OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/WEST AFRICA'S P.L. 480 TITLE II FOOD AID IN SUPPORT OF THE LIVELIHOOD EXPANSION AND ASSET DEVELOPMENT PROGRAM IN SIERRA LEONE

AUDIT REPORT NO. 7-685-10-003-P
February 11, 2010

DAKAR, SENEGAL

Office of Inspector General

February 11, 2010

MEMORANDUM

TO: USAID/Senegal Mission Director, Kevin Mullally
USAID/Office of Food for Peace Director, Jeffrey M. Borns

FROM: Regional Inspector General/Dakar, Gerard Custer/s/

SUBJECT: Audit of USAID/West Africa's P.L. 480 Title II Food Aid in Support of the Livelihood Expansion and Asset Development Project in Sierra Leone

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

The report includes 8 recommendations for your action. Based on your comments, management decisions have been reached on recommendations 2, 3, 4, and 5. Management decisions can be recorded for the remaining recommendations when USAID's Office of Food for Peace and we agree on a firm plan of action, with target dates, for implementing the recommendations. Determination of final action on the recommendations will be made by the Audit Performance and Compliance Division (M/CFO/APC).

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

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SUMMARY OF RESULTS

The USAID Office of Food for Peace[1] funds the Livelihood Expansion and Asset Development program in Sierra Leone. The program was implemented by a coalition of private voluntary organizations known as the Consortium for Rehabilitation and Development. The consortium, headed by the Cooperative for Assistance and Relief Everywhere (CARE) International, operates under a multiyear assistance program agreement with USAID. The agreement between USAID and CARE started on October 1, 2006, and will end on May 31, 2010. The total estimated cost of the program is $30,127,816. The main goals of this program are to reestablish and expand the agricultural sector, implement programs specifically focused on youth to reduce vulnerabilities on the national level, address the acute vulnerability of pregnant and lactating women and children under age 5, and aid the chronically food insecure. The project intended to provide 44,440 metric tons of food to aid the food insecure, but the cooperating sponsor has called forward[2] only 27,070 metric tons of food as of September 30, 2009. According to USAID's Office of Food for Peace, the program will fall short of its intended commodity distribution since there will not be another call forward for the program. This nonachievement is due to a late startup of the program, which reduced the total timeframe for program implementation (pages 3–4).

This audit was conducted to determine whether the Office of Food for Peace and its cooperating sponsor[3] have established and implemented adequate controls to minimize food losses and ensure that food aid was received, stored, and distributed in accordance with existing guidelines. The audit found that, for the most part, the Office of Food for Peace and its cooperating sponsor have implemented adequate controls over the receipt, storage, and distribution of food. Nevertheless, the audit found some areas for improvement (pages 4–5).

Specifically, the audit found that commodities were not required to be containerized during transatlantic shipments, which could significantly increase the losses incurred during this stage. For this program, 86 percent of the dollar value of food losses occurred during ocean transport and at the receiving port because individual bags and boxes of food were more susceptible to damage and theft than large containers that were sealed to protect the food commodities. An analysis conducted on food losses revealed that the loss rate for containerized commodities was much less than the rate for noncontainerized commodities (page 6). Second, the audit found some departures from USAID and cooperating sponsor storage guidelines at central and regional warehouses visited, including water leaks, missing fire extinguishers in several warehouses, and an unsecured opening in one warehouse (page 8). Third, the audit found that food was not always distributed to the beneficiaries immediately after it was delivered to the

[1] Monitoring and oversight of Sierra Leone's food aid under the Livelihood Expansion and Asset Development program is managed by USAID/Senegal through the Activity Manager based in Dakar, Senegal, and the Agreement Officer based in Washington, DC. Throughout the report, the term "USAID's Office of Food for Peace" will be used to include both offices in Dakar, Senegal, and in Washington, DC.

[2] A call forward is a request for food commodities initiated by the cooperating sponsor.

[3] Throughout the report, the term "cooperating sponsor" will refer to CARE, since the multiyear assistance program agreement is between USAID and CARE.

communities, and that relevant documentation relating to the distribution of commodities, such as copies of food distribution waybills and beneficiary lists, was not always maintained at the food distribution sites (page 10). Fourth, the audit found that the process for reporting and resolving food losses needs improvement. Loss reports were incomplete, and losses incurred and reported by the cooperating sponsor as far back as 2007 totaling $93,434[4] remain uncollected and unresolved (page 12). Finally, the USAID branding guidelines were not being followed. None of the eight sites visited had USAID banners or posters displayed, road rehabilitation projects visited were not marked with the USAID emblem, and beneficiaries interviewed and villagers benefiting from food aid did not know that the food was provided by USAID (page 15).

