



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID'S FOOD AID ASSISTANCE UNDER THE LIBERIA INTEGRATED ASSISTANCE PROGRAM

AUDIT REPORT NO. 7-669-10-007-P
JUNE 29, 2010

DAKAR, SENEGAL



Office of Inspector General

June 29, 2010

MEMORANDUM

TO: USAID/Liberia Mission Director, Pamela White
USAID/Office of Food for Peace Director, Jeffrey M. Borns

FROM: Regional Inspector General, Gerard Custer /s/

SUBJECT: Audit of USAID's Food Aid Assistance Under the Liberia Integrated Assistance Program (Report No. 7-669-10-007-P)

This memorandum transmits our report on the subject audit. In finalizing the report, we carefully considered your comments on the draft report, and we have included the comments in their entirety in appendix II.

The report includes 11 recommendations for your action. Based on your comments and supporting documentation provided, final action has been taken for recommendations 1, 2, 6, 8, and 11, and management decisions have been reached on recommendations 3, 4, 5, 7, 9, and 10. Please provide the Audit Performance and Compliance Division (M/CFO/APC) in the USAID Office of the Chief Financial Officer (M/CFO/APC) with the necessary documentation to achieve final action.

I appreciate the cooperation and courtesy extended to my staff during the audit.

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SUMMARY OF RESULTS

The U.S. Government implements international food assistance under the Agricultural Trade Development and Assistance Act of 1954, also known as Public Law 480 or the Food for Peace Act.¹ The intent of this legislation is to promote food security in the developing world through humanitarian and developmental uses of food aid. Title II of the act, administered by USAID's Office of Food for Peace,² provides food assistance to support targeted emergency relief operations and development projects.

Cooperating sponsors including private voluntary organizations, nongovernmental organizations (NGOs), and international organizations implement Title II projects for USAID. With USAID's approval, cooperating sponsors may either distribute food commodities directly to recipients or sell the commodities to generate proceeds to support local development programs. The sale of U.S. agricultural commodities by cooperating sponsors (turning food assistance into program funds) is referred to as monetization.

From October 1, 2006, to May 31, 2010, the U.S. Government provided food assistance to Liberia through the Liberia Integrated Assistance Program (LIAP). LIAP was designed to support Liberia's transition after a civil war from a program addressing emergency humanitarian needs to one more focused on long-term development. A consortium of three U.S.-based NGOs—Catholic Relief Services (CRS), the lead organization; Samaritan's Purse; and Africare—served as the cooperating sponsor to implement the program. With budgeted funding of approximately \$23 million, the program focused on reducing food insecurity³ among rural households in 6 counties of Liberia and providing assistance to more than 134,000 direct beneficiaries. The program also worked with 10 local NGOs to build their capacity to implement programs on their own.

The Regional Inspector General/Dakar conducted this audit at USAID/Liberia as part of its fiscal year (FY) 2010 audit plan to determine whether USAID's food assistance under LIAP achieved its three main goals: (1) enhancing household livelihoods, (2) increasing community resilience to hazards and shocks, and (3) improving health and nutrition.

LIAP provided considerable assistance to those who had suffered from the 14-year war, but reached only about 74,000 of the expected 134,000 beneficiaries and only partially achieved its main goals.

The program distributed 4,879 of the 5,591 metric tons (MT) of commodities budgeted for feeding vulnerable groups for the life of the program and monetized only 11,847 of the 24,920 MT of commodities budgeted for monetization. The program monetized less than expected because in 2008 the Office of Food for Peace found that exorbitant food

¹ 7 U.S.C. 1691, *et seq.*

² USAID/Liberia in Monrovia monitors and oversees LIAP; the USAID/West Africa regional office of Food for Peace in Dakar, Senegal, supervises the program. The agreement officer is based in Washington, DC. Throughout the report, the term "USAID's Office of Food for Peace" refers to offices in Monrovia, Dakar, and Washington, DC.

³ As of the end of audit fieldwork, the level of reduced food insecurity in Liberia had not been determined, but according to the Office of Food for Peace, this information will be available in the final program evaluation, which is being conducted by an independent contractor.

and fuel price increases made it more cost-effective to provide the cooperating sponsor with cash in lieu of commodities. From FY 2007 to FY 2009, the program met planned results on only 11 of the 30 indicators used to measure program achievement.⁴ Results on the indicators, grouped by goals, follow.

Goal 1—Enhancing Household Livelihoods. The program provided 22,423 farmers with agricultural inputs (seeds and farming tools), exceeding its target by 1 percent. However, it did not meet its goal of increasing the percentage of households that adopted improved agricultural production techniques due to delayed funding and the departure of the agronomist who implemented the project.

Goal 2—Increasing Community Resilience to Hazards and Shocks. Although the cooperating sponsor achieved 91 percent of the target for the percentage of households consistently using latrines, it achieved only 60 percent of the target for the percentage of rehabilitated infrastructures maintained by the community, 77 percent of the target for the percentage of water supply facilities maintained, and 63 percent of the target for the percentage of kilometers of rehabilitated roads maintained by the community. Also, the program reached only 3,660 vulnerable food recipients, well short of its target of 17,200, mainly because of unexpected difficulties with targeting participants.

Goal 3—Improving Health and Nutrition. The cooperating sponsor trained only 5,084 of the 8,950 people it planned to train in maternal and newborn health, reached only 3,066 of the 8,200 people it planned to include in its nutrition program, and reached only 3,737 of the 8,298 people targeted for community outreach promoting abstinence to prevent HIV/AIDS.

According to CRS team leaders, delays in funding, slow program startup, and other unexpected factors related to the changing post-conflict environment limited program results. In November 2008, the cooperating sponsor asked to have the targets revised because of the difficulties it encountered in implementing the program. However, USAID did not approve the request, stating that the targets were established by USAID's Office of Food for Peace in Washington, DC, and reflected realistic expectations.

Another factor that may have contributed to the lower-than-expected results was that CRS encountered difficulty in finding participants who were considered vulnerable. According to CRS, the initial design was to target people displaced by war in their new communities, but as the country began to stabilize, displaced persons began to move back to their former communities—largely in the inaccessible, southeast region of Liberia—and away from the areas targeted by the program.

Despite the limited results, the program made some positive contributions. In the village of Takpoima, in Gbarpolu County, the village chief stated that the road rehabilitation, clinic, and latrine construction projects have had an enormous effect on the community. The community members were tremendously appreciative of the support received, and the village chief noted that neighboring communities will also benefit from these facilities.

⁴ The complete list of indicators, targets, and results for the program appears in appendix II.



A rehabilitated clinic stands in Gbanla Town, Bong County. (Photo by an Office of Inspector General auditor, January 2010)

The women we spoke with during our site visits who participated in the Positive Deviant/Hearth program⁵ were very pleased. The women acknowledged that the training they received improved their techniques for infant and child care, and most said they had observed a positive change in child health and nutrition.

Also, the program to train households to adopt improved agro enterprise/business development techniques has been a major accomplishment. The Government of Liberia expressed interest in implementing the program (with CRS' support) in the southern part of the country.

However, the audit found weaknesses in program monitoring and reporting. Monitoring weaknesses became apparent in the lack of follow up on the status of claims for lost commodities, the unavailability of documentation at food distribution sites and cooperating sponsor offices, the inaccuracy of documentation such as beneficiary lists and quarterly reports on food inventories, the absence of the cooperating sponsor at food distributions, and the poor conditions and lack of security at warehouses where food is stored. These weaknesses were largely attributable to CRS' lack of a full-time employee to monitor work done by the 10 local NGOs. The monitoring weaknesses made it difficult to determine whether the program was achieving its intended results and may prevent the Office of Food for Peace from recuperating funds it is owed for commodity losses.

⁵ The Positive Deviant/Hearth Program (supported by LIAP) trains community volunteers to identify malnourished children and encourage their mothers to adopt healthy practices. "Positive deviant" refers to an especially well-nourished child in a community; the program disseminates the practices that give that child an advantage. "Hearth" indicates the training occurs in homes.

To complete the records for the current program and remedy these monitoring weaknesses for the successor program, we recommend (pages 11–12) that the appropriate parties:

- Follow up on claims of marine losses totaling \$70,583, and implement a plan to ensure that loss data are accurate, updated, and available.
- Work with the cooperating sponsor to develop a list of documents to be kept and made available for verification at each project site and office, and develop a plan to implement these changes.
- Direct the cooperating sponsor to provide a corrected list of projects with accurate beneficiary numbers.
- Establish a process for verifying results reported by the cooperating sponsor.
- Establish a process for verifying the accuracy of commodity status reports before submitting them to the regional office in Dakar.
- Work with the cooperating sponsor to correct storage conditions at food warehouses.
- Establish a staffing plan to ensure that enough qualified personnel are available to monitor and evaluate the successor program.

