



OFFICE OF INSPECTOR GENERAL

AUDIT OF SELECTED USAID/UGANDA'S P.L. 480 TITLE II PROGRAM ACTIVITIES

AUDIT REPORT NO. 4-617-11-001-P
NOVEMBER 10, 2010

PRETORIA, SOUTH AFRICA



Office of Inspector General

November 10, 2010

MEMORANDUM

TO: USAID/Uganda Mission Director, David Eckerson
USAID/Democracy, Conflict and Humanitarian Assistance/Office of Food for
Peace Director, Brooke Isham

FROM: Acting Regional Inspector General/Pretoria, Robert W. Mason /s/

SUBJECT: Audit of Selected USAID/Uganda's P.L. 480 Title II Program Activities
(Report No. 4-617-11-001-P)

This memorandum transmits our report on the subject audit for your review and comment. The report includes 11 recommendations to strengthen USAID/Uganda's P.L. 480 Title II program. In finalizing the report, we carefully considered your comments on the draft report and have included those comments (without attachments) in appendix II.

Based on management's comments and the supporting documentation provided, we consider that management decisions have been reached on Recommendations 1 through 10, with final action taken on Recommendations 3, 5, 6, 8, and 9. Recommendations 3, 5, 6, 8, and 9 are thus closed upon report issuance. Please provide the Audit Performance and Compliance Division in the USAID Office of the Chief Financial Officer (M/CFO/APC) with the necessary documentation to achieve final action on Recommendations 1, 2, 4, 7, and 10.

Recommendation 11 remains without a management decision. For this recommendation, management's comments do not address how the branding strategy for the P.L. 480 Title II nonemergency food aid program in Uganda will be revised to focus more on direct communication with project beneficiaries. Please provide us written notice within 30 days of any actions planned or taken to address Recommendation 11.

I want to express my sincere appreciation for the cooperation and courtesy extended to my staff during the audit.

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SUMMARY OF RESULTS

The Food for Peace Act (Agricultural Trade Development and Assistance Act of 1954), also known as Public Law 480 (P.L. 480), is the U.S. Government's principal mechanism of implementing its international food assistance initiatives. Under Title II of the P.L. 480 program—managed by USAID's Office of Food for Peace—the U.S. Government donates agricultural commodities to support emergency and nonemergency food assistance programs.

Since fiscal year 2006, total Food for Peace contributions to USAID/Uganda were valued at \$237 million, with approximately \$116 million (49 percent) allocated for nonemergency food aid program activities. Of the 319,320 metric tons of food received by the USAID/Uganda Food for Peace program, 108,500 metric tons (34 percent) have been allocated for nonemergency food aid program activities.

USAID/Uganda's P.L. 480 Title II nonemergency food aid program was designed with the goal of expanding sustainable economic opportunities for improved livelihoods. The mission's direct food aid distribution program mitigates food insecurity by supporting the following types of development projects that promote household nutrition and increase agricultural production:

- **Food-for-work:** Pays workers with food commodities to improve market accessibility, increase crop production, and enhance community linkages.
- **Direct distribution to vulnerable populations:** Distributes commodities to vulnerable groups such as pregnant or lactating women and malnourished children under age 5 to improve their nutrition and health.
- **Direct distribution to HIV/AIDS patients:** Distributes commodities to people living with human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS).
- **Agricultural activities:** Disseminates seeds, tools, and agricultural techniques to improve food production.

To achieve these goals, USAID/Uganda entered into 5-year Multi-Year Assistance Programs with two cooperating sponsors. These programs operate in areas of northern Uganda formerly affected by conflict and target food-insecure populations, particularly internally displaced persons. These programs are designed to strengthen basic agricultural practices, reduce food insecurity, improve utilization of food to rapidly improve health and nutrition, and increase rural household incomes in the post-conflict setting.

ACDI-VOCA¹ has a \$76 million cooperative agreement, established in 2006, to reduce food insecurity among vulnerable populations through improved production and utilization of food in Uganda by 2011. The program includes two major objectives:

¹ ACDI/VOCA is responsible for the Title II monetization projects; it carries out a direct distribution program and has 18 nongovernmental organizations as subgrantees carrying out its development activities.

- By 2011, reduce food insecurity among 170,600 farmers in northern Uganda and increase their nutritional status through better production and use of food.²
- By 2011, provide food supplements to 42,000 people living with HIV/AIDS and their families to help improve their nutritional status and ability to tolerate antiretroviral treatments.

Mercy Corps has a \$39.5 million cooperative agreement, established in 2008, to create peaceful, healthy, and food-secure communities for war-affected people in northern Uganda by 2013. The program includes three major objectives:

- By 2013, improve access to food by increasing food production of smallholder farmers and vulnerable women.
- By 2013, improve health and nutrition by improving the quality of care for beneficiaries and promoting healthy behaviors and optimal dietary practices.
- By 2013, increase the availability of safe water resources and sanitation facilities, and promote the adoption of hygienic practices.

Both cooperating sponsors worked with local governments and communities to increase resiliency at the community level, with programs aimed at developing each community's capacity to direct its own development and relief activities in order to achieve these objectives.

The objective of this audit was to determine if selected USAID/Uganda's Title II nonemergency food aid assistance activities were achieving their main goals of decreasing food insecurity and increasing resiliency. Resiliency refers to the capacity of a community potentially exposed to hazards to adapt, by resisting or changing in order to reach and maintain an acceptable level of functioning and structure. This is determined by the degree to which the community is capable of organizing itself to increase its capacity for learning from past disasters for better future protection and to improve risk reduction measures.

This audit determined that USAID/Uganda's implementation of the P.L. 480 Title II nonemergency assistance has generally resulted in the delivery of food commodities to intended beneficiaries, including HIV/AIDS-affected households, vulnerable populations,³ and individuals participating in food-for-work projects. People affected by HIV/AIDS, for example, described how the receipt of USAID commodities helped improve their health. Food-for-work beneficiaries said that the food-for-work projects resulted in improved farming techniques that increased crop yields and eased access to markets. Thus, this audit concludes that USAID/Uganda's food security activities have made some progress in achieving their main goals of reducing food insecurity and increasing resiliency in vulnerable communities.

However, it was not possible to quantify the overall impact of the program because of a lack of quantitative data and problems with data quality, which prevented the auditors from fully evaluating the program. Specifically, it was difficult to quantify the overall impact of the P.L. 480 program because:

² The number of farmers was reduced from 170,600 to 139,000 during the latest program restructuring in 2010.

³ Vulnerable populations include pregnant or lactating women and malnourished children.

- USAID/Uganda’s cooperating sponsors primarily collect and report on operational results, with less of an emphasis on impact.
- Nine of 11 performance indicators used to reflect the results from the program are baseline indicators, which are measured only at the beginning, midpoint, and the end of the program.
- USAID/Uganda did not take steps to ascertain the quality of cooperating sponsors’ performance data, meaning that the reliability of performance data is unknown (page 4).

In addition, the audit identified several areas within USAID/Uganda’s management of the P.L. 480 Title II nonemergency direct food aid distribution program that need to be improved. Specifically:

- Storage conditions for food commodities need improvement (page 6).
- Adequate controls over food distribution were not fully implemented (page 10).
- Some food aid recipients were outside targeted population (page 11).
- USAID branding practices need to be improved (page 12).