The report recommends that the USAID Office of Food for Peace perform the following actions:

- Conduct a cost-benefit analysis of using containers (page 8)
- Upgrade storage facilities, including roof and wall repairs, and implement measures to store food commodities according to storage guidelines (page 10)
- Limit the amount of time between food delivery and distribution, and record reasons for distributions that take place more than 12 hours after delivery (page 11)
- Develop a list of documents to be retained at the distribution site and require that this documentation be verified during monitoring visits (page 12)
- Request from the cooperating sponsor additional information needed on the loss reports to determine whether to waive the loss claims (page 14)
- Work with the cooperating sponsor to reconcile the loss amounts and determine whether to waive or collect the loss (page 14)
- Establish and implement a plan to share information on marine and port loss claims and to follow up on these losses on a regular basis to ensure that they are resolved in a timely manner (page 14)
- Develop a plan and timetable for future multiyear program proposals to sensitize communities benefiting from the food aid, and mark projects and sites supported by the food aid (page 16)

USAID's Office of Food for Peace agreed with most of the recommendations in the report. Accordingly, management decisions have been reached on recommendations 2, 3, 4, and 5, and management decisions for the remaining recommendations are pending. An evaluation of management comments is provided on page 17. USAID's Office of Food for Peace comments are included in their entirety in appendix II.

[4] $32,455 of these losses were losses of commodities that were shipped under the Multi-Year Assistance Program that preceded the Livelihood Expansion and Asset Development (LEAD) program but were intended to be used for LEAD.

BACKGROUND

The Food for Peace Act[5] (Public Law 480) is the principal mechanism through which the U.S. Government implements its international food assistance initiatives. The intent of this legislation is to promote food security in the developing world through humanitarian and developmental uses of food aid. Through Title II of this act, the United States has provided 106 million metric tons of American agricultural commodities to address food insecurity in foreign countries. Food assistance provided under P.L. 480 is delivered to foreign countries through three separate programs—Titles I, II, III—with the bulk of this food aid furnished under Title II in the form of (1) emergency and (2) development (or nonemergency) assistance to support targeted emergency relief operations and development projects. Title II projects are implemented through a variety of cooperating sponsors that include private voluntary organizations, nongovernmental organizations, and international organizations.

With USAID's approval, cooperating sponsors may either distribute the 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.

This audit focused on the nonemergency and nonmonetized aspects of USAID/West Africa's food assistance program in Sierra Leone.

The United Nations Development Program's 2008 Human Development Index ranks Sierra Leone at the very bottom of the 179 countries evaluated. The 1991–2002 civil war decimated much of the country's capacity to deliver services to its citizens and guarantee their food security. High poverty rates, regular natural disasters, deforestation, low education levels, and insufficient sanitation continue to threaten Sierra Leone's food security.

USAID's Office of Food for Peace's program in Sierra Leone, referred to as Livelihood Expansion and Asset Development, is a nonemergency program with four focuses:

- Reestablishing and expanding of the agricultural sector
- Implementing programs specifically focused on youth to reduce vulnerabilities at the national level
- Addressing the acute vulnerability of pregnant and lactating women and children under age 5
- Aiding the chronically food insecure (i.e., the elderly, disabled, and chronically ill)

USAID's Office of Food for Peace has primary responsibility for administering the Title II program. The USAID Food for Peace program in Sierra Leone is implemented by a consortium of private voluntary organizations known as the Consortium for Rehabilitation and Development. The lead organization is CARE (Cooperative for Assistance and Relief Everywhere, an international humanitarian organization). CARE works with Catholic Relief Services, Africare, and World Vision to implement the Livelihood

[5] This act was formerly known as The Agricultural Trade and Development Assistance Act of 1954, Public Law 83-480. It was renamed the Food for Peace Act in June 2008.

Expansion and Asset Development project. Under an award agreement between the two entities, USAID provides CARE with donations of lentils, bulgur, rice, wheat, and vegetable oil. The cooperating sponsor then distributes the commodities to either vulnerable individuals or participants in food-for-work projects. The award agreement states that commodities will be provided from October 1, 2006, through September 30, 2009, and it was extended to May 31, 2010. The estimated cost for the project was $30,127,816. The project budgets for 44,440 metric tons of food, but the cooperating sponsor has called forward only 27,070 metric tons as of September 30, 2009.

AUDIT OBJECTIVE

The Regional Inspector General/Dakar performed this audit to answer the following question:

- Did USAID/West Africa and its cooperating sponsors establish and implement adequate controls to minimize food losses and ensure that P.L. 480 Title II food aid under the Livelihood Expansion and Asset Development Program in Sierra Leone was received, stored, and distributed in accordance with existing guidelines?

AUDIT FINDINGS

The audit team concluded that, for the most part, the Office of Food for Peace and its cooperating sponsor established and implemented controls to minimize food losses and ensured that food aid was received, stored, and distributed in accordance with existing guidelines.

Receiving – Between October 1, 2007, and September 30, 2009, seven shipments totaling 27,070 metric tons of food commodities were shipped to Sierra Leone under the Livelihood Expansion and Asset Development (LEAD) program. The cooperating sponsor issued calls forward requesting these shipments, which were approved by the Office of Food for Peace. Upon approval, the shipping arrangements were made by the cooperating sponsor and food was transferred from the United States to the port in Freetown, Sierra Leone. Upon arrival, the cooperating sponsor, an independent surveyor, and personnel from the shipping company verified the commodities, recorded any losses or damages, and transferred the commodities to trucks. These trucks transported the commodities to two nearby warehouses in Freetown. Once the commodities reached the warehouses, the cooperating sponsor recorded any additional losses or damages that may have occurred in transit.