Further monitoring weaknesses concerned accounting for monetized proceeds. The cooperating sponsor deposited proceeds in the wrong account and did not retain reconciled bank statements for the monetization account. Depositing the proceeds in the cooperating sponsor's operating account instead of in the correct, interest-bearing account decreased the amount of interest earned on the proceeds, and both deviations increased the risk that the funds would be mismanaged. We recommend (page 13) that the Office of Food for Peace work with the cooperating sponsor to confirm that the deposit erroneously made to the operating account was used properly, prepare reconciliations for the bank statements that were unavailable, and establish a process for the timely reconciliation of all bank statements.

Monitoring the use of monetized proceeds and maximizing their return was another problem area. Volunteer health educators (VHEs) played an important role in LIAP implementation, providing training in child health care to beneficiaries in 15,932 households. Using monetized proceeds, CRS contracted with a local NGO to train VHEs at a cost of \$32,216 in FY 2009. Yet because half the VHEs quit after receiving the training, this amount was not well spent. The VHEs quit because the training they conducted was time-consuming, the training sites were at remote locations that were difficult for VHEs to reach without transportation, and they received no incentives or compensation for their time or trouble. We recommend that the Office of Food for Peace develop an incentive or compensation plan for VHEs who will help implement the successor to LIAP (page 14).

Closer monitoring of performance targets and results is needed so that targets can be adjusted to a more reasonable level. On some targets, such as the number of food recipients, LIAP fell far short: only 18 percent of vulnerable people targeted received food

rations. On other targets, such as children being fed according to appropriate practices and caregivers providing the right foods for their infants and toddlers, LIAP exceeded targets by factors of 3 and 7, respectively. We recommend that the Office of Food for Peace develop a plan of action to review all indicators and targets to ensure that targets are reasonable and agreed on by USAID and the cooperating sponsor for the follow-on program (page 15).

Finally, monitoring compliance with USAID branding and marking requirements was weak. The audit team observed that more than half the bags of food warehoused in Bong and Lofa counties bore World Food Program (WFP) logos, not USAID logos. CRS explained that it had used WFP bags to replace some bags originally stamped with USAID logos that had been damaged in transit, and it had used bags with the WFP label because the Office of Food for Peace had not provided enough replacement bags. As a result of the lack of proper branding and marking, neither the U.S. Government nor the American people will receive the deserved credit for these commodities. We recommend that the Office of Food for Peace develop an action plan to ensure that (1) it provides enough USAID-marked bags to the cooperating sponsor and (2) the cooperating sponsor follows marking and branding requirements (page 16).

For more detail on program weaknesses, see the findings section. The audit's scope and methodology are described in appendix I.

USAID's Office of Food for Peace generally agreed with all the recommendations. Based on actions taken by the office and the supporting documentation provided, final action has been taken on recommendations 1, 2, 6, 8, and 11, and management decisions have been reached on recommendations 3, 4, 5, 7, 9, and 10. USAID's Office of Food for Peace comments are included in their entirety in appendix II.

AUDIT FINDINGS

Program Monitoring Needs Improvement

Title 22 of the Code of Federal Regulations (CFR), section 211.10(a), requires that cooperating sponsors and recipient agencies maintain records and documents in a manner that accurately reflects the operation of the program and all transactions pertaining to the receipt, storage, distribution, sale, inspection, and use of commodities, and to the receipt and disbursement of any monetized proceeds and program income. Subsection (b) of that section requires that reports from the cooperating sponsor be submitted in sufficient detail to enable USAID to assess and make recommendations as to the ability of the cooperating sponsor to effectively plan, manage, control, and evaluate the Food for Peace programs under its administration. Additionally, the current USAID job description for a Food for Peace Officer indicates that one major duty is to monitor and report on the ongoing implementation of Food for Peace programs, including following up with cooperating sponsors on the status of loss claims. Furthermore, 22 CFR 211.5(b) requires that cooperating sponsors provide adequate supervisory personnel for the efficient operation of the program. Finally, USAID ADS 303.2(f) requires that the agreement officer's technical representative maintain contact with the recipient through site visits and liaison, analyze reports, and verify timely performance.

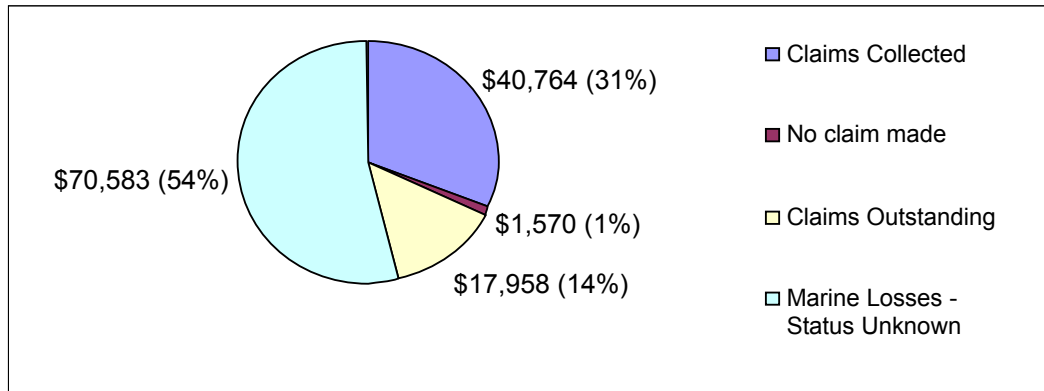
The audit found that the Office of Food for Peace and the cooperating sponsor proactively monitored LIAP and have made substantial improvements in monitoring since the start of the program. However, the audit noted some areas for improvement in monitoring, particularly in terms of documentation and commodity management, as discussed in detail below.

Status of Claims of Commodity Losses Was Unknown – The audit team requested a list of all LIAP commodity losses and the status of claims for them from the Office of Food for Peace on December 7, 2009. After reviewing the list for accuracy and completeness, the auditors determined that it contained several inaccuracies and notified the Office of Food for Peace on February 24, 2010. According to the Office of Food for Peace, the list provided was prepared without adequate review for the audit, and the inaccuracies occurred because the Food for Peace officer responsible for tracking loss data was not available. Eight working days later, on March 9, 2010, the auditors received the final list, which included \$130,875 in commodity losses (1.38 percent of commodities called forward⁶). Of this amount, the Office of Food for Peace was able to report on the status of loss claims totaling \$60,292. The remaining amount, \$70,583, was for marine loss claims (Figure 1). The Office of Food for Peace was unable to provide details on the status of these marine loss claims, but asserted that these losses had been referred to the cooperating sponsor's head office, which was responsible for resolving all marine losses in coordination with the U.S. Department of

⁶ A call forward is a request to ship commodities that have been pledged by USAID. Calls forward are initiated by the cooperating sponsor.

Agriculture.⁷ Although it is not USAID’s responsibility to resolve the losses, it is USAID’s responsibility to monitor and report on the implementation of Food for Peace programs, including following up with cooperating sponsors on the status of loss claims.

Figure 1. Commodity Losses of \$130,875 and Claim Status



Some Documentation Was Not Available – A waybill is an important document used to verify the amount of food received by the community and determine the amount of food damaged or lost in transit. Each community receiving food has a committee, and a committee member signs a waybill for each food delivery. A distribution list, another important document, is used to record beneficiaries who have received the distribution and to ensure that only the eligible beneficiaries selected by the cooperating sponsor are assisted. At five of the seven project sites where food was distributed and where we verified documentation, the communities were not able to provide copies of all waybills and distribution lists. In some cases, the waybills and distribution lists were not retained at the sites. In others, community members stated that the person who maintained the documents was not available. Both cases are problematic because the existence of the documentation at the distribution sites could not be verified. Copies of these documents were available at the regional and central offices of the cooperating sponsor.

Also, during a visit to the cooperating sponsor’s office, the audit team requested reports on damaged and missing commodities, but some reports were not available. The cooperating sponsor reported that these documents have been subjected to many reviews by both internal and external auditors and performance review teams and suggested that a reviewer could have mistakenly taken the documents.

By not maintaining adequate documentation at the distribution sites, the cooperating sponsor increased the risk of commodity mismanagement. Without the waybill, there is no record of the amount of food delivered, lost, or damaged. Likewise, the lack of distribution lists exposes the program to a greater risk of providing commodities to ineligible beneficiaries.