To assist USAID/Uganda in strengthening its management of the P.L. 480 Title II nonemergency direct food aid distribution program, the report recommends that—

- USAID/Uganda, in conjunction with the Food for Peace Office in Washington, DC, create a document that formally outlines the responsibilities and authorities of the USAID/Uganda Food for Peace project managers (page 5), establish written procedures to ensure that site visits provide for data quality testing and adequate documentation of the test results (page 5), correct the problems identified in the August 2009 data quality assessment of its program (page 6), conduct a followup data quality assessment of its program (page 6), and conduct training on data quality assessment to the implementing partner and subpartner and to define how data should be collected for its program (page 6).
- USAID/Uganda, in conjunction with its cooperating sponsor, develop a plan of action with a timetable to improve the warehouse inspection process, to raise awareness of storage guidelines, and to ensure that commodities are regularly inspected and fumigated, as needed (page 9); and require its cooperating sponsors to develop policies and procedures for the storage, handling, and inspection of commodities and warehouses (page 9).
- USAID/Uganda direct the cooperating sponsor to develop, implement, and monitor a document retention list (page 10), ensure that cooperating sponsors develop and implement written procedures for food distribution, including use of a complete beneficiary database (page 11), and revise existing agreements (page 12).
- The USAID Office of Food for Peace revise its branding strategy for the P.L. 480 Title II nonemergency food aid program in Uganda to focus on direct communication with project beneficiaries (page 13).

Appendix I contains a discussion of the audit’s scope and methodology.

AUDIT FINDINGS

The Reliability of Performance Data Is Unknown

Reported Results Were Not Verified. USAID's Automated Directives System (ADS) states that monitoring the quality and timeliness of outputs produced by implementing partners is a major task of an agreement officer's technical representative (AOTR) and assistance objective teams. It specifies that problems in output quality provide an early warning that results may not be achieved as planned and that early action in response to problems is essential in managing for results.⁴

To assess the quality of partner data, USAID's *Performance Management Toolkit* (Toolkit) recommends periodically sampling and reviewing partner data to ensure completeness, accuracy, and consistency and determine whether the partner appropriately addressed known data quality problems.⁵ The Toolkit also recommends developing a simple site visit guide, covering all topics of interest, to be used systematically by teams visiting all sites.

However, the audit determined that even though Food for Peace officials were conducting site visits, they did not verify the quality of reported performance data during those visits. This occurred for several reasons:

- **Undefined delegation of duties.** One of an agreement officer's technical representative's responsibilities is to ensure that reported data are correct. However, the USAID/Uganda Food for Peace program agreement officer's technical representative is located in Washington, DC, and as of April 2010 had not visited any program activities. When asked how he ensures the reliability of the reported data, he replied that it is the responsibility of mission Food for Peace staff to validate and certify that the reported data are accurate. However, according to mission staff, they do not have written responsibilities regarding management of the program. Consequently, verification of data is hindered because the cooperating sponsors do not cooperate with mission staff, and as a result the mission Food for Peace staff cannot attest to the validity of the data.
- **Lack of training and standardized guidance.** According to mission officials, the failure to verify and validate data also resulted from a lack of training for mission staff during the Food for Peace nonemergency program's rapid expansion. Mission officials stated that it was their understanding that site visits should focus exclusively on activity implementation and the examination of quality of services provided. Additionally, although the USAID/Uganda mission order covering monitoring and evaluation requires the preparation of technical

⁴ ADS 202.3.6

⁵ This document is listed on USAID's Web site as a reference for its ADS Series 200 – Program Policy. Refer to Part II, Task 4, for additional guidance on collecting baseline data and verifying data quality.

officer site-visit reports, it does not include a standard site visit report.⁶ Although an additional mission order specifically addressing site visits does include a format for such reports, it does not contain specific requirements for data quality testing.⁷

- **Undue reliance on cooperating sponsors and a contractor.** According to mission staff, they relied on the cooperating sponsors and a mission contractor⁸ to ensure that submitted data were correct and accurate. However, the audit noted that cooperating sponsors were not conducting data verification, and the contractor stated that they were only responsible for supporting cooperating sponsors in collecting and reporting, but not verifying, performance data.

As a result, mission staff certified reported data without ensuring that they were correct. Having accurate and reliable data is a key element in making well-reasoned management decisions. Without knowing the strengths and weaknesses of reported data, USAID officials cannot adequately determine the extent to which such data can be trusted in making those decisions. Consequently, this audit makes the following recommendations to assist USAID/Uganda in assessing the integrity of its performance data:

***Recommendation 1.** We recommend that USAID/Uganda, in conjunction with the Office of Food for Peace in Washington, DC, create a document that formally outlines the responsibilities and authorities of the USAID/Uganda Food for Peace project managers.*

***Recommendation 2.** We recommend that USAID/Uganda establish written procedures to ensure that site visits provide for data quality testing and adequate documentation of the test results and provide training to mission staff on those procedures.*

Data Quality Assessment Recommendations Were Not Fully Implemented. According to USAID's ADS 203.3.5.1, high-quality data are valid, have integrity, are precise, are reliable, and are timely. USAID uses data quality assessments to determine whether program data meet these standards and to determine the extent to which the data can be trusted as a basis for management decisions.

To its credit, USAID/Uganda performed a data quality assessment of its P.L. 480 nonemergency food aid program in 2009. This assessment noted significant problems with two of the five key performance indicators reported on by one of the cooperating sponsors reviewed in this audit.⁹ Examples of these problems include the need for a

⁶ Mission Order No. MO200-2, "Performance Monitoring and Evaluation," dated May 30, 2008.

⁷ Mission Order No. MO200-6B, "Activity Site Visit Report" dated October 17, 2007.

⁸ The mission entered into a \$7.5 million agreement with The Mitchell Group Inc. in May 2008 to implement USAID/Uganda Monitoring and Evaluation Management Services II. The contract's main purpose is to design and implement a comprehensive performance management, monitoring, and reporting program, including evaluation services, in accordance with the detailed statement of work, to support the USAID/Uganda Strategic Objective Teams in carrying out their performance measurement, activity monitoring, and planning responsibilities.

⁹ Food for Peace program staff indicated that performance indicators listed in the performance plan and report were "key" indicators, meaning that they were the most important in assessing program performance.

vigorous system to detect and control the duplication of data and the need for a dedicated monitoring and evaluation person to collect and maintain data.

In addition to identifying these significant problems, the data quality assessment noted the actions needed to correct them. Although the data quality assessment was performed in August 2009, contrary to good management practices USAID/Uganda did not take action to rectify the problems identified in the assessment. The audit team noted during one site visit that even though Mercy Corps has hired a full-time monitoring and evaluation person, it is still awaiting directions on how to collect the data for some performance indicators.

Good management practices dictate that managers take prompt action to address problems that arise. Neglecting to address issues presented in data quality assessments can result in reported data that are inaccurate and unreliable. Because the mission did not fully address the results of the 2009 data quality assessment, problems still exist with the quality of P.L. 480 nonemergency food aid program data. Therefore, this audit makes the following recommendations to ensure that the mission takes action on the issues identified in the data quality assessment and that a followup data quality assessment is scheduled in a timely manner:¹⁰

Recommendation 3. We recommend that USAID/Uganda correct the problems identified in the August 2009 data quality assessment of its P.L. 480 Title II program.

Recommendation 4. We recommend that USAID/Uganda conduct a followup data quality assessment of its P.L. 480 Title II program.

Recommendation 5. We recommend that USAID/Uganda conduct training on data quality assessment for the implementing partner and subpartner to define how data should be collected for its P.L. 480 Title II program.

Storage Conditions for Food Commodities Need Improvement

According to Generally Accepted Commodity Accountability Principles, Principle IV-2,¹¹ commodity management organizations should establish and use appropriate storage and handling procedures to help ensure quality and minimize losses. The USAID Commodity Reference Guide states that sound storage procedures should also be followed in order to minimize insect and rodent problems. Specifically, the guidelines require warehouse cleanliness, segregation of damaged food, routine inspection for any

¹⁰ Per ADS 203.3.5.2, data reported to USAID/Washington for Government Performance and Results Act reporting purposes or for reporting externally on Agency performance must have had a data quality assessment at some time within the 3 years before submission.