Storing – Food commodities were stored at the central warehouses as well as the regional warehouses in Sierra Leone. As stock levels decreased at the regional warehouses, the cooperating sponsors submitted periodic requisitions to the central warehouses for replenishment. The control structure used to prevent losses during the food storage include 24-hour security guards, frequent (up to twice each day) inventory counts, monthly independent inventory verification, adequate separation of duties, and multiple padlocks on steel reinforced doors. Warehouse staff reported that inventories are managed on a first-in-first-out basis and that damaged or infested commodities were stored separately.

Distributing – Food was distributed from the central warehouses in Freetown to regional warehouses throughout Sierra Leone. From the regional warehouses, food was distributed to the beneficiaries at assigned distribution sites according to a predetermined ration schedule. Waybills were prepared at the regional warehouse or office and duplicates were sent with the driver. Members of a local committee acknowledged receipt of the food by signing the waybill and retaining one copy. Once the food was delivered to the distribution site, a monitor from the cooperating sponsor and local committee members distributed predetermined rations of food to beneficiaries, who were selected by the local committee and verified by the cooperating sponsor. The beneficiaries signed or stamped a thumbprint onto the beneficiary list to acknowledge receipt of the food. The distributions were also recorded on ration cards that were retained by each beneficiary.

The audit found that for the most part, the controls over receiving, storing, and distributing food commodities were designed and operating effectively. However, the audit identified five areas of concern: (1) A large amount of losses was noted for shipments that were not containerized; (2) storage conditions such as water leaks, missing fire extinguishers in several warehouses, and an unsecured opening in one warehouse could be improved; (3) food distribution did not always occur immediately after delivery and appropriate documentation related to the distribution of commodities (such as copies of food distribution waybills and beneficiary lists) was not always maintained at the food distribution sites; (4) the process for reporting and resolving food losses needs improvement (i.e., loss reports were incomplete and $93,434 in loss claims remained uncollected and unresolved); and (5) USAID branding and marking guidelines were not followed. These issues are discussed in the following sections.

Requiring Containerization Has Not Been Fully Considered

Summary: Industry standards require that cooperating sponsors use appropriate storage and handling procedures to protect food commodities from undue damage or loss. Eighty-six percent of the dollar value of food losses for this program occurred during ocean transport and at the receiving port because individual bags and boxes of food are more susceptible to damage and theft than large containers that are sealed to protect the food commodities. An analysis conducted on food losses revealed that the loss rate for containerized commodities was much less than the rate for noncontainerized commodities. Food commodities have not been containerized because USAID's Office of Food for Peace has not required containerization of shipments to Freetown. These food losses may result in rations that are smaller than planned and hinder the project's goal of promoting food security in Sierra Leone.

Principle IV-2 of the Generally Accepted Commodity Accountability Principles[6] requires that recipient organizations establish and use appropriate storage and handling procedures to protect the quality of commodities and guard against undue losses. The principle also requires that shipments from the port to the inventory locations must be done in a manner that preserves the quality and characteristics of the product. This phase can require proper vehicles, good stacking techniques, and protective coverings. Furthermore, the Food Aid Logistics Operational Handbook[7] states that containerization of cargo has made it possible to significantly reduce the physical handling of the contents, thereby reducing the need to tally units during each transfer and reducing the potential for damage during the handling process.

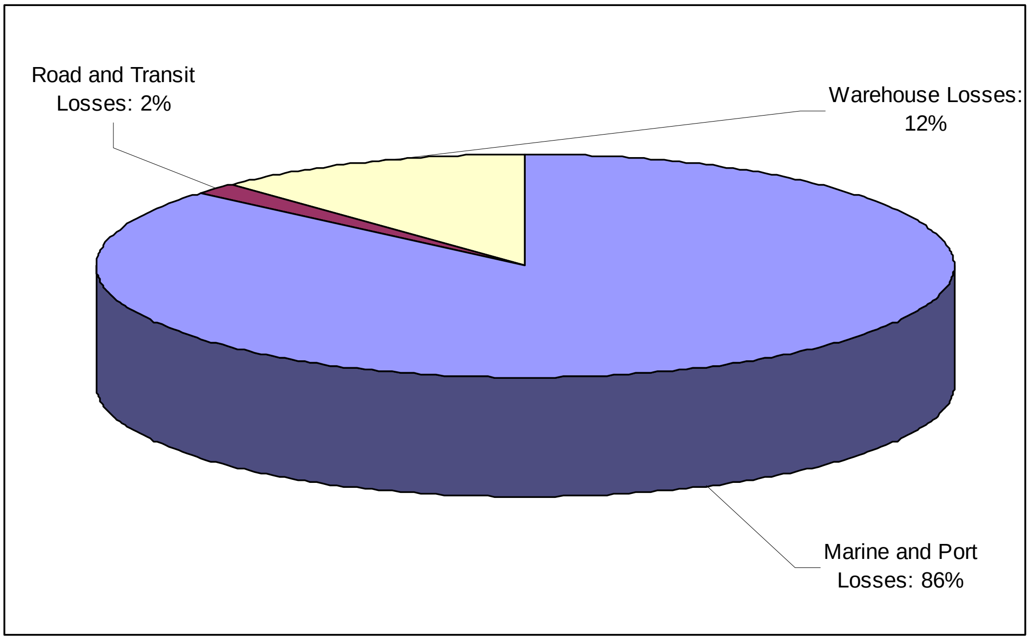
During the distribution of food commodities for the LEAD program, most losses occurred between the port of origin in the United States and the cooperating sponsor's central warehouses in Freetown. According to reports from the USAID Regional Food for Peace Office, 86 percent of the dollar value of all the project's food losses occurred at sea and at the Freetown port. Of this 86 percent, 79 percent are marine losses (losses at sea), and 21 percent are port losses. As of September 30, 2009, the LEAD program reported $145,454[8] worth of lost commodities occurring at sea and at the Freetown port.