Some Documentation Was Inaccurate – Some of the documentation that the audit team received was inaccurate. First, the cooperating sponsor provided, through the Office of Food for Peace, a list of all of the projects that were being carried out under

⁷ The cooperating sponsor and the U.S. Department of Agriculture are responsible for administratively resolving marine cargo losses for Food for Peace shipments under 22 CFR 211.

LIAP. The list included the location of each project and the number of male and female beneficiaries, but some of the beneficiary numbers were inaccurate. Second, some of the quarterly commodity status reports provided by one consortium member to CRS and the summary commodity status reports sent by CRS to the Office of Food for Peace were inaccurate. Details are provided below.

- **Project List** — At one of the sites selected, the number of beneficiaries reported on the list was significantly different from the number verified. In Laintoin, Nimba County, the audit team reviewed two programs implemented by the cooperating sponsor—Life Skills, designed to promote healthy behavior associated with preventing HIV/AIDS among the community’s children and youth, and Integrated Management of Childhood Illness, designed to inform community members about basic health and hygiene practices to prevent illness. The Life Skills Program reported 501 beneficiaries, but the audit verified only 85 beneficiaries. Similarly, the Integrated Management of Childhood Illness Program reported 503 beneficiaries, but the audit verified only 81 beneficiaries. The cooperating sponsor acknowledged these inaccuracies, which had been reported to the Office of Food for Peace.
- **Commodity Status Reports** — CRS compiled the quarterly reports from each consortium member and submitted a summary commodity status report to the Office of Food for Peace. The reports are used to confirm the amount of food received, distributed, lost, and stored by the cooperating sponsor during the quarter. The audit team noted errors in calculations in some of the reports from one consortium member and also noted that some calculations had been tampered with to force calculated inventory counts to match physical inventory counts of commodities. The audit corrected the calculations to determine the extent of the problem and found that the errors did not represent significant amounts of commodities, as illustrated in the table.

FY 2009 Inventory Records Compared With Physical Inventory Counts
(kg)

Quarter	Unaccounted-for Difference Reported by CRS	Unaccounted-for Difference Corrected by Auditors
1	0	2
2	0	160
3	0	26
4	0	369

As shown in the table, the CRS reported that there were no unaccounted-for differences in any of the four quarters, contrary to the data verified by the auditors. CRS, in compiling the information from the consortium members to prepare its summary report for the Office of Food Peace, should have verified the data and made corrections before submitting the report.

Furthermore, the Office of Food for Peace teams in Dakar identified additional errors in the summary commodity status reports received from CRS. CRS subsequently revised these reports, but during fieldwork the auditors noted that two of the revised quarterly

reports still contained errors that resulted in unreconciled totals. These types of errors could potentially conceal undisclosed commodity losses.

Food Distributions Went Unmonitored – During site visits to 11 projects with food distribution activities, the audit team observed 3 incidents that indicated problems with monitoring food distribution.

- At Gbanla Town, Bong County, the cooperating sponsor worked with a Liberian NGO to rehabilitate a clinic (pictured on page 3) through a LIAP food-for-work project. When the audit team visited the completed clinic, there was a disagreement between the committee member who had signed for the food and was responsible for redistributing it and the recipients of the food regarding the amount of food received for the first distribution. A copy of the waybill provided to the audit team from the regional office indicated that 7.5 bags of bulgur wheat, each weighing 50 kilograms, had been distributed. However, the beneficiaries reported that only 3.5 bags were received. The signer explained that when the food arrived, work on the clinic had not been completed; therefore, he distributed only 3.5 bags. He allegedly kept the other four bags and distributed them to community members as they completed the work. None of the community members who received bulgur from these four bags were available at the time of our visit.
- At Gbanla Town, Bong County, when a second distribution occurred, a similar dispute took place between the same signer and the recipients. The signer claimed that he had signed for 98 bags of bulgur, but the recipients reported receiving only 64 bags. The actual waybill provided later by CRS indicated that 155.9 bags of bulgur were provided to the recipients. This disagreement was an indication that the distribution was not sufficiently monitored by staff from the cooperating sponsor, as required for all LIAP distributions. With sufficient monitoring from CRS and appropriate documentation at the project site (waybills and distribution lists), this situation could have been avoided.
- At Takpoima, Lofa County, the audit team visited a latrine construction project where community members received food in return for construction work. The project coordinator from the cooperating sponsor's implementing partner indicated that nine people worked on the project. However, the distribution list for the project listed 10 food recipients. The project coordinator was not able to identify one of the people included on the distribution list. The incident indicates a potential "ghost" recipient on the distribution list, something that could have been avoided with thorough, independent monitoring of the food distribution.

Conditions at Some Warehouses Were Poor – The audit team noted some poor storage conditions at the following regional warehouses.

- At Gbarnga, Bong County, the audit team noted that 163 50-kilogram bags of bulgur had been stored for more than a year. Exposure to the humidity in Liberia over this long period had caused some bags to partially disintegrate, creating holes large enough to allow the bulgur to spill out.

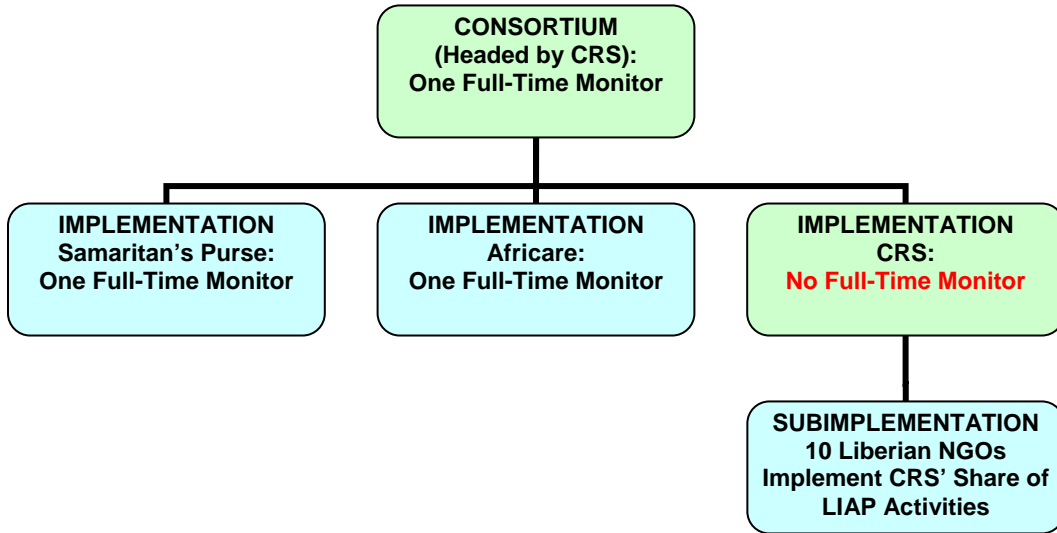


Bulgur spills from bags disintegrating after spending more than 1 year in a warehouse in Bong County, Liberia. (Photo by an Office of Inspector General auditor, January 2010)

- At Bopolu, Gbarpolu County, the audit team observed that among the twenty-two 50-kilogram bags of lentils, one was disintegrating and its contents were infested with insects. The warehouse manager reported that this was an easy problem to fix by rebagging the commodities. However, the lentils had not been rebagged or separated from the other bags at the time of the audit. The audit team also noted that the policy of requiring a two-lock, two-person system (two people must be present to access the warehouse) was not being followed. The warehouse manager reported that he was able to access the warehouse single-handedly because he had both keys.

These departures from the CFR and ADS were caused by instances of inadequate oversight on the parts of the cooperating sponsor and the Office of Food for Peace. Many of these instances could be attributed to a gap in the monitoring structure of the cooperating sponsor. Specifically, the cooperating sponsor did not have sufficient staff to perform comprehensive monitoring of the program. As illustrated in Figure 2, the consortium was led by CRS and included Samaritan's Purse and Africare. CRS also worked with 10 local NGOs to implement its share of the program in an attempt to improve their capacities so they could eventually carry out the programs themselves. CRS had one full-time staff person dedicated to monitoring the consortium's implementation of the program. In addition, Samaritan's Purse and Africare each had individuals responsible for monitoring program implementation. However, CRS did not have an employee dedicated solely to monitoring the implementation work done by the local NGOs. The local NGOs lack experience and require much more intensive monitoring to ensure proper program implementation.

