical Project (AIDSTECH)	DPE-5972-A-00-7057	8/88	9/92	770,000	Family Health International	IMPACT, CCII, DKT, BEMFAM, Cultural Concepts
598-0616	AIDS Communication Project (AIDSCOM)	DPE-5972-Z-00-7070	8/88	9/92	673,000	Academy for Educational Development	BEMFAM, FIESP/SESI
(936-5972)	AIDS Control and Prevention Project (AIDSCAP)	²	3/91	9/97	11,040,000	Family Health International	none
598-0616 (936-5834)	Narcotics Awareness and Education Project (DRUGCOM)	DPE-5834-Z-00-0008	6/89	9/95	500,000	Development Associates	PROAD, Fundacao Victor Civita, Comunicarte, Pastoral do Menor, Fund Desenvolvimento Educacional, FUSSESP, IMESC, FCCD, GREA, CEP, Sec. de Saude/ Coara, Federal University of Coara, Secretariat of Education/ Sao Paulo, Desafio Jovem de Coara

¹ We compiled this information from various sources including USAID Office action plans, Semiannual Project Implementation Status Reports, Project Implementation Orders, and, where available, the agreements themselves.

² The USAID Office did not have the agreement for this project and apparently no subagreements with the Brazilian entities had yet been reached.

APPENDIX V

Central or Regional Projects
Which Did Not Involve a USAID Office Buy-In
As of September 30, 1992
(Unaudited) ¹

Project Number	Project Name	Agreement Number	Effective Date	Completion Date	Authorized Amount	Implementing Entity	Subgrantees
936-5554	Global Climate Change: Model Forest/ Agroforestry Management and Forest Policy	BSP-PDC-902 B&J (DHR-5554-A-00-8044)	FY91	Not specified	\$ 537,046	World Wildlife Fund	IMAZON, CEPASP
936-5554	Global Climate Change: Enhanced Outreach and Training for the Biological Dynamics of Forest Fragments Project.	BSP-PDC-902 C&H (DHR-5554-A-00-8044)	FY91	Not Specified	150,366	Smithsonian Institution	ALFA, INPA
936-5554	Global Climate Change: Restoration of Agricultural Productivity on Degraded Amazonian Lands	BSP-PDC-902 D&I (DHR-5554-A-00-8044)	FY90	Not Specified	399,692	Woods Hole Research Center	EMBRAPA/CPATU
936-3043	Expansion and Improvement of Family Planning Services in Latin America and the Caribbean	DPE-3043-G-SS-7062	FY86	8/92 ^a	4,300,000 (Est)	IPPF/WHR	BEMFAM
936-3042	Family Planning Services: The Pathfinder Fund	DPE-3042-A-00-5045	FY86	9/92	2,500,000 (Est)	Pathfinder Fund	FERRASGO, CFADMC, BEMFAM, ABEPP, CEPARH, SAMEAC
936-3046	Association for Voluntary Surgical Contraception	"	8/88	8/93	66,000 ^a	AVSC	PRO-PATER
936-3056	Promoting Financial Investments and Transfer	"	9/91	9/96	212,000 ^a	Deloitte and Touche	none
936-3031	Development Associates	"	9/89	9/94	229,000 ^a	Development Associates	CAEMI
936-3041	Family Health International	"	9/90	8/95	82,000 ^a	Family Health International	PRO-PATER, Fed. Univ. of Parana, BEMFAM
936-3051	Contraceptive Social Marketing	"	9/88	9/93	601,000 ^a	The Futures Group	O SEGUNDO BRASIL
936-3061	Natural Family Planning	"	8/91	8/96	124,000 ^a	Georgetown/IFFLP	CENPLAPAM
936-3045	JHPIEGO (Training in Reproductive Health)	"	5/87	4/94	560,000 ^a	JHPIEGO and FHI	BEMFAM, SAMEAC
936-3052	Population Communication Services	"	7/90	7/95	10,000 ^a	PCS	none
936-3052	Population Information Program	"	"	12/92	54,000 ^a	PIP	none

Project Number	Project Name	Agreement Number	Effective Date	Completion Date	Authorized Amount	Implementing Entity	Subgrantees
936-3023	Macro International/DHS II	"	8/88	8/93	\$344,000 ¹	DHS	BEMFAM
936-3030	The Population Council-Operations Research	"	8/88	9/96	133,000 ²	The Population Council-Operations Research	CEM/CAMP, IMIP, PROMEDICA
936-3038	FP Logistics Management-III	"	9/90	9/95	7,000 ³	PH	none
936-3051	OPTIONS II	"	"	"	"	The Futures Group	BEMFAM
"	AIFLD	"	"	"	"	AIFLD	"

¹ We compiled this information from various sources including USAID Office action plans, Semiannual Project Implementation Status Reports, Project Implementation Orders, and, where available, the agreements themselves.

² A cooperative agreement continuing this project was signed in September 1992.

³ These family planning activities were identified by A.I.D./Washington. However the information sent by A.I.D./Washington did not include the applicable agreement number for the Brazil activities.

⁴ This is only the Fiscal Year 1992 portion of overall funding for this activity.

⁵ This family planning activity was reflected in the USAID Office's listing of grant activities. The listing did not include this information and we did not subsequently request it from the USAID Office.

⁶ AIFLD activities in Brazil were reflected in the USAID Office's action plan as receiving about \$400,000 annually. We requested A.I.D./Washington to provide further information on AIFLD's Brazil activities, but it was not provided.

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