[6] The Generally Accepted Commodity Accountability Principles are a set of standards developed by a coalition of 13 private voluntary organizations (of which 4 implemented the LEAD program). The Generally Accepted Commodity Accountability Principles were used as criteria throughout this audit in instances where Title 22, Part 211, of the Code of Federal Regulations did not provide specific guidance.

[7] The Food Aid Logistics Operational Handbook is a document prepared by CARE used to provide guidance for developing logistics plans for food aid projects.

[8] The loss represents 0.89 percent of total commodities called forward as of September 30, 2009.

Figure 1. Makeup of Losses for the LEAD Project (fiscal years 2007–2009)



Of the losses at this stage of the process, most occurred with shipments where the commodities were not containerized or sealed in shipping containers. Individual bags and boxes were much more susceptible to damage and theft at the Freetown port because of the chaotic and disorganized environment, poor security, and low-paid staff who crowd the port. According to cooperating sponsor reports, port workers and shipping staff could accidentally or intentionally puncture the individual bags to let the commodities spill out, or individual bags could easily be left behind or thrown off transport trucks. Individual bags could also easily be stolen or lost during stops at other ports. This could have been avoided if commodities were shipped inside sealed shipping containers that could be opened only in the presence of a customs officer. According to loss reports provided by the cooperating sponsor, the rate of loss during sea transport and at the port was 312 percent higher for noncontainerized commodities than it was for commodities that were containerized.

The decision to containerize commodities was made by the shipping agent. According to the cooperating sponsor, this decision was based on whether the shipping agent had empty containers that need to be delivered to the destination. The shipments of food commodities to Freetown have not always been containerized because the Office of Food for Peace has not required all such shipments to be containerized. According to USAID's Office of Food for Peace, requiring containerization of all commodities may not be cost-effective (i.e., the cost of requiring containerization of all commodities may be higher than the value of commodities that are lost because they are not containerized). Furthermore, the Office of Food for Peace indicated that containerization can also result in losses due to the heat and humidity that build up inside the containers.

Although the total marine and port losses represents less than 1 percent of the commodities that were shipped, the mission should take measures to minimize these losses to the extent practicable, especially since the cause of the losses is known and could be avoided. The Office of Food for Peace should analyze the costs and benefits of containerization. Reducing the amount of losses may allow more program funds to be distributed to the beneficiaries. The Office of Food for Peace provided loss reports which indicated that 84.5 metric tons of bulgur wheat were lost during the LEAD project's marine and port operations. Based on an average ration size of 30 kilograms per month, this implies that 2,817 beneficiaries (approximately 91 percent of the direct distribution beneficiaries) could lose 1 month of bulgur wheat rations.[9] To help minimize the loss of food commodities, this audit makes the following recommendation.

> *Recommendation 1: We recommend that USAID's Office of Food for Peace (a) conduct a cost-benefit analysis of using containers to ship all food commodities and (b) take appropriate actions on all future Multi-Year Assistance Programs based on the results of the analysis.*

Storage Conditions for Food Commodities Need Improvement

Summary: According to Generally Accepted Commodity Accountability Principles, commodity management organizations should establish and use appropriate storage and handling procedures to protect the quality of commodities and guard against undue losses. The audit team found some instances of noncompliance with the guidelines and problems with storage conditions. These problems occurred because warehouse staff were unfamiliar with the guidelines. Consequently, food commodities at these warehouses were vulnerable to theft, damage, and spoilage.

According to Generally Accepted Commodity Accountability Principles, commodity management organizations should establish and use appropriate storage and handling procedures to protect the quality of commodities and guard against undue losses. USAID commodity storage guidelines also require that storage space requirements should be given careful attention and storage should be secure. Warehouses should be free of leaks and holes in the walls.

Also, 22 CFR (Code of Federal Regulations) 211.10(c), *Inspection and Audit*, requires cooperating sponsors and recipient agencies to cooperate with and assist U.S. Government representatives to enable them to, among other things, inspect commodities in storage or the facilities used in the handling or storage of commodities. Furthermore, 22 CFR 211.5(a) requires that cooperating sponsors submit information for the Operational Plan, from which it may be determined that "…adequate storage facilities will be available in the recipient country at the time of arrival of the commodity to prevent spoilage or waste of the commodity."