Figure 2. Structure Used by the Cooperating Sponsor To Implement LIAP



Because this position at CRS was unfilled—CRS reported that the vacancy stems from the lack of qualified candidates available for the position—the consortium stems monitor at CRS and the LIAP coordinator had to oversee implementation by the NGOs, detracting from their ability to perform their standard oversight responsibilities. This double duty contributed to the documentation, distribution, and storage monitoring lapses described above.

The audit team also noted that the process for compiling and reviewing documentation at the Office of Food for Peace in Dakar could be improved. Only 1 person in Dakar was responsible for manually entering loss data into a database for 15 programs in West Africa, and there was no one to verify that the information was accurately entered.

The difficulties with monitoring had two negative effects. First, without adequate documentation, it was difficult to determine whether the program was actually achieving its intended results. For example, the list of programs with inaccurate numbers of beneficiaries was misleading regarding the number of people the program had actually reached. Moreover, the audit team was not able to confirm that commodities had reached the intended recipients. Additionally, without accurate and timely commodity status reports, the Office of Food for Peace may not be able to recuperate all funds that are owed for commodity losses. The documentation of food distribution and the number of recipients serves as an important control over the funds and commodities that support the project. Finally, insufficient monitoring subjected food commodities to undue risk of loss. Without adequate documentation and monitoring, it is not always possible to confirm the appropriate use of USAID’s commodities and funds.

Recommendation No. 1: We recommend that USAID’s Office of Food for Peace (1) follow up on and document the claim status of the marine losses totaling \$70,583, and (2) establish and implement a plan to ensure that all loss data are accurate, updated, and available.

Recommendation No. 2: We recommend that USAID's Office of Food for Peace work with the cooperating sponsor to develop a list of documents that will be retained and ready for verification at each project site and office, and develop a plan to implement these changes.

Recommendation No. 3: We recommend that USAID's Office of Food for Peace direct the cooperating sponsor to provide a corrected list of project sites with accurate beneficiary numbers.

Recommendation No. 4: We recommend that USAID's Office of Food for Peace establish a process for verifying results reported by the cooperating sponsor.

Recommendation No. 5: We recommend that USAID's Office of Food for Peace team in Liberia establish a process for verifying the accuracy of commodity status reports before submitting them to the regional office in Dakar.

Recommendation No. 6: We recommend that USAID's Office of Food for Peace work with the cooperating sponsor to correct the deficiencies noted at the warehouses in Gbarnga and Bopolu.

Recommendation No. 7: We recommend that USAID's Office of Food for Peace and the cooperating sponsor establish a staffing plan to ensure that enough qualified staff are available to monitor and evaluate the program that will follow the Liberia Integrated Assistance Program.

Controls Over Monetized Proceeds Need Improvement

Title 22 of the CFR, section 211.2(o), requires that monetized proceeds generated from the sale of Food for Peace commodities be deposited in a special interest-bearing account for control and monitoring. Furthermore, 22 CFR 211.10(a) requires that cooperating sponsors and recipient agencies maintain records and documents in a manner that accurately reflects the operation of the program. This includes documentation related to the receipt, storage, distribution, sale, inspection, and use of commodities and to the receipt and disbursement of any monetized proceeds and program income.

The cooperating sponsor had a policy of depositing income generated from the sale of monetized commodities into a special interest-bearing account and subsequently transferring those funds into an operating account to pay program expenses. However, during a review of the \$5,338,255 in monetized proceeds generated throughout the implementation of the program, the audit team noted the following two problems.

- A deposit of \$103,000 for the sale of wheat was not deposited into the special interest-bearing monetization account used by the cooperating sponsor. The cooperating sponsor's finance officer was not able to explain why the amount was instead deposited directly into the cooperating sponsor's operating account.

- Bank statements and reconciliations for the monetization account for August 2009, September 2009, and October 2009 were not available.

These problems occurred because the cooperating sponsor did not closely monitor or control the monetized proceeds. The failure to deposit funds into the special interest-bearing monetization account not only decreased the amount of interest earned on the account, but also subjected the funds to greater risk of mismanagement. Furthermore, not retaining bank statements and reconciling them prevented the cooperating sponsor from identifying unusual or inappropriate transactions in the account.

Recommendation No. 8: We recommend that USAID's Office of Food for Peace work with the cooperating sponsor to (1) confirm that the deposit of \$103,000 on April 23, 2008, in the cooperating sponsor's operating account was used properly, (2) prepare reconciliations for the three bank statements that were not available, and (3) establish a process for the timely reconciliation of all bank statements.

High Turnover Among Volunteer Health Educators Needs To Be Addressed

According to 22 CFR 211.5(k):

Nongovernmental cooperating sponsors and recipient agencies may use monetized proceeds and program income to: (i) Transport, store, distribute, and otherwise enhance the effectiveness of the use of donated commodities and products thereof, including construction or improvement of storage facilities or warehouses, handling, insect and rodent control, and payment of personnel employed or used by the cooperating sponsor or recipient agencies in support of approved programs.

As described previously, the cooperating sponsor for LIAP used VHEs to provide health training to participants in the Positive Deviant/Hearth Program. In FY 2009, 4,027 VHEs and community health committee members were trained to deliver sessions on improved child health care techniques. According to CRS, 15,932 households participated in improved child health and nutrition sessions led by VHEs. The VHE trainers were trained by a CRS-contracted local NGO. The cost for training a volunteer was about \$8, totaling \$32,216 in FY 2009.

At two of the sites in Bong and Nimba counties, the auditors confirmed that more than half of VHEs left after receiving the training. They left because they were not offered incentives or compensation for their services.

Three volunteers we met with in Bong County complained that the services they provided were sometimes challenging and required a great deal of time. In addition, they said the lack of means of transportation made access to the remote areas of the community difficult. Hence, without any incentives, volunteers were not motivated to continue with the program.

VHEs play an important role in delivering health education to mothers in the target communities. USAID and the cooperating sponsor have a responsibility to ensure that all trained VHEs perform to the best of their abilities. USAID and the cooperating sponsor must pay close attention to issues such as the lack of compensation that may preclude achieving the goal of training the health educators. Establishing an incentive or compensation plan would limit the waste of resources used to train the VHEs who quit. Compensation might consist of program and community recognition of their work through salaries or other cash payments; food; or assistance in the form of transportation, shelter, or agricultural support. An established VHE compensation system could stabilize the Positive Deviant/Hearth Program by reducing the number of volunteers quitting. USAID and the cooperating sponsor agreed that adding an incentive for the volunteers would enhance program effectiveness. Therefore, the audit makes the following recommendation.

Recommendation No. 9: We recommend that USAID's Office of Food for Peace develop an incentive or compensation plan for the volunteer health educators for the program that follows the Liberia Integrated Assistance Program.

Performance Targets Need To Be Revised

According to ADS 203.3.4.5, USAID operating units should set performance targets that are ambitious, but can realistically be achieved within the stated timeframe and with the available resources. Targets should be ambitious but achievable given USAID and other donor inputs. Our review indicated some targets for indicators listed in the performance management plan and the performance indicator tracking table were either set too high and could not be attained or set too conservatively and exceeded by a large margin. Some examples of overly ambitious targets included:

- *The percentage of farmers participating in lead farmer-led training who can explain key production concepts*—Only 44 percent of the expected 90 percent of farmers trained could explain key production concepts. The USAID Office of Food for Peace explained that the project was not successful because of the late delivery of teaching modules and the shortage of human resources to properly register beneficiaries for another program.
- *The number of communities receiving processing equipment*—The program reached only 6 of the 32 target communities, achieving less than 20 percent of the target.
- *The number of food recipients*—Only 3,660 of the targeted 20,200 recipients (18 percent) received food rations.

Some examples of overly conservative targets included:

- *The percentage of targeted children aged 6 to 36 months benefiting from three appropriate feeding practices (continued breastfeeding, age-appropriate dietary diversity, and age-appropriate frequency of feeding)*—The program exceeded its target by 380 percent in FY 2009.

- *The percentage of targeted caretakers who recognize and demonstrate giving complementary foods for children aged 6 to 36 months after receiving training* —The program exceeded its target by 770 percent. CRS stated that the indicator definition was broadened to cover breastfeeding, weaning, HIV transmission vaccination, and malaria prevention.

According to CRS, some of these targets were not properly established, and in November 2008 CRS asked USAID to revise 17 of the 30 targets in the performance plan. USAID's Office of Food for Peace did not approve the request, stating that the targets reflected realistic expectations. However, for management and reporting purposes, targets that are set too low or too high are not useful because they may not provide valuable information to improve program activities. Targets that are realistic yet challenging may help encourage improved results.