¹¹ The Generally Accepted Commodity Accountability Principles are a set of professional standards relating to management, handling, tracking, and reporting on the use of food commodities in the international development and relief program. They are compiled and published by Food Aid Management, an association of private voluntary organizations engaged in international food aid programming.

visual signs of insect infestation, and fumigation to destroy all stages of insects that may be present. Further, they state that just because there are no visual signs of residual kill, insects or rodents may recontaminate the commodity immediately after fumigation. Therefore, in order to protect stored foods, a great emphasis must be placed on cleaning in order to avoid commodities contamination, especially if sprays and fogs are used to eliminate insects.¹²

Further, 22 CFR 211.5(b) highlights program supervision as one of the responsibilities of cooperating sponsors. Cooperating sponsors must provide adequate supervisory personnel for the efficient operation of the program, including personnel to—

- Plan, organize, implement, control, and evaluate programs involving distribution of commodities or use of monetized proceeds and program income, and
- Make warehouse inspections, physical inventories, and end-use checks of food or funds.

The audit team visited four out of six warehouses: a regional and main warehouse for one cooperating sponsor and a regional and subgrantee warehouse for the other. The team inspected storage conditions and assessed whether adequate safeguards were in place and operating effectively to minimize losses in accordance with the Office of Food for Peace's guidelines. The audit found several problems with storage conditions:

Cleanliness. Warehouses were not clean, and some utensils used during food distribution were in poor sanitary condition. This resulted in signs of infestation at three warehouses. Certified laboratory reports for food stored at these warehouses confirmed the presence of live weevils.¹³ Additionally, the audit team observed live and dead weevils, spiders, and flies in open, torn, or damaged food bags.

Further, at the ACDI-VOCA warehouse, open or torn bags were being patched with adhesive tape instead of the food being repackaged in undamaged containers. If the food is not repacked into a new bag, the chance of weevils' reproduction increases, especially if there is a new source of food. In some cases weevils had easy access to the improperly repacked bags. This could contribute to the rapid spread of weevil infestation to commodities stored at the warehouse.

¹² The Commodity Reference Guide (CRG) is an information tool, providing information about the food commodities used in P.L. 480 Title II program. The CRG is intended to provide descriptions of available food commodities and general information regarding their safe and effective use to Title II cooperating sponsors. It is also designed as a reference for USAID Food for Peace officers, other USAID officers, the staff of cooperating sponsors, and recipient governments and agencies that are involved in decisionmaking for planning, managing, controlling, and evaluating appropriate uses of Title II food commodities. Storage specifications and damage control are addressed in Sections III and IV.

¹³ The following cooperating sponsors' warehouses showed signs of insect infestation at different levels: ACDI-VOCA, Lira; International Medical Corps, Kitgum; and Mercy Corps, Kitgum.



Infested corn soy blend stored at local visited warehouses (Photograph taken by OIG auditor in March 2010.)

According to the cooperating sponsor, those sacks were removed and were set aside, while samples were taken and sent for testing. The cooperating sponsor also stated that the warehouse will now be cleaned daily and food will be inspected for signs of infestation, and added that training will be given to ensure that warehouse staff complies with applicable cleanliness requirements. These poor conditions occurred owing to the cooperating sponsors' lack of knowledge of how to store and handle the U.S.-financed commodities. The situation was aggravated by a lack of commodities oversight from the in-country Food for Peace team.

Fumigation. Two of the four warehouses have not been fumigated in more than 6 months, despite signs of infestation. Specifically:

- One warehouse had not been fumigated since August 2009. According to cooperating sponsor officials, fumigation did not take place as required because of delays in obtaining main office approval. However, a senior cooperating sponsor manager stated that a company was selected, but when the company was contacted to perform the fumigation, they did not have the required products to complete the work. The audit team interviewed the selected company, which claimed that it had not yet been instructed to start work.
- A subgrantee warehouse had not been fumigated in more than 9 months. According to the warehouse manager, the lack of fumigation is because of his busy workload and his involvement with the distribution of commodities, which left him with no time to coordinate a fumigation date with the selected company. Although the regional manager is located in the same village and is responsible for all activities and commodities in the area, he said that he was not aware of the condition of the food. The regional manager added that he relied on the warehouse manager to make sound management decisions, which could have prevented this problem.

Inventory management practices. The audit team concluded that the shelf life of food products had been shortened owing to poor storage practices.¹⁴ Food deteriorates because of both intrinsic and environmental factors, which underscores the importance of proper processing, packaging, handling, and storing of food products.

Although the elaboration for Principle IV-3 of the Generally Accepted Commodity Accountability Principles states that cooperating sponsors should practice best methods of inventory management, such as “first-in, first-out”¹⁵ in order to prevent spoilage, it adds that warehouse managers must use their judgment and consider other factors such as the receipt of damaged commodities to control spoilage, infestation, and shelf life in deciding which stocks to distribute. Additionally, the USAID Commodity Reference Guide states that as the expiration date is not always noted on the container/bag, the inventory control methods of “first-in, first-out” should be practiced by those responsible for managing commodity inventories and distribution at all levels. The audit team noted the following conditions:

- The International Medical Corps warehouse commingled commodities with different expiration dates, resulting in at least 60 bags expiring in May 2010 mixed with others set to expire in July 2011. This is an illustration that proper warehouse management practices are not being applied. These practices increased the risk that commodities could inadvertently be allowed to expire.
- One¹⁶ of the four warehouses visited was not always practicing the first-in, first-out method of inventory control. According to warehouse management, unloading food from the trucks required long hours and hard labor, which led workers to mix commodities with different expiration dates while trying to make sure that all food unloaded from the trucks is stored at the warehouse.

To help reduce the risk of damage and spoilage at cooperating sponsors’ warehouses, this audit makes the following recommendations:

Recommendation 6. We recommend that USAID/Uganda, in conjunction with its cooperating sponsors, develop and implement a plan of action with a timetable to (a) include commodities and warehouse inspections during site visits to the warehouses and distribution centers, and correct the weaknesses noted; (b) ensure that distribution centers warehouse staffs are aware of the USAID Office of Food for Peace storage guidelines; and (c) ensure that commodities are regularly inspected, and fumigated when signs of infestation are found.

Recommendation 7. We recommend that USAID/Uganda require its cooperating sponsors to develop policies and procedures to inspect commodities and warehouses during site visits and to ensure that internal transportation, storage, and handling are adequate by local commercial standards.

¹⁴ Shelf life refers to the average amount of time a product may be stored without nutritional or organoleptic (sensory) deterioration.

¹⁵ Under a first-in, first-out system, the first units received in or the oldest units in stock are the first units issued.

¹⁶ International Medical Corps

Adequate Controls Over Food Distribution Were Not Fully Implemented

Principle II-3 of the Generally Accepted Commodity Accountability Principles states that commodity management organizations should maintain documents and records that accurately reflect all transactions involved in the receipt and disposition of all commodities until the commodities are issued for distribution or consumption. In addition, 22 CFR 211.10(a) requires that cooperating sponsors and recipient agencies “maintain records and documents in a manner which accurately reflects the operation of the program and all transactions pertaining to the receipt, storage, distribution, sale, inspection and use of commodities.”

At two of the six distribution sites visited, which utilize community leaders to coordinate food distribution, the audit team noted weakness in the control structure over food distribution. Specifically:

- Village committee members were unable to provide copies of waybills for food deliveries because cooperating sponsors never gave them a copy. This document serves as evidence that the regional warehouse dispatched the food, the trucking company delivered it, and the community received it. According to cooperating sponsor staff, when food commodities are distributed a community committee member must sign a copy of the waybill verifying the amount of food received and any food damaged or lost en route. The committee member’s signature and retention of the waybill is a control to record what amount of food was actually delivered to the community, what amount was lost, and what amount was damaged.
- Community leaders stated that they were unable to verify their respective distribution lists during delivery because they were not provided with an advance copy. Although distribution teams had the distribution list on site, this list contained information that was incorrect. For example, women were listed as being pregnant even though they had delivered their babies months prior. The distribution list should help ensure that the program is feeding the targeted population.

These weaknesses occurred because the cooperating sponsor management did not ensure that subgrantees understood the distribution process and the importance of maintaining proper documentation at every level.