The audit team visited two central and four regional warehouses to inspect storage conditions and to assess whether adequate internal controls were in place and operating effectively to minimize food storage losses in accordance with the Office of Food for Peace's and the consortium's internal storage guidelines. For the most part, storage conditions at the six warehouses were adequate. However, the audit team noted a few

[9] Not all of these losses could have been prevented by containerizing the commodities. However, as noted above, the loss rate was lower when commodities were containerized. These data are intended to provide a perspective on the consequence of the marine and port losses. The audit team did not confirm that this number of beneficiaries did not receive the rations.

instances of noncompliance with the guidelines and problems with storage conditions:

Water leaks – At three of the six warehouses visited, the audit team noted water leaks coming from holes in the roofs of the warehouses. The audit team could not determine if the leaks caused any food damage, as most of the warehouses had limited food inventory because food had been recently distributed. Warehouse staff failed to notify management regarding the condition of the roofs, and as a result, management was not aware of the problems and had not taken action to repair them.

Fire extinguishers – There were no fire extinguishers at three of the six warehouses visited. According to the cooperating sponsor, action was taken to install fire extinguishers in all warehouses.

Gap between wall and roof – At the Blackhall Road central warehouse, the audit team observed a gap of approximately 2 feet between the roof and the warehouse's exterior wall. The exterior wall was adjacent to the yard of a car repair shop. The warehouse wall served as a fence between the car repair shop and the warehouse. This gap was large enough that an average-sized person could enter the warehouse. Should an intruder breach this wall and enter the storage area, security guards would be unaware because security guards do not have access to the storage area at night. The lead cooperating sponsor was aware of the gap and has taken short-term measures not to store commodities of high value in that warehouse.

The gap at the Blackhall Road central warehouse in Freetown is highlighted by the sunlight (Photo taken by Office of Inspector General, October 2009).

The cooperating sponsor did not fully implement sufficient security measures to protect commodities and did not fully comply with existing guidelines in the six warehouses visited.[10] Also, some warehouse staff were unfamiliar with the guidelines. Consequently, food commodities at the warehouses were vulnerable to theft, damage, and spoilage. To help improve commodity logistics and correct the problems noted during the audit, this audit makes the following recommendation.

[10] The project occupies seven warehouses, of which six were visited.

Recommendation 2: We recommend that USAID's Office of Food for Peace in conjunction with its cooperating sponsor, develop a plan of action with a timetable to (a) upgrade storage facilities, including roof and wall repairs, and (b) implement measures to ensure that warehouse staff are aware of the Cooperative for Assistance and Relief Everywhere and USAID Office of Food for Peace storage guidelines.

Adequate Controls Over Food Distribution Were Not Fully Implemented

Summary: Industry standards require that cooperating sponsors take appropriate steps to safeguard commodities and maintain appropriate documentation of commodity transactions. However, food was not always distributed to the beneficiaries immediately after it was delivered to the communities. This was caused by a combination of logistical challenges and the cooperating sponsor's failure to implement and/or enforce a uniform policy regarding the documentation that should be retained at the distribution site. As a result, commodities were susceptible to undue damage or loss at the distribution site. Furthermore, the lack of documentation resulted in the inability to verify whether some of the controls over the distribution of commodities to beneficiaries were functioning correctly.

Principle IV-2 of the Generally Accepted Commodity Accountability Principles requires that recipient organizations establish and use appropriate storage and handling procedures to protect the quality of commodities and guard against undue losses. It further states that when organizations turn over commodities to subrecipients, issuing organizations have a responsibility to ensure that the subrecipients have acceptable storage and handling capabilities. Furthermore, Principle II-3 of the Generally Accepted Commodity Accountability Principles states that recipient 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 issued for consumption. Food assets should be accounted for through an integrated system of financial record keeping at the field and headquarters levels. The books and records at these levels must (1) be accurately kept, (2) reflect at all times the quantities on hand and the amounts disbursed, and (3) meet the needs of internal and external audits.

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."

During visits to distribution sites, the audit team noted some weaknesses in the control structure over food distribution. First, food was not distributed immediately on arrival at the site in all cases. Second, the community committee members were not able to provide copies of important documentation that should be retained at the distribution site level. These issues are discussed in more detail below:

Timing of food distribution – Food was not always distributed to the beneficiaries immediately after it was delivered to the communities. The community may keep the food for a period of several hours up to 2 days (depending on when the food monitor could be present) before it is distributed to the recipients. A food monitor was used to ensure that each beneficiary was given the correct ration. The cooperating sponsor does not control the security at these storage areas.

The delays have occurred primarily because of logistical difficulties for the food aid monitors to be present immediately after every delivery of food to observe the distribution. Because the project serves dozens of communities, many of which are several hours apart and difficult to reach from the warehouse, coordination of food deliveries could be a challenging process. Each distribution required advance notice to the community so that recipients could be present. Trucks departed the regional warehouses with commodities destined for a number of distribution sites. They stopped at each site, unloaded the commodities, and continued to the next distribution site. However, food aid monitors must remain at each site until the distribution to individual beneficiaries is complete. The deliveries moved farther and farther ahead of the food aid monitor, and in some cases the monitor was not able to reach the same number of sites as the truck in a given day. The audit team confirmed that at least two of the four consortium members experienced this delay in distribution.