Recommendation No. 10: We recommend that USAID's Office of Food for Peace develop a plan of action to review all indicators and targets to ensure that the targets established are realistic and agreed on by USAID and the cooperating sponsor for the program that follows the Liberia Integrated Assistance Program.

Commodities Need To Be Marked With USAID Logo

ADS 320.3.1 states that all USAID-funded foreign assistance must be branded through use of a branding strategy and marked through use of a marking plan. Employees involved in project implementation must ensure that USAID's implementing partners communicate that the American people are providing the assistance. In addition, Agency notice 10758, issued on December 20, 2005, states that contracting officer's technical representatives are responsible for monitoring compliance with marking and branding requirements. When recipients fail to comply with the marking plan, agreement officers will initiate corrective action.

During site visits to CRS warehouses in Bong and Lofa counties, the auditors observed that more than 150 of the 300 bags of bulgur wheat were not properly marked with the USAID logo. Commodities such as bulgur wheat and lentils were stored in bags with WFP logos instead of USAID logos.

According to CRS, there are two possible reasons for this. First, agencies sometimes borrow commodities from each other, which is allowed under certain circumstances. An agency that has borrowed bags from USAID will repay USAID with its own commodities in bags marked with its own logo (instead of the USAID logo). This is required under Title II to prevent non-USAID commodities from being falsely marked. Second (and more problematic) WFP sometimes reconstitutes bags of USAID commodities that have been damaged during shipment and uses WFP bags because USAID does not provide enough empty bags for reconstitution.

USAID's Food for Peace officer acknowledged that USAID sometimes provided empty bags, but usually there were not enough for transferring recovered commodities. The Office of Food for Peace did not identify or correct these deficiencies.



Food bags stored at a warehouse in Saleyea, Lofa County, are labeled WFP instead of USAID. (Photo by an Office of Inspector General auditor, February 2010)

The risk exists that neither the U.S. Government nor the American people will receive the deserved credit for their efforts in Liberia, and the objectives of furthering U.S. foreign policy in Liberia will not be achieved. To ensure that USAID contributions are known to the people of Liberia, this audit makes the following recommendation.

Recommendation No. 11: We recommend that USAID's Office of Food for Peace develop an action plan to ensure that (1) enough USAID-marked bags are provided to the cooperating sponsor, and (2) the cooperating sponsor follows marking and branding requirements.

EVALUATION OF MANAGEMENT COMMENTS

USAID's Office of Food for Peace (representing both the Office of Food for Peace in Washington (FFP/W) and USAID/Liberia) generally agreed with all the recommendations in the draft report. In preparing the final report, RIG/Dakar considered management's comments and the evaluation of management comments is summarized below.

Recommendation 1 – FFP/W and USAID/Liberia agreed with the first part of the recommendation and have confirmed with CRS/Liberia that \$2,008 in marine losses have been settled to date, and that the remaining amounts will be deposited with the U.S Department of Agriculture's Commodity Credit Corporation within 90 days of the program's end date, May 31, 2010. FFP/W and USAID/Liberia did not agree with the second part of the recommendation but agreed to clarify the procedure of ensuring that all loss data are accurate, updated, and available. Hence, FFP/W has drafted a Food for Peace Information Bulletin that delineates the roles and responsibilities for Title II awardees and the Office of Food for Peace to ensure that all loss data are accurate, updated, and available when receiving, reviewing, and approving marine and inland claims. Accordingly, RIG/Dakar considers that final action has been taken on this recommendation.

Recommendation 2 – FFP/W and USAID/Liberia agreed with the recommendation. For new programs, the Monrovia-based Food for Peace Officer will ensure that certain commodity management documents (waybills, a signed contract, and recipient lists with signatures) are maintained at the distribution sites and in the partner offices. USAID/Liberia will also verify that documents are maintained by the cooperating sponsor through regular meetings and monitoring visits. Findings from these meetings will be communicated through reports to the cooperating sponsor and to FFP offices in Dakar and Washington. Accordingly, RIG/Dakar considers that final action has been taken on this recommendation.

Recommendation 3 – FFP/W and USAID/Liberia agreed with the recommendation. On May 5, 2010, the Monrovia-based Food for Peace Officer requested from CRS/Liberia a revised list of communities and beneficiary numbers. CRS/Liberia confirmed on May 14, 2010, that the beneficiary list was under revision until May 31, 2010, when the program closed. The updated information will be submitted to FFP/W and USAID/Liberia with the final evaluation (due by June 30, 2010) and results report (due by August 31, 2010). Accordingly, RIG/Dakar considers that a management decision has been reached on this recommendation.

Recommendation 4 – FFP/W and USAID/Liberia agreed with the need to improve the process for verifying results reported and noted that it is the primary role of a field-based Food for Peace Officer, not FFP/Washington. Therefore, Food for Peace Officers in Monrovia will establish new processes using information technology tools such as Quarterly Web Interfaced Commodity Reporting to verify quantifiable data. This will allow Food for Peace Officers to more easily review commodity reports, and loss data will no longer be entered manually. This tool is expected to be launched by December 31,

2010. Accordingly, RIG/Dakar considers that a management decision has been reached on this recommendation.

Recommendation 5 – FFP/W and USAID/Liberia agreed with the recommendation. They have agreed to establish a process (by August 31, 2010) for verifying the commodity status reports using a spreadsheet tracking system that will verify information on a quarterly basis, highlight any discrepancies, and inform the cooperating sponsor accordingly for redress. Accordingly, RIG/Dakar considers that a management decision has been reached on this recommendation.

Recommendation 6 – FFP/W and USAID/Liberia agreed with the recommendation. USAID/Liberia has received confirmation that (1) the damaged and infested commodities have been separated (2) a subrecipient (Samaritan's Purse) had separated the contaminated bag and has reinstated the two-lock entry system, and (3) another subrecipient (Caritas) had rectified the issues identified in the audit report and has been distributing the commodities after verification of projects and beneficiaries by monitors. In addition, FFP officers conducted field monitoring visits to three warehouses in Bong and Lofa counties to examine each warehouse and to ensure compliance. Accordingly, RIG/Dakar considers that final action has been taken on this recommendation.

Recommendation 7 – FFP/W and USAID/Liberia agreed with the recommendation. FFP/W stated that it had already approved and added another Food for Peace Officer during October 2009, bringing the number of full-time staff to support the multiyear programs to two. This new staff person is responsible for monitoring Title II nonemergency food aid programs and for reporting on their implementation to FFP/Washington and the Mission. USAID/Liberia expects to hire a new monitoring and evaluation (M&E) contractor to support the Food for Peace program and will conduct monitoring site visits by October 1, 2010. FFP/W and USAID/Liberia will ensure that enough qualified staff, including M&E staff and environmental mitigation monitors, are available to monitor and evaluate the program(s) that will follow LIAP. Accordingly, RIG/Dakar considers that a management decision has been reached on this recommendation.

Recommendation 8 – FFP/W and USAID/Liberia agreed with the recommendation. The Monrovia-based Food for Peace Officers received confirmation that (1) \$103,000 in question was in fact used to pay program expenses, (2) bank statements and reconciliations for the monetization account for the months of August, September, and October 2009 were misfiled and are now available in the CRS/Liberia offices, and (3) a policy was established for depositing income generated from the sale of commodities into a special interest-bearing account. Accordingly, RIG/Dakar considers that final action has been taken on this recommendation.

Recommendation 9 – FFP/W and USAID/Liberia agreed with the recommendation stating that they are working with the new cooperating sponsors to address incentives for volunteers. In a separate email to us, the mission confirmed that on June 11, 2010, the Acting FFP Director signed the new grants for Liberia. As part of those grants, the Cooperating Sponsors must engage with health volunteers in a manner that is consistent with the Government of Liberia Ministry of Health and Social Welfare policy. The Monrovia-based Food for Peace Officers will work with new Cooperating Sponsors during the first quarter/start-up phases (by December 31, 2010) of the new programs to ensure that this occurs, and will routinely monitor the status of how the Cooperating

Sponsors are engaging with health volunteers throughout the program life cycle. Accordingly, RIG/Dakar considers that a management decision has been reached on this recommendation.

Recommendation 10 – FFP/W and USAID/Liberia agreed with the recommendation and stated that they will work to ensure that realistic and measurable targets are established with the new programs. The new cooperating sponsors will participate in an M&E workshop in Liberia in August 2010. In the workshop, cooperating sponsors will establish appropriate indicators, results frameworks, and evaluation plans, as measured by the mission and FFP staff. Accordingly, RIG/Dakar considers that a management decision has been reached on this recommendation.