Because adequate documentation was not maintained at distribution sites, commodities were at greater risk of loss due to fraud or waste. To help minimize the risk of loss during distribution, this audit makes the following recommendations:

Recommendation 8. We recommend that USAID/Uganda direct the cooperating sponsor to develop a list of documents to be retained at the distribution site and require that this documentation be verified during postdistribution monitoring visits.

Recommendation 9. *We recommend that USAID/Uganda document and verify that its cooperating sponsors (a) have developed a complete beneficiary database and are using it to print lists of eligible beneficiaries prior to each distribution, (b) review the eligibility of each beneficiary monthly, and (c) have developed and implemented written procedures for food distribution.*

Some Food Aid Recipients Were Outside Targeted Population

Food distributed as part of Food for Peace programs is intended to reach the people most vulnerable to the effects of hunger: children under the age of 5, pregnant women, the elderly, and the poorest families in the community. In each country, programs are designed to specifically target one or more of these populations.

However, the audit noted that some food aid recipients were outside of the targeted population. For example, one program defined the targeted population as malnourished children (maximum age of 59 months) for no longer than 6 months;¹⁷ and lactating women (until their child reached 6 months). However, in one of two distribution centers visited (out of 14 in the program), 39 women (49 percent) who were receiving food because they were lactating did not actually qualify for the food because they were either pregnant or their children were older than 6 months.¹⁸

This occurred because USAID/Uganda's cooperating sponsors' planning documents did not include appropriate criteria for beneficiaries and disbursements did not occur as reported to USAID.¹⁹ For example:

- Despite being approved by USAID/Washington, a cooperating sponsor's implementation plan did not establish a time limit for beneficiaries to be classified as vulnerable.
- A subagreement signed between a USAID/Uganda cooperating sponsor and its subgrantee for the Healthy Practices, Strong Communities Program did not outline the specific criteria of individuals to be fed under the food aid assistance program.
- A cooperating sponsor subgrantee distribution list showed 32 women as pregnant. However, data verification and observation revealed that 24 of them (75 percent) had already delivered their babies.

Each distribution center is allocated a set amount of food rations. Therefore, when rations are distributed to individuals outside of the targeted population, it is done at the expense of the intended beneficiaries. The audit makes the following recommendation to address this situation:

¹⁷ Children can be disenrolled if they fail to respond to supplementary feeding after 3 months of food rations.

¹⁸ Pregnant women were eligible to receive rations until December 2009, when this was changed to discourage food aid from being an incentive to pregnancy.

¹⁹ In accordance with Generally Accepted Commodity Accountability Principle IV-5, agreements between cooperating sponsors and donors should specify how commodities are to be used and for what purposes. This guidance also states that periodic checks should be performed to ensure that disbursements have happened as planned and reported.

Recommendation 10. *We recommend that USAID/Uganda revise agreements with cooperating sponsors in order to provide precise definitions of the targeted population and the criteria to follow in order to be part of the food aid program—specifically, to identify the allowable time for malnourished children and pregnant and lactating women to be in the food program.*

Effectiveness of USAID Branding Needs to Be Improved

Ensuring that the American people are appropriately recognized for their generosity in funding U.S. foreign assistance has been a long-standing U.S. Government objective. For example, section 641 of USAID's framework legislation, the Foreign Assistance Act of 1961, codified as amended in 22 U.S.C. 2401, specifies that all programs under the act be identified appropriately overseas as "American Aid." More recently, the United States' post-September 11 national security strategy increased the need for U.S. foreign assistance activities to be more fully identified in host countries as being provided by the United States.

To help ensure that U.S. foreign assistance is recognized as such, ADS 320.3.4.5 requires that commodities funded under the Food for Peace program be marked in accordance with 22 CFR 211. In addition, 22 CFR 211.5(h) states that to the maximum extent practicable, and with the cooperation of the host government, adequate public recognition shall be given in the press, by radio, and other media that the commodities or assistance financed by monetized proceeds or program income have been provided through the friendship of the American people as Food for Peace. At distribution and feeding centers or other project sites the cooperating sponsor shall, to the extent feasible and unless otherwise specified, display banners, posters, or similar media which shall contain the USAID emblem, commodity names, and language to reflect that commodities are provided through the friendship of the American people as Food for Peace and are not to be sold or exchanged (where applicable).

Despite the importance of identifying USAID activities as being provided by the United States, 96 of 152 people interviewed at several of the food distribution sites in northern Uganda did not know that the food was funded by the American people. Moreover, these interviews typically attracted a number of onlookers, and our questions regarding funding were addressed to these small gatherings. Even when audit team members asked respondents if they knew which foreign country was funding the food program, none mentioned the United States.

The mission's current branding strategy for its food program activities relies on a few main approaches: commodities bags being branded with the USAID logo, signage placed in banners displayed at the distributions sites, and the USAID and cooperating sponsor logo displayed on beneficiaries' food cards.

Standard Beneficiary Rations		
Food Commodity	Monthly (Kg)	Bi-weekly (Kg)
Corn meal	25.0	12.5
Vegetable Oil	2.837	1.418
Corn Soya Blend	5.0	2.5
Pulses	6.24	3.12



HEALTHY PRACTICES, STRONG COMMUNITIES PROGRAM

Beneficiary Identity Card

District: Kityom sub-county: Orom Parish: Okubi
 Village: Akwole SFP Site: Akwole C
 Health Centre: Awach H/C E
 Client's Name: Ayam Pasika
 Sex: Female Date of Birth: _____
 Caregiver/Next of kin: Abaim Sabere
 Date of admission: _____ Date of Exit: _____
 Client Category: Child < 59 Months Pregnant
 Lactating Pregnant & Lactating
 Beneficiary No. 09M-09U-PBC-000

Serial #: A/GUL/Awac/10/158

District: Amolatar
Agency: ACDI/VOCA
OutReachCentre: GULU
FDP: Awach
Registration Date: 17-Feb-10
Expiration Date: 17-Feb-11
Name of Alternate Collector: _____

(Signature or thumbprint).....




**Sample identification cards used by cooperating sponsors.
 (Samples provided by cooperating sponsor's management in March 2010.)**

However, both of these approaches were ineffective. None of the respondents gave any indication that they paid attention to the branding signs. Although the signs contained the USAID logo and brand name, within an illiterate environment viewers may not be aware of the logo's meaning.

The ineffectiveness of the current branding strategy means that people in Northern Uganda are generally not aware that the food aid program is being funded by the American people. Consequently, opportunities to create positive impressions of the United States are forfeited, hindering public diplomacy efforts in Uganda. As a result, this audit makes the following recommendation:

Recommendation 11: *We recommend that the USAID Office of Food for Peace revise its branding strategy for the P.L. 480 Title II nonemergency food aid program in Uganda to focus more on direct communication with project beneficiaries.*

EVALUATION OF MANAGEMENT COMMENTS

In response to the draft report, USAID/Uganda and the USAID Office of Food for Peace in Washington, DC agreed with all eleven recommendations. Management decisions were reached on Recommendations 1–10, with final action taken on Recommendations 3, 5, 6, 8, and 9. Recommendation 11 remains without a management decision. The mission’s comments are included in their entirety as appendix II (without attachments), and our evaluation of those comments is summarized below.

For Recommendation 1, the audit recommended that the mission and the USAID Office of Food for Peace in Washington, DC collaborate on a document that formally outlines the responsibilities and authorities of the mission’s Food for Peace project managers. The USAID Office of Food for Peace in Washington, DC stated that it has drafted reporting guidance for field officers as well as documents outlining the roles and responsibilities of agreement officer’s technical representatives and other Food for Peace staff. Finalization of these documents is expected by December 31, 2010. Accordingly, a management decision has been reached on Recommendation 1.