Documentation not available on site – At two of the eight distribution sites visited, village committee members were unable to provide copies of waybills for food deliveries. When food commodities are distributed, a community committee member must sign a copy of the waybill verifying the amount of food that was received, as well as whether any food was damaged or lost en route. This document serves as an important record that the regional warehouse dispatched the food, the trucking company delivered it, and the community received it. Another important document is the distribution list. Food for Peace provides food to a group of beneficiaries at each site, and the community committee chooses this group based on criteria developed by the cooperating sponsor. When food was distributed, beneficiaries had to sign or stamp their thumbprint to record receipt of the food. At four of the eight sites visited, the community committees did not retain or were unable to provide copies of these distribution lists. This occurred because the consortium members did not properly oversee the communities to ensure that proper documentation was retained in the files. Although the copies were not maintained at the distribution sites, the consortium members maintained copies in their central offices and the audit team was able to review these copies.

Weaknesses in the controls over the distribution process increase the risk of loss in what was already a highly vulnerable stage in the commodity management process. By storing food overnight in the care of one community member in an uncontrolled storage area, the cooperating sponsor subjected the food to possible damage, diversion, theft, or other fraud.

Furthermore, by not maintaining adequate documentation at the distribution site level, the cooperating sponsor was subjecting food to greater risk of mismanagement. 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. If there was no evidence of food delivery, the control was not functioning properly. To help minimize the risk of loss of commodities at the distribution level, this audit makes the following recommendations.

> *Recommendation 3: We recommend that USAID's Office of Food for Peace direct the cooperating sponsor to develop a plan to limit the amount of time*

between food delivery and distribution and to record the reason(s) for food distributions that take place more than 12 hours after the food delivery.

Recommendation 4: We recommend that USAID's Office of Food for Peace direct the cooperating sponsor to develop a list of documents to be retained at the distribution site and require that this documentation is verified during postdistribution monitoring visits.

The Process for Resolving Food Losses Needs Improvement

Summary: According to 22 CFR 211.9(f)(e) and the USAID Food for Peace handbook, cooperating sponsors must submit to USAID or the diplomatic post loss reports that are complete and include all relevant information. The CFR further states that, "cooperating sponsors must make every reasonable effort to collect the claim," and that "USAID or the Diplomatic Post may require additional information about any commodities lost, damaged or misused." However, loss reports submitted by the cooperating sponsor to the mission were incomplete and the amounts of some losses could not be reconciled. According to the Office of Food for Peace, repeated requests were made to the cooperating sponsor, but the cooperating sponsor has not yet provided sufficient information for the office to determine who was responsible for losses and whether loss waivers should be approved. Although commodity losses (resulting from damage, spoilage, and theft that occurred during transportation or storage once the food has reached the intended country) were generally being reported by the cooperating sponsor, USAID and the cooperating sponsor were not adequately following up on vessel- and port-related loss claims in a timely manner. As a result, there is a backlog of losses for this project ($93,434) awaiting recovery and possible restitution to the U.S. Government.

Loss reports were incomplete – Requirements for cooperating sponsors' reporting of loss, damage, or misuse of commodities to USAID or the diplomatic post are set forth in 22 CFR 211.9(f)(e). Specifically, the regulation delineates the information that cooperating sponsors must provide to USAID in loss reports. The regulation requires that quarterly loss reports to USAID or the diplomatic post provide information on losses valued over $500, including the kind and quantity of commodities; the size and type of containers; the time and place of loss, damage, or misuse; the current location of the commodities; the estimated value of the loss, damage, or misuse; and other pertinent information. If any of this information is not available, the cooperating sponsors must explain why.

In addition, the Food for Peace Handbook, formally known as USAID Handbook 9, Chapter 10 D.2.b, states that the cooperating sponsor must review every loss to determine if a claim was warranted against a third party, and submitted loss reports should include the reason(s) for either instituting or not instituting claim action. It is extremely important that consultation and discussions with the USAID mission take place on a regular basis to review the criteria that are being used to determine if claim action is justified. Missions are also responsible for determining the validity or propriety of each commodity loss claim, including whether the loss or damage could have been prevented. If the cooperating sponsor is found to be responsible for the loss, 22 CFR 211.9(d) requires the cooperating sponsor to pay the U.S. Government for the value of any commodities lost or damaged, unless USAID determines that the loss could not have been prevented by proper exercise of the cooperating sponsor's responsibility.

When losses are identified, the members of the consortium provide loss reports to Catholic Relief Services, which reviews the reports and creates a copy of its own loss report. These reports are then provided to the Office of Food for Peace. During a review of the loss reports and through discussions with members of the Food for Peace team, the audit team determined that the process for reporting and resolving losses needs improvement. Specifically, the cooperating sponsor does not provide sufficient information and support for the causes of losses in reports submitted to the Office of Food for Peace. To illustrate the problem, in 20 of the 21 loss reports[11] that the audit team reviewed, the cooperating sponsor provided only one sentence or less explaining the details and circumstances under which losses or damages took place, regardless of the complexity of the loss. For one of the loss reports that the audit team examined, the explanation provided by the cooperating sponsor was different from the one provided to Catholic Relief Services. The loss report did not include any reconciliation of the two reasons.