Recommendation 11 – FFP/W and USAID/Liberia agreed with the recommendation. For part 1, FFP/W stated that the call forward process ensures that sufficient bags accompany shipments, and FFP/W has emphasized to cooperating sponsors the importance of following branding and marking regulations. They further stated that the bagging problem identified was not due to a lack of bags, but rather an exceptional situation: a commodity swap approved in advance between CRS and WFP took place on June 9, 2009. Because WFP replaced the swapped commodities with appropriate commodities from another donor country, WFP could not have used U.S. Government bags for the replacement commodities. For part 2, FFP/W and USAID/Liberia underscored that it is the responsibility of the cooperating sponsor to implement the branding and marking plan in accordance with the terms of the cooperative agreement. The Development Outreach Coordinator at the mission has reviewed the branding and marking plans submitted by cooperating sponsors for approval by FFP/W for the new multiyear proposals to ensure timely and effective compliance with section 4.14 and 22 CFR 211.5 for future cooperative agreements. Accordingly, RIG/Dakar considers that final action has been taken on this recommendation.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Dakar 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 the audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective, which was to determine whether USAID's food aid assistance under LIAP achieved its main goals.

The audit focused on the USAID Office of Food for Peace's activities in Liberia and the management of food commodities for LIAP from October 1, 2006, to September 30, 2009. The audit evaluated the achievements of USAID/Liberia's Office of Food for Peace and its cooperating sponsor. The assessment included determining whether the mission and cooperating sponsor achieved the objectives of LIAP as described in the grant agreement, the multiyear assistance program proposal, the implementation plan, and other project documentation through interviews with program staff and beneficiaries.

In conducting this audit, we reviewed and assessed the significant internal controls developed and implemented by the USAID Office of Food for Peace and the cooperating sponsor to manage and monitor the activities. The assessment included internal controls related to whether USAID (1) reviewed progress and financial reports submitted by the cooperating sponsor, (2) conducted and documented periodic meetings with the cooperating sponsor, (3) performed documented visits to the activity sites, and (4) developed and implemented policies and procedures to safeguard the assets and resources of the activities. In addition, we obtained an understanding of and evaluated (1) the multiyear assistance program proposal for LIAP, (2) annual work plans and monitoring plans, (3) results reports, (4) commodity call forward reports, (5) performance measures and indicators, and (6) actual performance results.

Fieldwork for this audit was performed from January 19 to February 26, 2010, at the USAID/West Africa Regional Food for Peace Office in Dakar, Senegal; the USAID Food for Peace office in Monrovia, Liberia; the offices of the cooperating sponsor's consortium members (CRS, Africare, and Samaritan's Purse); and program implementation sites in Bong, Gbarpolu, Lofa, and Nimba counties.

Methodology

To answer the audit objective, we reviewed the P.L. 480 Title II program requirements and applicable USAID policies and procedures. In addition, we reviewed program documentation including the program proposal and the award agreement. We interviewed officials in the USAID Office of Food for Peace regarding their roles and responsibilities for implementation of the program.

Additionally, we interviewed program staff from the cooperating sponsor regarding the achievements of the program. We then observed the design and implementation of the

program as well as the reported achievements. We visited the CRS main project commodities warehouse, located at the World Food Program's central warehouse in Monrovia, and three of the nine regional warehouses in Liberia. We chose these warehouses based on road conditions and time constraints. We interviewed staff, observed storage conditions, and examined documentation at these warehouses.

For each consortium member, we selected a sample of program implementation sites. We visited 18 out of a total of 2,317 activities under the program. We judgmentally selected activity sites on the basis of road conditions, time constraints, and coverage of all three strategic objectives. At these sites we met with community and committee members, interviewed beneficiaries, reviewed documentation retained by the committees, and observed food distributed under the food-for-work projects. We judgmentally selected and interviewed 79 beneficiaries from beneficiary lists provided by the consortium members according to beneficiary availability at the time of our visits. The results from the sample cannot be projected to the universe of all activities on a statistical basis. However, we believe that our work provides a reasonable basis for our conclusions.

For evaluating project results, we set the materiality threshold at 15 percent. In other words, if 85 percent or more of the activities reviewed achieved their targets we determined that USAID/Liberia had achieved planned results as stated in the audit objective. With regard to achieving the targets for individual performance indicators, we concluded that USAID/Liberia achieved the planned result for an indicator if USAID met or exceeded 85 percent of the target.

We compared the reported results in the contractor's quarterly and annual progress reports with the targets established in the performance management plan for FYs 2007, 2008, and 2009. We verified reported data by reviewing supporting documentation and by comparing reported information with data maintained at the sites we visited.

MANAGEMENT COMMENTS



June 4, 2010

MEMORANDUM

TO: Gerard Custer, Regional Inspector General/Dakar

FROM: Brooke Isham, Director, USAID/Office of Food for Peace
Pam White, Mission Director, USAID/Liberia

SUBJECT: Management Responses to RIG/Dakar Draft Report on the Audit of USAID's Food Assistance under the Liberia Integrated Assistance Program (LIAP)

On May 4, 2010, the Office of Food for Peace in Washington (FFP/W) and USAID/Liberia received the draft report on the subject 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 No. 1: We recommend that USAID's Office of Food for Peace (1) follow up on and document the status of the marine losses totaling \$70,583, and (2) establish and implement a plan to ensure that all loss data are accurate, updated, and available.

Response to No. 1.1: FFP/W and USAID/Liberia agree with this recommendation and have confirmed with CRS/Liberia that \$2,008.10 in marine losses have been settled to date. The Monrovia-based Food for Peace Officers are working with CRS/Liberia to ensure that the remaining amounts will be deposited with the U.S. Department of Agriculture's Commodity Credit Corporation within 90 days from May 31, 2010, the end of program date.

Response No. 1.2: FFP/W and USAID/Liberia do not agree with this recommendation, however we do agree that the exact procedures could be further clarified. To supplement this regulation, therefore, FFP/W has drafted a Food for Peace Information Bulletin (FFPIB) that delineates the roles and responsibilities for Title II awardees and the Office of Food for Peace to ensure that all loss data are accurate, updated, and available when receiving, reviewing and approving marine and inland claims (Annex 1). The FFPIB outlines the process to determine and share information on marine claims and inland claims, and it ensures that claims initiated by the Cooperating Sponsors are processed and reviewed by the Office of Food for Peace and the U.S. Department of

Agriculture in a timely fashion. The information in the FFPIB is consistent with the Agency's Automated Directives System (ADS) and is already covered in 22 C.F.R. 211. Nonetheless, this FFPIB, once cleared, will be posted on the FFP website.

With the above Responses No. 1.1 and 1.2, FFP/W and USAID/Liberia consider that Recommendation No. 1 has been fully addressed and is closed.

Recommendation No. 2: We recommend that USAID's Office of Food for Peace work with the cooperating sponsor to develop a list of documents that will be retained and ready for verification at each project site and office, and develop a plan to implement these changes.

Response No. 2: FFP/W and USAID/Liberia agree with the recommendation. For newly approved programs, the Monrovia-based Food for Peace Officers will ensure that the following commodity management documentation remain at the distribution sites and in the partner offices: (a) waybills that indicate the total quantity of food commodities delivered to the distribution site; (b) a copy of the signed contract between each community and the Cooperating Sponsor's partner that stipulates the breakdown of resources and total tonnage of food aid commodities to be distributed by ration and the type of commodity; and (c) the food aid ration recipient lists (with the signatures or finger prints of receipt of ration) that stipulate who received the ration and when.

The Monrovia-based Food for Peace Officers will verify that the above documents are maintained by the Cooperating Sponsor through regular meetings with the partners, quarterly field monitoring visits – announced and unannounced – and careful document review. Findings from these visits, reviews and meetings will be communicated through reports to the Cooperating Sponsor and FFP Offices in Dakar and Washington.

With the above Response No. 2, FFP/W and USAID/Liberia consider that Recommendation No. 2 has been fully addressed and is closed.

Recommendation No. 3: We recommend that USAID's Office of Food for Peace direct the cooperating sponsor to provide a corrected list of project sites with accurate beneficiary numbers.

Response No. 3: FFP/W and USAID/Liberia agree with this recommendation and on May 5, 2010, the Monrovia-based Food for Peace Officers requested from CRS/Liberia a revised list of communities and beneficiary numbers. CRS/Liberia confirmed on May 14, 2010, that the beneficiary list was under revision until May 31, 2010, when the program closed. The updated information will be submitted to FFP/W and USAID/Liberia with the Final Evaluation (due by June 30, 2010) and Results Report (due within 90 days from May 31, 2010, the end of program date).