For Recommendation 2, the audit recommended that the mission establish written procedures to ensure that site visits provide for data quality testing and adequate documentation of the test results and provide training to mission staff on those procedures. In response, USAID/Uganda and the USAID Office of Food for Peace in Washington, DC stated that it has taken action to improve the ability of USAID/Uganda Food for Peace Staff to monitor activities, assess performance, and document results. Specifically, the mission has adopted new information technology tools to collect quantifiable data on program activities and has provided mission Food for Peace staff and Food for Peace awardees with relevant training. Most significantly, the proposed Layers application utilizes mission Food for Peace staff to analyze data from randomly sampled sites to monitor program quality. In our opinion, the Layers training program and its computer capabilities meet the intent of the recommendation for “written procedures” and “adequate documentation” regarding data quality. Training on the Layers application is scheduled to be completed by March 2011. As a result, a management decision has been reached on Recommendation 2.

For Recommendation 3, the audit recommended that the mission correct the problems identified in the August 2009 data quality assessment of its P.L. 480 Title II program. To address the identified problem of double-counting some households that benefitted from two Mercy Corps activities, the mission stated that Mercy Corps created a database of beneficiaries, tracked by household, with clear identification of households benefitting from more than one Mercy Corps activity. The other problem disclosed in the August 2009 data quality assessment, the need for dedicated monitoring and evaluation personnel, was addressed prior to the audit by hiring a full-time monitoring and evaluation person, as discussed on page 7 of the report. Furthermore, USAID/Uganda stated that it supported a workshop to review the 2009 data quality assessment and conduct related training. Based on management’s comments and the supporting

documentation provided, a management decision has been reached and final action taken on Recommendation 3.

For Recommendation 4, the audit recommended that the mission conduct a follow-up data quality assessment of its P.L. 480 Title II program. USAID/Uganda stated that follow-up data quality assessments are scheduled in October and December 2010 for the mission's two awardees. Accordingly, a management decision has been reached on Recommendation 4.

For Recommendation 5, the audit recommended that the mission conduct training on data quality assessment for the implementing partner and sub-partner to define how data should be collected for its P.L. 480 program. The mission stated that it provided such training for its two awardees in July 2010. Based on management's comments and the supporting documentation provided, a management decision has been reached and final action taken on Recommendation 5.

For Recommendation 6, the audit recommended that the mission, in coordination with its cooperating sponsor, develop and implement a plan of action with a timetable to (a) include commodities and warehouse inspections during site visits to the warehouses and distribution centers, and correct the weaknesses noted; (b) ensure that distribution centers warehouse staffs are aware of the USAID Office of Food for Peace storage guidelines; and (c) ensure that the commodities are regularly inspected, and fumigated when signs of infestation are found. In its response to part (a), the mission developed a comprehensive Warehouse Inspection Checklist and a Distribution Site Checklist. Both checklists were finalized in October 2010 and will be incorporated into the mission's new information technology tool for monitoring the quality of awardee operations by March 2011. USAID/Uganda stated that mission Food for Peace staff will also conduct unannounced warehouse visits, at least on a quarterly basis, to complement regularly scheduled warehouse visits. In response to part (b), in October 2010 mission staff and awardees reviewed storage guidelines, best practices, and local standards for management of commodities during transportation and warehousing, and the mission provided refresher training on best practices. Among the best practices agreed on was to develop an action plan for use in the case of infestation. This plan has now been posted in all warehouses. In response to part (c), following termination of a sub-grant in May 2010, awardees now have direct control of warehouses, ensuring their regular inspection, and when needed, fumigation. Awardee warehouse management staff is now held responsible for weekly warehouse inspections for cleanliness and signs of infestation, and the mission stated that awardee program management staff now verifies the weekly inspections as part of monthly warehouse visits. Based on management's comments and the supporting documentation provided, a management decision has been reached and final action taken on Recommendation 6.

For Recommendation 7, the audit recommended that the mission require its cooperating sponsors to develop policies and procedures to inspect commodities and warehouses during site visits and to ensure that internal transportation, storage, and handling are adequate by local commercial standards. In response, the mission stated that a number of steps have been taken to address this recommendation, resulting in the awardees having improved policies and procedures for commodity management, such as Mercy Corps' deployment of a full-time commodity management specialist. The mission's response also covered discussing best practices and local standards with awardees in September 2010 and holding awardee warehouse management

responsible for weekly warehouse inspections. Furthermore, as stated by the mission, in fiscal year (FY) 2011 the mission's new information technology tool for monitoring the quality of awardee operations will assess awardees' performance in commodity management. Accordingly, a management decision has been reached on Recommendation 7.

For Recommendation 8, the audit recommended that the mission direct the cooperating sponsor to develop a list of documents to be retained at the distribution site and require that this documentation be verified during postdistribution monitoring visits. The mission stated that awardees have been directed to ensure that waybills, dispatch notes, and recipient lists will remain at the distribution sites. According to the documentation provided, this was accomplished at a Food for Peace best practices workshop held in October 2010. The workshop also discussed mechanisms for both cooperating sponsors to confirm beneficiaries and food delivery. Furthermore, the mission stated that USAID/Uganda Food for Peace staff will verify availability of the documents during distribution and postdistribution monitoring visits. However, the draft document outlining roles and responsibilities of mission-based Food for Peace staff (attachment 3 in its response) does not list document verification as a mission-based Food for Peace staff responsibility. Notwithstanding this omission, management's comments and the supporting documentation provided are sufficient to meet the intent of the recommendation. As a result, a management decision has been reached and final action taken on Recommendation 8.

For Recommendation 9, the audit recommended that the mission document and verify that its cooperating sponsors (a) have developed a complete beneficiary database and are using it to print lists of eligible beneficiaries prior to each distribution, (b) review the eligibility of each beneficiary monthly, and (c) have developed and implemented written procedures for food distribution. In response to part (a), the mission stated that it has worked with its awardees to ensure that they now have a complete database of beneficiaries and review the list of eligible beneficiaries prior to each distribution. In response to part (b), the mission stated that awardees distribute ration cards to beneficiaries that specifically limit the months of eligibility. According to the mission, beneficiaries are reviewed each month by the awardees and by community leaders. In response to part (c), the mission stated that awardees have developed or updated written food distribution procedures that will be available to community leaders and beneficiaries upon approval. Based on management's comments and the supporting documentation provided, a management decision has been reached and final action taken on Recommendation 9.

For Recommendation 10, the audit recommended that the mission revise agreements with cooperating sponsors in order to provide precise definitions of the targeted population and identify the allowable time for malnourished children and pregnant and lactating women to be in the food program. The mission responded that the USAID Office of Food for Peace in Washington, DC, is in the process of revising agreements with awardees to define target populations. The mission stated that it will establish exact targeting and eligibility criteria and incorporate them into cooperative agreements by December 31, 2010. Accordingly, a management decision has been reached on Recommendation 10.

For Recommendation 11, the audit recommended that the mission revise its branding strategy for the P.L. 480 Title II nonemergency food aid program in Uganda to focus

more on direct communication with project beneficiaries. The mission stated that, in consultation with awardees and mission staff, the USAID Office of Food for Peace in Washington, DC will review the branding strategy and marking plan in accordance with new FY 2011 planning procedures. Updates, if necessary, will be completed by December 31, 2010. However, the mission's response does not specifically address what changes, if any, will be made to focus more on direct communication with project beneficiaries. Consequently, a management decision has not been reached on Recommendation 11.

SCOPE AND METHODOLOGY

Scope

The Office of Inspector General conducted this audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. This objective is to determine whether selected USAID/Uganda's Title II nonemergency food aid assistance activities achieved their main goals of decreasing food insecurity and increasing resiliency. We believe that the evidence obtained provides that reasonable basis. Audit fieldwork was conducted from February 16 to March 12, 2010, and covered fiscal years (FYs) 2008 and 2009.