Loss amounts were not reconciled – Africare incurred commodity losses in 2007. At the time of the loss, an independent forensic auditor evaluated the losses and calculated it to be $18,142. Africare disputed the amount calculated by the forensic auditor and arrived at its own calculation of $9,189 and submitted a loss report to the Office of Food for Peace on June 30, 2008. In October 2009, Africare submitted another letter to the Office of Food for Peace requesting that the losses be waived and in this letter calculated the amount of losses to be $7,960 instead of $9,189. This difference was due to a discrepancy between the exchange rates used by the different consortium members to determine the value of the losses. However, Africare has not submitted a formal explanation to USAID explaining the differences in exchange rates or why its office believes the amount from the forensic audit report is invalid.

Insufficient followup on vessel- and port-related loss claims – The Food for Peace Handbook, Chapter 10 D.3.a, assigns responsibility to USAID missions for reviewing reports of commodity loss or damage reported by cooperating sponsors. As part of this review process, missions are responsible for following up on reported commodity loss claims and urged to meet regularly with the cooperating sponsors to review the status of outstanding claims.

Although commodity losses (resulting from damage, spoilage, and theft that occurred during transportation or storage once the food has reached the intended country) were generally being reported to the Office of Food for Peace by the cooperating sponsor, the Office of Food for Peace and cooperating sponsor were not adequately following up and reviewing those losses to ensure that commodity loss claims were processed in a timely manner and the U.S. Government's interests were protected. As noted in figure 2, a backlog of $93,434 in unresolved loss claims, some dating back to 2007, is awaiting recovery and possible restitution to the U.S. Government.

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[11] The audit team reviewed 17 reports for losses greater than $500 and 4 reports for losses less than $500. The cooperating sponsor is required to report only losses valued above $500 to the Office of Food for Peace.

Figure 2. Status of Losses Greater Than $500 for the LEAD Project

Fiscal Year	$ Value of Losses	$ Value of Unresolved Losses	Percentage of Losses Unresolved
2007	$87,676	$33,579	38%
2008	$29,832	$14,039	57%
2009	$46,736	$45,817	98%
Total	**$164,244**	**$93,434**[12]	**69%**

The Office of Food for Peace maintained a database for tracking reported commodity loss claims and updated it based on new claims, but was not adequately following up with the cooperating sponsor or with the U.S. Department of Agriculture[13] to determine the status of marine and port loss claims.

This backlog of unresolved claims has delayed the recovery of funds due to the U.S. Government. Also, adequate and regular review and followup of commodity loss and claim reports help guarantee the timely resolution of commodity losses. The Office of Food for Peace can implement this structured monitoring process to prevent further backlog of unresolved commodity losses. To address the issues discussed above, this audit makes the following recommendations.

Recommendation 5: We recommend that the Office of Food for Peace determine and request from the cooperating sponsor the additional information needed on the loss reports to form a conclusion on whether the loss claims will be waived.

Recommendation 6: We recommend that USAID's Office of Food for Peace work with the cooperating sponsor to (a) reconcile the loss amounts reported by Catholic Relief Services and the internal forensics auditor team and determine the correct value and types of commodities that were diverted by Africare staff in October 2007, and (b) determine whether to waive or collect the loss, and implement the decision.

Recommendation 7: We recommend that the Office of Food for Peace establish and implement a plan to (a) determine and share information on the status of the outstanding marine and port loss claims, and (b) ensure that the Office of Food for Peace staff as well as the cooperating sponsor follow up with U.S. Department of Agriculture on marine and port loss claim reports on a regular basis, perform sufficient review of the claims to determine responsibility for the commodity losses, and ensure that unresolved claims are reviewed and addressed in a timely manner.

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[12] $32,455 of these losses were of commodities shipped under the Multi-Year Assistance Program that preceded LEAD, but were intended for use with the LEAD program.

[13] The U.S. Department of Agriculture is responsible for administratively resolving marine cargo losses for Food for Peace shipments under the Food for Peace Act.

Other Matter

USAID Branding and Marking Guidelines Were Not Followed

Summary: USAID policy states that adequate public recognition shall be given in the press or by radio and other media that commodities or assistance have been provided through the friendship of the American people as food for peace. At distribution and feeding centers or project sites, cooperating sponsors shall, to the extent feasible, display banners, posters, or similar media, and recipients' individual identification cards shall, insofar as practicable, be imprinted to contain such information, such as the USAID emblem or indication that the food was provided through the friendship of the American people as food for peace. None of the eight sites visited had USAID banners or posters displayed. In addition, road rehabilitation projects visited were not marked to indicate that these roads were rehabilitated by USAID. Also, beneficiaries interviewed and villagers benefiting from food aid did not know that the food was provided by the American people. Branding and marking was not a budget priority for cooperating sponsors and the consortium. Consequently, the U.S. foreign policy objective was hindered, and the aid and the generosity of USAID and the American people were not appropriately recognized in Sierra Leone.