Recommendation No. 4: We recommend that USAID's Office of Food for Peace establish a process for verifying results reported by the cooperating sponsor.

Response No. 4: FFP/W and USAID/Liberia agree with the need to improve the process for verifying results reported, and note that it is the primary role of a field-based Food for Peace Officer (FFPO), not FFP/Washington, to do so. Some of the processes and tools that a field-based Food for Peace Officer uses to verify results include meetings with the Cooperating Sponsor staff in Monrovia and in sub-offices, meetings with host

government officials, site visits (both announced and unannounced), warehouse visits (both announced and unannounced), meetings with beneficiaries, careful desk reviews of reports, photographs and documents, provision and support for workshops, and review sessions.

For new programs in Liberia, the Monrovia-based Food for Peace Officers will establish new processes utilizing information technology tools such as Quarterly Web Interfaced Commodity Reporting (QWICR) and Layers (as described below) to verify quantifiable data. For example, with the planned upcoming launch of the USAID QWICR commodity tracking system, Cooperating Sponsors will enter commodity management data into this web-based system. The Monrovia-based Food for Peace Officers will then be able to review commodity reports more easily. Food for Peace Regional Staff in Dakar will no longer enter loss data. The launch is expected in the first quarter of FY11.

In FY11, Food for Peace Officers will begin using Layers to assess the implementation quality of Cooperating Sponsor operations in the field. 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 small random sample of program sites. Once the data is entered and analyzed, Layers generates automated reports that reflect the quality of performance of partners implementing Title II programs.

Finally, FFP staff in Washington and Dakar are discussing how to incorporate portfolio reviews and Data Quality Analysis into on-going program monitoring and evaluation.

With the above Response No. 4, FFP/W and USAID/Liberia consider that Recommendation No. 4 has been fully addressed and is closed.

Recommendation No. 5: We recommend that USAID's Office of Food for Peace team in Liberia establish a process for verifying the accuracy of commodity status reports before submitting them to the regional office in Dakar.

Response No. 5: FFP/W and USAID/Liberia agree with this recommendation and now that an additional Food for Peace Officer has been assigned to Liberia, the review and verification process will be as follows: the Monrovia-based Food for Peace Officers, in the absence of QWICR, will develop by August 2010 a spreadsheet tracking system that will verify information on a quarterly basis, highlight any discrepancies and inform the Cooperating Sponsor accordingly for redress. After confirmation with the Cooperating Sponsor, the Monrovia-based Food for Peace Officers will update the database with any corrections and send a summary to FFP offices in Washington and Dakar. The document will be secure and tamper-proof because only the Monrovia-based Food for Peace Officers will have editing rights.

In addition, for Recommendation No. 5, the introduction of QWICR and Layers support data accuracy and review of the verification process described above.

With the above Response No. 5, FFP/W and USAID/Liberia consider that Recommendation No. 5 has been fully addressed and is closed.

Recommendation No. 6: We recommend that USAID's Office of Food for Peace work with the cooperating sponsor to correct the deficiencies noted at the warehouses in Gbarnga and Bopolu.

Response No. 6: FFP/W and USAID/Liberia agree with the recommendation and the Monrovia-based Food for Peace Officers received confirmation from CRS/Liberia that the damaged and infested commodities noted by the auditors have been separated. The Monrovia-based Food for Peace Officers also received confirmation from CRS/Liberia on May 14, 2010, that one of their sub-recipients (Samaritan's Purse) had separated the contaminated bag (included as a photo in the audit report) and has reinstated the two-lock entry system. Finally, the Monrovia-based Food for Peace Officers received confirmation from CRS on May 14, 2010, that another sub-recipient (Caritas) had also rectified the problematic issues and has been distributing the commodities after verification of projects and beneficiaries by monitors.

Between the dates of May 20-22, 2010, the Monrovia-based Food for Peace Officer conducted field monitoring visits to three warehouses in Bong and Lofa Counties and examined each warehouse to ensure compliance. No commodities were found in these warehouses, as everything had been distributed for the close-out of the project.

With the above Response No. 6, FFP/W and USAID/Liberia consider that Recommendation No. 6 has been fully addressed and is closed.

Recommendation No. 7: We recommend that USAID's Office of Food for Peace and the cooperating sponsor establish a staffing plan to ensure that enough qualified staff are available to monitor and evaluate the program that will follow the Liberia Integrated Assistance Program.

Response No. 7: Prior to receiving this recommendation, FFP/W had already approved additional staff. FFP/W added another Food for Peace Officer during October 2009, which brings the number of staff to two full time staff to support the multi-year program(s). This new staff person is responsible for monitoring Title II-funded, non-emergency food aid programs, and for reporting on their implementation to FFP/Washington and the Mission.

To complement the FFP programming monitoring and evaluation (M&E), the Mission is in the process of hiring a new M&E Contractor. Whenever possible, the Mission will continue to conduct joint field monitoring visits with the Economic Growth, Health, Education, Program and Finance teams.

FFP/W and USAID/Liberia will ensure enough qualified staff, including M&E staff and environmental mitigation monitors, are available to monitor and evaluate the program(s) that will follow the LIAP. FFP/W is in the process of approving the multi-year program budgets, which will include the following staff, as they relate to this recommendation:

MYAP 1: M&E Specialists (multiple), Field Agents (multiple), Construction Supervisors (multiple)

MYAP 2: M&E Coordinator/ Officers (multiple), Commodity and Warehouse Officers/ Managers (multiple)

With the above Response No. 7, FFP/W and USAID/Liberia consider that Recommendation No. 7 has been fully addressed and is closed.

Recommendation No. 8: We recommend that USAID's Office of Food for Peace work with the cooperating sponsor to (1) confirm that the deposit of \$103,000 on April 23, 2008, in the cooperating sponsor's operating account was used properly, (2) prepare reconciliations for the three bank statements that were not available, and (3) establish a process for the timely reconciliation of all bank statements.

Response No. 8.1: On May 14, 2010, the Monrovia-based Food for Peace Officers received confirmation from CRS/Liberia that the \$103,000 in question was in fact used to pay program expenses.

Response No. 8.2: On May 14, 2010, the Monrovia-based Food for Peace Officers received confirmation from CRS/Liberia that bank statements and reconciliations for the monetization account for the months of August, September, and October 2009, were misfiled and are now available in the CRS/Liberia offices. Reconciliation of this monetization account and of all bank statements is on-going for the final reporting for the LIAP. The Monrovia-based Food for Peace Officers will verify the receipts in June 2010.

Response No. 8.3: The Monrovia-based Food for Peace Officers received confirmation from CRS/Liberia that CRS has a policy of depositing income generated from the sale of monetized commodities into a special interest bearing, comingled account. CRS/Liberia will only open a separate bank account if required by the donor. The auditors confirmed that \$5.3 million in monetization proceeds has been deposited; the only two exceptions have been noted and the accounts have been reviewed accordingly.

With the above Responses No. 8.1, 8.2 and 8.3, FFP/W and USAID/Liberia consider that Recommendation No. 8 has been fully addressed and is closed.

Recommendation No. 9: We recommend that USAID's Office of Food for Peace develop an incentive or compensation plan for the volunteer health educators for the program that follows the Liberia Integrated Assistance Program.

Response No 9: FFP/W and USAID/Liberia agree with this recommendation and are working with the new Cooperating Sponsors to address this implementation challenge before the new programs begin. Based on the Government of Liberia's Ministry of Health and Social Welfare (MoHSW) policy of not monetarily compensating health volunteers, the LIAP program did reward the Volunteer Health Educator's (VHEs) by certificating them, providing T-Shirts and linking them to other LIAP Food For Work (FFW) activities.

While it was difficult to retain volunteers in activities such as Positive Deviance Hearth, the CRS/Liberia VHEs were trained so that they could continue to be a resource for the communities after the program ended. If these VHE volunteers were to participate only because of their interest in an incentive and/or payment, it would likely create an unsustainable programming situation, when the incentives would be discontinued at the end of a program.

The Monrovia-based Food for Peace Officer will ensure that the new Cooperating Sponsors work closely with the MoHSW and other implementing partners to harmonize incentives/motivation materials in line with the draft National Policy and Strategy on Community Health Services, which outlines key incentives and disincentives. Possible incentives include the provision of identification cards/badges, notifications/signs to post outside their homes in recognition of their achievements/training, training allowances to

support continued education/training, and certificates. Additional performance-based incentives may be provided in the form of bags and volunteers may be eligible, based on their performance, to apply for in-kind mini-grants for the inputs necessary to support the food security of their households.