In planning and performing the audit, the audit team assessed management controls related to management review, proper execution of transactions and events, and review of performance measures and indicators. Specifically, we studied and reviewed the following:

- FY 2008 and 2009 country operational plans
- FY 2008 and 2009 performance management plans
- Cooperating sponsors' agreements
- Cooperating sponsors' quarterly and annual progress reports
- Performance measures
- Target and actual performance results
- Site visit reports
- Project beneficiary records and documents

We also interviewed key USAID/Uganda personnel, cooperating sponsors, beneficiaries, and Ugandan local government officials. We conducted the audit at USAID/Uganda and at the activity sites of the two major cooperating sponsors.

As of March 2010, USAID/Uganda's P.L. 480 nonemergency food aid program had agreements with two cooperating sponsors. The audit focused on both agreements with a total obligation of \$34.6 million,²⁰ which represent 30 percent of the \$115.5 million in total funds for the USAID/Uganda P.L. 480 nonemergency food program.

Methodology

To answer the objective, the Regional Inspector General/Pretoria (RIG/Pretoria) interviewed USAID/Uganda mission and cooperating sponsors' officials to gain an understanding of the mission's food security activities, as well as to identify the key performance indicators used to measure the contribution of those activities toward meeting the main goals of decreasing food insecurity and increasing resiliency.

RIG/Pretoria examined claims and assertions made in USAID/Uganda's Full Performance Plan and Report for the fiscal year ended September 30, 2009, under

²⁰ Project obligated funds as of December 2009.

“Food Security” via the Foreign Assistance Coordination and Tracking System. RIG/Pretoria, with the input from cooperating sponsors and program management, used judgmental sampling to test numerical assertions regarding reported beneficiaries of the mission’s food security activities. We used this method because it was the most effective and efficient given the amount of resources available for the audit.

The mission and cooperating sponsor considered 11 performance indicators as key indicators that reflect the results from the program. However, 9 of the 11 performance indicators are baseline indicators, which are measured at the beginning, midpoint, and the end of the program. As a result, the audit team could not make a determination on impact because of the lack of sufficient data to reach a conclusion. Further, backup data on reported indicators by one cooperative sponsor were not available. Cooperating sponsors added that because the data are collected and analyzed by a private firm, they do not have the relevant documentation for the reported data. In addition, the audit noted a significant problem with the reliability of reported data,²¹ and as a result it could not use the information to measure results.

We also examined the indicator performance tracking tables. We interviewed the cooperating sponsors’ monitoring and evaluation specialists to determine how performance targets were set and how performance results were obtained. As part of this process, we gained an understanding of the data that are annually reported to the mission. We developed procedures to test the data’s validity and reliability. We also conducted site visits in two of four northern Uganda districts where programs are implemented to verify the existence of program activities.

We performed site visits at:

- Two out of four districts with program activities (Lira and Kitgum)
- Four out of six program warehouses (two for ACDI-VOCA and two for Mercy Corps)
- Four out of 19 ACDI-VOCA food distribution activities in the Lira District
- Two out of 14 Mercy Corps food distribution activities in the Kitgum District

During these site visits, we observed food distribution activities in progress, interviewed individuals who were conducting the activities, and interviewed program beneficiaries. Because of the large number of activities and the extensive geographical dispersion of the sites, a statistical sample was not possible. Therefore, a judgmental sample was selected based on available audit resources and the monthly food distribution schedule for both cooperating sponsors. This resulted in the selection of 6 out of 33 distribution sites (4 in Lira and 2 in Kitgum).

Even though site selection was mandated by cooperating sponsors’ monthly food distribution schedules, the audit team was able to select a random sample of 162 out of 602 beneficiaries at those sites. The results of the sample cannot be projected to the universe of all food activities; however, the team was able to interview 152²² (93 percent) of program beneficiaries and was reasonably confident that these 152 beneficiaries received food aid in FY 2009.

²¹ Some data from cooperating sponsors showed problems with data quality assessment.

²² The remaining 10 beneficiaries were unavailable for various reasons.

Finally, we reviewed documents as part of our audit procedures. These included excerpts from USAID/Uganda's annual report for the fiscal year ended September 30, 2009, the agreement with cooperating sponsors and all modifications, and the cooperating sponsors' monitoring and evaluation plan. We also utilized the Government Accountability Office's *Standards for Internal Control in the Federal Government*,²³ Office of Management and Budget Circular A-122, "Cost Principles for Non-Profit Organizations"; and USAID's Automated Directives System Chapters 200–203 in developing criteria for findings under the audit objective.

²³ GAO/AIMD-00-21.3.1 (11/99).

MANAGEMENT COMMENTS



October 17, 2010

MEMORANDUM

TO: Regional Inspector General/Pretoria, Christine M. Byrne

FROM: USAID/Office of Food for Peace Acting Director, Jonathan Dworken /s/
USAID/Uganda Mission Director, David Eckerson /s/

SUBJECT: Management Responses to RIG/Pretoria Draft Report on the Audit of Selected USAID/Uganda's P.L. 480 Title II Program Activities (Report Number 4-617-10-XXX-P)

On September 17, 2010, the Office of Food for Peace in Washington (FFP/W) and USAID/Uganda received the draft report on the above-referenced audit. The draft audit report contains eleven recommendations. The purpose of this memorandum is to provide management responses and closure on each of the eleven recommendations.

Recommendation 1: We recommend that USAID/Uganda, in conjunction with the Office of Food for Peace in Washington, DC, create a document that formally outlines the responsibilities and authorities of the USAID/Uganda Food for Peace project managers.

Response to Recommendation 1: FFP/W and USAID/Uganda agree with the recommendation. FFP/W has drafted Reporting Guidance for Food for Peace Officers to increase and improve oversight of all Title II programs. FFP/W will finalize this guidance, with field input, by the end of Calendar Year 2010 (see Attachment 1; Reporting Guidance for FFP Officers).

In addition, FFP/W has drafted documents outlining the roles and responsibilities of the Agreement Officer's Technical Representative (AOTR), Mission-based Food for Peace (FFP) staff, and regional FFP staff. These drafts have been circulated for comment to Food for Peace staff worldwide, with finalization expected by the end of calendar year 2010 (see Attachments 2; AOTR CBO Responsibilities: Attachment 3; Mission FFP Staff Responsibilities: and Attachment 4; Regional FFPO Roles and Responsibilities).

With the above response, FFP/W and USAID/Uganda consider Recommendation 1 fully addressed and closed.

Recommendation 2: We recommend that USAID/Uganda establish written procedures to ensure that site visits provide for data quality testing and adequate documentation of the test results and provide training to mission staff on those procedures.

Response to Recommendation 2: FFP/W and USAID/Uganda agree with the recommendation. FFP/W and USAID/Uganda have taken action to improve the ability of USAID/Uganda FFP staff to monitor activities, assess performance, and document results.

The USAID/Uganda FFP Office has adopted new information technology tools to collect quantifiable data on program activities. The Quarterly Web Interfaced Commodity Reporting program (QWICR) will improve collection, verification, and analysis of quantifiable commodity management data. The Layers monitoring system (as described below) will collect, analyze, and report quantifiable data on the quality of implementation of awardees'²⁴ programs. USAID/Uganda FFP staff has been trained in the use of QWICR and are participating in the rollout of the Layers system.

With the launch of the QWICR commodity tracking system, awardees enter commodity management data into a web-based system. USAID/Uganda FFP staff can more easily review commodity status reports on the movement of food aid commodities. QWICR training for all USAID/Uganda FFP staff, and FFP awardees in Uganda, occurred on July 29 and 30, 2010. The training included data entry by awardees, and report retrieval by USAID/Uganda FFP. QWICR is now operational in Uganda (see Attachment 5; QWICR Commodities Status Reports).

In Fiscal Year 2011, USAID/Uganda FFP staff will begin using Layers to assess the implementation quality of awardee operations. Layers is a software application that facilitates the monitoring of food aid programs in the field, using hand-held computers to collect and analyze program information from a random sample of program sites. Enumerators electronically enter yes-no responses to each item on an electronic checklist specific to the activity type of the site being visited. Layers analyzes the entered data to generate a report on the quality of implementation of the Title II program.

Consultations in support of Layers implementation began in June of 2009. In July of 2010, a local partner was contracted and trained. The consultation with awardees and preparation of the questionnaires took place from October 4-15, 2010. Training of enumerators and USAID/Uganda FFP staff, and the survey, is now planned for February and March of 2011 (see Attachment 6; Layers Technical Support Mission Agenda)

The USAID/Uganda FFP specialist responsible for verification of submitted data participated in the DQA Refresher Training in March of 2010 and the DQA review workshop with Mercy Corps in July 2010. She will participate in Data Quality Assessments (DQA) scheduled for both FFP awardees in the final quarter of 2010 (Mercy Corps, October 18 to 21, 2010; ACDI/VOCA, December 6 to 10, 2010).

Finally, two USAID/Uganda FFP staff and the FFP/W AOTR for Uganda are scheduled

²⁴ Although referenced as “cooperating sponsors” in the current version of Reg. 11, FFP has adopted the terms “awardees” or “implementing partners” to refer to grantees as these terms are used in the rest of USAID.

to attend the FFP Field Officer Assessment and Program Monitoring Skills Training in Ethiopia from November 29 to December 10, 2010 (see Attachment 7; FFP Field Officers Training, course description).

With the above response, FFP/W and USAID/Uganda consider Recommendation 2 fully addressed and closed.

Recommendation 3: We recommend that USAID/Uganda correct the problems identified in the August 2009 data quality assessment of its P.L. 480 Title II program.

Response to Recommendation 3: FFP/W and USAID/Uganda agree with the recommendation. The data quality issue identified in the August 2009 data quality assessments of Mercy Corps data, i.e., the double-counting of some households which benefitted from two MC activities, has been corrected. In July 2010 USAID/Uganda monitoring and evaluation (M&E) contractor UMEMS²⁵ held a workshop to review the 2009 Mercy Corps Data Quality Assessment, to conduct a DQA training, and to better define/refine data collection for program activities. As recommended by the 2009 DQA, Mercy Corps created a database of beneficiaries, tracked by household, with clear identification of households benefiting from more than one MC activity. This has eliminated double-counting of households in data reporting (see Attachment 8: MC List of Beneficiaries, excerpt).

With the above response, FFP/W and USAID/Uganda consider Recommendation 3 fully addressed and closed.

Recommendation 4: We recommend that USAID/Uganda conduct a follow-up data quality assessment of its P.L. 480 Title II program.

Response to Recommendation 4: FFP/W and USAID/Uganda agree with the recommendation. In July 2010, USAID/Uganda, through its M&E contract, UMEMS, conducted DQA training for its two awardees, ACDI/VOCA and Mercy Corps, to define/refine how data should be collected for program activities. Subsequently, USAID/Uganda scheduled follow-up DQAs for Mercy Corps in October 2010 and for ACDI/VOCA in December 2010. USAID/Uganda will act on any 2010 DQA findings or recommendation, expected in November and December, respectively (see Attachment 9; UMEMS DQA Training).

With the above response, FFP/W and USAID/Uganda consider Recommendation 4 fully addressed and closed.

Recommendation 5: We recommend that USAID/Uganda conduct a training on data quality assessment for the implementing partner and sub-partner to define how data should be collected for its P.L. 480 Title II program.

Response to Recommendation 5: FFP/W and USAID/Uganda agree with the recommendation. In July 2010, USAID/Uganda, through its M&E contract, UMEMS,

²⁵ In May 2008, The Mitchell Group, Inc. was awarded a four-year contract by USAID/Uganda to design and implement UMEMS, a comprehensive performance management, monitoring and reporting program.

conducted DQA training for its two awardees, ACDI/VOCA and Mercy Corps, to define how data should be collected for program activities. Through the development and use of a database of Mercy Corps beneficiaries, the short-coming identified by the DQA, i.e., double-counting of some beneficiary households, has been addressed.

USAID/Uganda conducts annual DQAs for implementing partners. The annual DQA for Mercy Corps is scheduled for October 18 to 20, 2010, and for ACDI/VOCA, December 6 to 10, 2010. DQA reports are due in November and December, respectively. USAID/Uganda will act on any findings or recommendation from the 2010 DQAs.

With the above response, FFP/W and USAID/Uganda consider Recommendation 5 fully addressed and closed.

Recommendation 6: We recommend that USAID/Uganda, in conjunction with its cooperating sponsor, develop and implement a plan of action with a timetable to (a) include commodities and warehouse inspections during site visits to the warehouses and distribution centers, and correct the weaknesses noted; (b) ensure that distribution centers warehouse staffs are aware of the USAID Office of Food for Peace storage guidelines; and (c) ensure that commodities are regularly inspected, and fumigated when signs of infestation are found.

Response to Recommendation 6(a): FFP/W and USAID/Uganda agree with the recommendation. In response to the initial audit and the out-briefing of the auditors, in April 2010, USAID/Uganda FFP staff developed, and continues to update, a comprehensive Warehouse Inspection Checklist for use during warehouse visits (see Attachment 10; Warehouse Inspection Checklist). In conjunction with the implementation of Layers, a Distribution Site Checklist has also been developed. Layers will incorporate both the Warehouse and the Distribution Site Inspection Checklists when the survey takes place in February/March of 2011. As part of the October 2010 Layers technical assistance mission, both checklists were shared and finalized with awardees (see Attachment 11; Layers Distribution Site Checklist, in draft).

To enhance USAID/Uganda FFP capacity for commodity monitoring, the Nairobi-based FFP Regional Commodity Management Specialist visited from September 13 to 17, 2010, and assessed all warehouses with USAID/Uganda FFP staff. FFP staff reviewed the results with awardees following the visits. USAID/Uganda FFP will continue to conduct unannounced warehouses visits, at least on a quarterly basis. These random visits will complement warehouse visits scheduled under the Layers system, described above (see Attachment 12; FFP RCMS Trip Report).

Finally, with the termination of the IMC sub-grant, both awardees now have direct control of warehouses and distribution activities (see Attachment 13: IMC Termination Letter).

Response to Recommendation 6(b): FFP/W and USAID/Uganda agree with the recommendation. USAID/Uganda FFP staff reviewed storage guidelines, best practices, and local standards for management of commodities during transportation and warehousing with both awardees on October 8, 2010.

Among the practices agreed, refresher training on best practices is scheduled for end of

October 2010. All bags with a damaged outer liner are inserted as a whole into a reconstitution bag. Warehouses are inspected weekly for cleanliness and infestation. An action plan, should infestation be noted, has been developed and posted in all warehouses. To speed fumigation, Mercy Corps has developed a list of preferred suppliers; procurement for fumigation was pre-competed and is valid for one year. Fumigation now occurs within one week. Mercy Corps also implements quarterly fumigation. Program management staff from both awardees now inspects warehouses regularly, at least monthly. There is improved commodity pipeline analysis to reduce storage times. MC has consolidated warehousing, which leads to better management. Finally, MC has engaged full-time, an experienced expatriate commodity management specialist in Kitgum (see Attachment 14; Best Practices Workshop notes).

As discussed in 6(a) above, USAID/Uganda FFP staff was trained during the September visit of the Nairobi-based Regional Commodity Management Specialist, to improve their ability to assess commodity management and monitor use of best practices by awardees.

Response to Recommendation 6(c): FFP/W and USAID Uganda agree with the recommendation. Awardee warehouse management staff is now held responsible for weekly warehouse inspections for cleanliness and signs of infestation. On inspection, staff signs a checklist, posted in the warehouse. Awardee program management staff verifies this action as part of monthly warehouse visits (see Attachment 15; inspection signature cards).

Fumigation, when required, is more immediate; FFP awardees have expedited fumigation by streamlining procurement, and establishing closer communication and planning with pre-approved fumigation companies. ACDI has created an Infestation Action Plan, posted next to the signature cards, outlining the required response when infestation is identified (see Attachment 16; Infestation Action Plan). USAID/Uganda FFP staff visually confirmed fumigations taking place in Mercy Corps and ACDI/VOCA warehouses during the September 2010 visits (see Attachment 17; list of fumigations).