With the above Response No. 9, FFP/W and USAID/Liberia consider that Recommendation No. 9 has been fully addressed and is closed.

Recommendation No. 10: We recommend that USAID’s Office of Food for Peace develop a plan of action to review all indicators and targets to ensure that the targets established are realistic and agreed on by USAID and the cooperating sponsor for the program that follows the Liberia Integrated Assistance Program.

Response No. 10: FFP/W and USAID/Liberia agree with this recommendation and will work to ensure that realistic and measurable targets are established with the new programs. In addition to the annual review of indicators through the submission of the Annual Results Report, field based Food for Peace Officers provide regular monitoring and guidance to the Cooperating Sponsor to ensure that targets established are realistic and attainable. These targets and indicators are reviewed bi-annually by the field based Food for Peace Officers at the Mission in the Portfolio Reviews and feedback is given to the Cooperating Sponsor. In addition, an external mid-term evaluation provides the Cooperating Sponsor with objective information to assess the status of indicators and targets and to make adjustments, if necessary. It is important to note that adjusting approved indicators and targets is not a common practice and would only be considered under extraordinary circumstances. A request to adjust targets in the final year of a program, for example, would not be realistic, while an adjustment half way through a program under extraordinary circumstances with reasonable justifications would be considered.

Finally, the FFP Policy and Technical Division uses Food and Nutrition Technical Assistance Project-2 to complete FFP M&E workshops for all new multi-year programs. The new Cooperating Sponsors will participate in an M&E workshop in Liberia in August 2010. In the workshop, Cooperating Sponsors will establish appropriate indicators, results frameworks and evaluation plans, as measured by the Mission and FFP staff. This will lead directly to the baseline study.

With the above Response No. 10, FFP/W and USAID/Liberia consider that Recommendation No. 10 has been fully addressed and is closed.

Recommendation No. 11: We recommend that USAID’s Office of Food for Peace develop an action plan to ensure that (1) enough USAID marked bags are provided to the cooperating sponsor, and (2) the cooperating sponsor follows marking and branding requirements.

Response No. 11.1: FFP/W and USAID/Liberia agree with Recommendation No.11.1. The call forward process ensures that sufficient bags accompany shipments, and FFP/W is emphasizing to Cooperating Sponsors the importance of following branding and marking regulations. At the same time, the bagging problem identified was not due to a lack of bags, but rather an exceptional situation. A pre-approved commodity swap with the United Nations World Food Program (WFP) was arranged between Catholic Relief Services and WFP, and was approved by FFP on June 2, 2008. The swap took place

on June 9, 2009. The commodities provided to WFP by the U.S. Government (USG) bore the USG branding so the net amount of commodities being distributed in USAID bags was the same. The auditors did not actually pinpoint these specific WFP commodities, but instead saw other WFP commodities supplied by Sweden. According to 22 C.F.R 211, it would be improper to place non-USG commodities into a USG branded bag. Because WFP replaced the swapped commodities with appropriate commodities from another donor country, WFP could not have used USG bags for the commodities they replaced.

The following references are associated with the response to Recommendation No. 11.1:

- *Fiscal Year 2010: Title II Proposal Guidance and Program Policies, Annex D: Branding and Marking Requirements Guidance*
http://www.usaid.gov/our_work/humanitarian_assistance/ffp/fy10_brandm.pdf
- 22 C.F.R 211.6(a) (pertaining to the right to waive this labeling requirement)
- 22 C.F.R. 211.5(o) (including authorization for swaps)
http://edocket.access.gpo.gov/cfr_2007/aprqrtr/pdf/22cfr211.5.pdf

Response No. 11.2: FFP/W and USAID/Liberia concur with Recommendation No. 11.2, underscoring that it is the responsibility of the Cooperating Sponsor to implement the branding and marking plan in accordance with the terms of the cooperative agreement. This action plan exists as part of the branding and marking plan outlined in Section 211.5 'Obligations of Cooperating Sponsor' of 22 C.F.R. 211 and Section 4.14 'Marking Under USAID-Funded Assistance Instruments' of the cooperative agreement.

FFP/W concurs with Recommendation 11.2 and the Development Outreach Coordinator at the Mission has reviewed the branding and marking plans, submitted by Cooperating Sponsors for approval by FFP/W for the new MYAP proposals to ensure timely and effective compliance with Section 4.14 of future cooperative agreements and Section 211.5 of 22 C.F.R 211.

With the above Responses No. 11.1 and 11.2, FFP/W and USAID/Liberia consider that Recommendation No. 11 has been fully addressed and is closed.

Conclusion

This Memorandum serves as FFP/W's and USAID/Liberia's management responses and closure to the recommendations outlined in RIG/Dakar's Memorandum dated May 4, 2010.

LIAP Targets and Results

No.	Indicator/Output	Target	Actual Reported Result	% of Target Achieved	Target Achieved?
1	Average household agricultural production (hectares [ha])	2,200	986	45%	No
2	Annual yield of targeted crops (ha)	2,700	2,475	92%	Yes
3	Percentage of targeted households with increased assets	30%	30%	100%	Yes
4	Number of farmers receiving agricultural inputs	22,310	22,423	101%	Yes
5	Amount of food provided for agricultural inputs and farming tools activities (MT)	2,576	2,512	98%	Yes
6	Number of additional hectares under improved technologies or management practices as a result of U.S. Government assistance	2,840	920	32%	No
7	Percentage of beneficiaries adopting the minimum number of agricultural technologies	30%*	30%	100%	Yes
8	Percentage of farmers participating in lead farmer-led training who can explain key production concepts (data disaggregated by technique)	90%	44%	49%	No
9	Percentage of farmers participating in lead farmer-led training who can explain key production concepts (data disaggregated by technique)	80%	55%	69%	No
10	Percentage of communities who demonstrate use of value-adding processing techniques	85%	0%	0%	No
11	Percentage of participants who can explain key agroenterprise concepts (data disaggregated by training topics)	80%	0%	0%	No
12	Number of communities receiving processing equipment (data disaggregated by equipment type)	32	6	19%	No
13	Percentage of rehabilitated infrastructures maintained by community served	80%	48%	60%	No
14	Percentage of water supply facilities maintained by community served	70%	54%	77%	No
15	Percentage of households consistently using the constructed or rehabilitated latrine facilities	70%	64%	91%	Yes

* This percentage is cumulative for all 3 years. For example, targets were 20, 25, and 30 percent for 2007, 2008, and 2009; therefore, the cumulative target lies between 20 and 30 percent.

Continued ...

No.	Indicator/Output	Target	Actual Reported Result	% of Target Achieved	Target Achieved?
16	Percentage of kilometers of rehabilitated roads maintained by community served	40%	25%	63%	No
17	Number of water supply facilities built or rehabilitated	245	235	96%	Yes
18	Number of latrine facilities built	688	322	47%	No
19	Number of food recipients (data disaggregated by vulnerability status)	17,200	3,660	18%	No
20	Percentage of targeted caretakers of children 0-59.99 months who report washing hands with soap at least two critical times during the past 24 hours (data disaggregated by gender)	30%*	70%	233%	Yes
21	Percentage of caretakers practicing improved infant and child health care techniques	68%	90%	132%	No
22	Number of people trained in maternal/newborn health through U.S. Government-supported program	8,950	5,084	57%	No
23	Percent of VHEs who can demonstrate delivery of health/hygiene education after receiving training	100%	87%	87%	Yes
24	Percentage of targeted children 6-36 months old with three appropriate infant and young child feeding practices (continued breastfeeding, age-appropriate dietary diversity, and age-appropriate frequency of feeding)	10%	48%	480%	Yes
25	Percentage of targeted caretakers who recognize and demonstrate giving complementary foods for children 6-36 months old after receiving training	10%	87%	870%	Yes
26	Number of people trained in child health and nutrition through U.S. Government-supported program	8,950	2,432	27%	No
27	Number of children reached by U.S. Government-supported nutrition program	8,200	3,066	37%	No
28	Number of individuals reached through community outreach that promotes HIV/AIDS prevention through abstinence	8,298	3,737	45%	No
29	Number of individuals reached through community outreach that promotes HIV/AIDS through abstinence or being faithful	8,298	3,737	45%	No
30	Number of individuals reached through community outreach that promotes HIV/AIDS	8,058	3,423	42%	No

* This percentage is cumulative for 3 years. For example, targets were 20, 25, and 30 percent for 2007, 2008, and 2009; therefore, the cumulative target is between 20 and 30 percent.

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