Most significantly, in May 2010, Mercy Corps terminated its sub-grant with IMC, in part because IMC showed serious deficiencies in storage and handling procedures. Both awardees now have direct control of warehouses, ensuring regular inspection and, when needed, fumigation (see Attachment 13; IMC Termination Letter).

With the above responses, FFP/W and USAID/Uganda consider Recommendation 6 fully addressed and closed.

Recommendation 7: We recommend that USAID/Uganda require its cooperating sponsors to develop policies and procedures to inspect commodities and warehouses during site visits and to ensure that internal transportation, storage, and handling are adequate by local commercial standards.

Response to Recommendation 7: FFP/W and USAID/Uganda agree with the recommendation. This recommendation has been addressed through a number of steps; awardees now have improved policies, procedures and control for commodity management, and USAID/Uganda FFP staff has enhanced tools and abilities for monitoring:

1. In May 2010, Mercy Corps terminated its sub-grant with IMC, which was not ensuring that internal transportation, storage, and handling were adequate by local commercial standards. Mercy Corps now directly manages all of the warehouses and all program activities under its FFP cooperative agreement.
2. Following the RIG audit, Mercy Corps deployed a full-time, experienced expatriate commodity management specialist to update Mercy Corps' processes and procedures, consolidate the Mercy Corps and IMC commodity operations under Mercy Corps' control, and train Mercy Corps staff in best practices for commodity management.
3. As discussed in Responses 6(c) above, awardee warehouse management is now held responsible for weekly warehouse inspections for cleanliness and signs of infestation. On inspection, staff signs a checklist, posted in the warehouse. Awardee program management staff verifies this action as part of monthly warehouse visits (see Attachment 15; inspection signature cards).
4. From September 13 to 17, 2010, the FFP Nairobi-based Regional Commodity Management Specialist and USAID/Uganda FFP staff reviewed with the awardees best practices and local standards for management of commodities during transportation and at the warehouses. Response 6(b) above discusses improved transportation, storage and handling practices agreed in the October 8 follow-up workshop.
5. As noted in Response 6(a), USAID/Uganda FFP staff has developed a checklist to guide assessment of commodity management in warehouses. These unannounced visits, conducted no less than quarterly, will reinforce the use of best commodity management practices. The checklists, and the results of visits, are shared with awardees.
6. Finally, in Fiscal Year 2011, USAID/Uganda will begin using Layers (described in Response 2 above) to assess the implementation quality of awardee operations at commodity warehouses. Layers will generate an automated report, provided to partners, that reflects their performance in commodity management.

With the above response, FFP/W and USAID/Uganda consider Recommendation 7 fully addressed and closed.

Recommendation 8: We recommend that USAID/Uganda direct the cooperating sponsor to develop a list of documents to be retained at the distribution site and require that this documentation be verified during post-distribution monitoring visits.

Response to Recommendation 8: FFP/W and USAID/Uganda agree with the recommendation. Documents are now provided at distribution sites that allow verification of beneficiaries and distributed commodities. Waybills and dispatch notes that indicate the total quantity of food commodities delivered to the distribution site remain at the distribution sites and in the partner offices. Recipient lists, stipulating beneficiaries, rations and timing, are provided to community leaders (except in the case of People Living with HIV/AIDS, where a guarantee of confidentiality would be violated by a release of beneficiary lists).

Mercy Corps has engaged food distribution monitors to ensure requested food quantities are delivered. ACDI/VOCA works with The Aids Support Organization (TASO) to confirm beneficiaries and ensure delivery. All documents are available from the awardee upon request (see Attachment 14; Best Practices Workshop Notes).

USAID/Uganda FFP staff will verify that the above documents are available to community leaders during distribution and post distribution monitoring visits.

With the above response, FFP/W and USAID/Uganda consider Recommendation 8 fully addressed and closed.

Recommendation 9: We recommend that USAID/Uganda document and verify that its cooperating sponsors (a) have developed a complete beneficiary database and are using it to print lists of eligible beneficiaries prior to each distribution, (b) review the eligibility of each beneficiary monthly, and (c) have developed and implemented written procedures for food distribution.

Response to Recommendation 9(a): FFP/W and USAID/Uganda agree with the recommendation. As noted in the Response to Recommendation 3, USAID/Uganda FFP has worked with its awardees to ensure that they now have a complete database of beneficiaries and use the database to print a list of eligible beneficiaries prior to each distribution (see Attachments 18; Sample Distribution Lists).

Response to Recommendation 9(b): FFP/W and USAID/Uganda agree with the recommendation. Mercy Corps has Ration Cards for beneficiaries that specifically limit the months of eligibility. Children 6-59 months in the supplementary feeding program are limited to three visits (months); pregnant women are limited to three visits (three months of the final trimester); and lactating women are limited to six visits, once delivery is confirmed (see Attachment 19; Beneficiary Cards).

When appropriate (see response 8(c)), the awardees now provide a list of the targeted beneficiaries to the community representative in advance of the distribution. Beneficiaries are reviewed each month by the awardees and by community leaders for eligibility.

Response to Recommendation 9(c): FFP/W and USAID/Uganda agree with the recommendation. Awardees have developed/updated written procedures for food distribution, which they will distribute to and review with staff by the end of 2010. The procedures are available for community leaders and beneficiaries (see Attachment 20; Distribution Procedures).

With the above responses, FFP/W and USAID/Uganda consider Recommendation 9 fully addressed and closed.

Recommendation 10: We recommend that USAID/Uganda revise agreements with cooperating sponsors in order to provide precise definitions of the targeted population and the criteria to follow in order to be part of the food aid program—specifically, to identify the allowable time for malnourished children and pregnant and lactating women to be in the food program.

Response to Recommendation 10: FFP/W and USAID/Uganda agree with the recommendation. FFP/W is in the process of revising agreements with awardees to define target populations. As part of the Fiscal Year 2011 Pipeline Resource and Estimate Proposal (PREP), on September 30, 2010, the FFP/W AOTR requested that awardees formally submit their exact targeting/eligibility criteria. The criteria will be

reviewed as part of the PREP and, when acceptable, approved and incorporated into the cooperative agreement (see Attachment 21; AOTR Criteria Request Letter).

Once approved and incorporated into the cooperative agreement, USAID/Uganda FFP staff will monitor correct application of the criteria. This will be completed by the end of the calendar year.

With the above response, FFP/W and USAID/Uganda consider Recommendation 10 fully addressed and closed.

Recommendation 11: We recommend that the USAID Office of Food for Peace revise its branding strategy for the P.L. 480 Title II non-emergency food aid program in Uganda to focus more on direct communication with project beneficiaries.

Response to Recommendation 11: FFP/W and USAID/Uganda agree with the recommendation. FFP/W will review Branding and Marking Plans. PREP guidance for Fiscal Year 2011 (http://www.usaid.gov/our_work/humanitarian_assistance/ffp/fy11_prepdraft.pdf), states:

Each year, the AOTR will revisit the Branding Strategy and Marking Plan (B&M) and will consider changes in country program operating environment when reviewing the Pipeline Resource and Estimate Proposal (PREP). If changes have occurred, the AOTR may need to work with awardee, i.e., PVOs, to update the B&M during the PREP review process. If difficulties arise, the AOTR will consult with the Missions to determine what their standards are for the B&M in the country and/or region.

In accordance with this new procedure, during the Fiscal Year 2011 PREP process, FFP/W will review the Branding Strategy and Marking Plan in consultation with the awardees and Mission staff, and update if necessary. Updates will be completed before the end of this calendar year.

With the above response, FFP/W and USAID/Uganda consider Recommendation 11 fully addressed and closed.

Conclusion

This Memorandum provides the FFP/W and USAID/Uganda management response and closure on each of the eleven recommendations outlined in RIG/Pretoria's Memorandum dated September 17, 2010.

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