According to a Government Accountability Office (GAO) report dated March 2007, the United States is one of the largest donors of foreign assistance to countries around the world; however, many of the recipients of this aid are unaware that it is provided by the United States. Congress has expressed concerns that the United States has frequently understated or not publicized information about its foreign assistance programs and, as a result, the generosity of the people of the United States has not been fully understood abroad. Congress, concerned about poorly marked U.S. foreign aid donation, required that all programs under the Foreign Assistance Act be identified appropriately overseas as from American aid. Responding to Congress' concerns, USAID states in its policies that adequate public recognition shall be given in the press, by radio and other media that the commodities or assistance have been provided through the friendship of the American people as food for peace. At distribution and feeding centers or other project sites, cooperating sponsors shall, to the extent feasible, display banners, posters, or similar media, and recipients' individual identification cards shall, insofar as practicable, be imprinted to contain such information, such as the USAID emblem or indication that the commodities were provided through the friendship of the American people as food for peace.

Although bags and tins that contained the food commodities were marked with the USAID logo and slogan, the audit team identified other areas where branding and marking could be improved. At the eight food distribution sites visited, the audit team observed two road rehabilitation projects (under the food for assets program) that were not properly marked to indicate that USAID had funded the project. Also, none of the eight sites visited had USAID banners or posters displayed. Only 11 of the 20 beneficiaries interviewed and two of the eight villages visited knew that the food was provided by the American people. None of the 20 beneficiary cards the audit team looked at were imprinted with USAID's emblem or other required symbols.

Cooperating sponsors and the consortium did not prioritize branding and marking in their budgets. Also, a lack of understanding of the branding and marking policy and low literacy rate among beneficiaries compounded the problem. Consequently, there is a risk that the objective of furthering U.S. foreign policy will not be met. More important, the aid and generosity of the American people is not appropriately recognized in Sierra Leone. The USAID Office of Food for Peace and its cooperating sponsors are aware of the problem and are reprioritizing their budgets to further sensitize beneficiaries that the food aid they are receiving has been provided through the friendship of the American people as food for peace. Nevertheless, this audit makes the following recommendation to emphasize the importance of complying with the branding and marking requirements.

> *Recommendation 8: We recommend that USAID's Office of Food for Peace and its cooperating sponsor develop a plan and timetable for future multiyear assistance programs to (a) sensitize communities benefiting from the food aid, and (b) mark projects and sites supported with food aid.*

EVALUATION OF MANAGEMENT COMMENTS

USAID's Office of Food for Peace (representing both the Office of Food for Peace in Washington [FFP/W] and Office of Food for Peace/Dakar [FFP/Dakar]) agreed with most of the recommendations in the draft report. In preparing the final report, RIG/Dakar considered management's comments and clarified its position as noted below, and deleted one part of a recommendation. The evaluation of management comments is summarized below.

For recommendation 1, FFP/W disagreed with the recommendation, pointing out that the current practice is appropriate and in compliance with the U.S. cargo preference laws and that requiring containerization would limit competition and may affect FFP/W's ability to comply with the U.S. cargo preference statutes. According to FFP/W, based on the report findings, the losses associated with break-bulk delivery of food aid are not outside acceptable tolerances; therefore, FFP/W cannot support containerization only.

RIG/Dakar would like to clarify that the recommendation does not require containerization only or at all for commodity shipments. The recommendation clearly states that a cost-benefit analysis of using containers to ship all food commodities should be conducted and to take appropriate actions on all future Multi-Year Assistance Programs based on the results of the analysis. Therefore, a management decision can be recorded when USAID's Office of Food for Peace and RIG/Dakar agree on a firm plan of action, with target dates, for implementing the recommendation.

For recommendation 2, FFP/W and FFP/Dakar agreed with the recommendation. On January 18, 2010, FFP/W received confirmation from the Cooperative for Assistance and Relief Everywhere (CARE) that corrective measures have been taken to address the recommendation in compliance with 22 C.F.R. 211. On January 18, 2010, FFP/W received confirmation from CARE that it will host a commodity management workshop in February 2010 with a focus on food distribution, including storage. CARE will provide FFP/W and FFP/Dakar with an update on the results of the workshop no later than April 30, 2010. Accordingly, RIG/Dakar considers that a management decision has been reached on this recommendation.

For recommendation 3, FFP/W and FFP/Dakar agreed with the recommendation. On January 18, 2010, FFP/W received confirmation from CARE that this recommendation will be implemented for the remaining commodities in the Livelihood Expansion and Asset Development project. CARE also advised that the recommendation has been addressed by improving organization and workload distribution among project field staff at the time of food aid distribution. CARE also confirmed that the time between food deliveries will be recorded along with the reasons for any delays. Accordingly, RIG/Dakar considers that a management decision has been reached on this recommendation.

For recommendation 4, FFP/W and FFP/Dakar agreed with the recommendation. FFP/W received confirmation from CARE on January 18, 2010, that measures have been taken to ensure that proper documentation (waybills, signed contract, recipient lists) remain at the distribution sites. CARE also confirmed that it will monitor that status of the corrective measures and provide FFP/W and FFP/Dakar with an update on March 12, 2010. Accordingly, RIG/Dakar considers that a management decision has been reached on this recommendation.

For recommendation 5, FFP/W and FFP/Dakar agreed with recommendation 5(a). The commodity losses noted in the audit report are less than $10,000 and are being reviewed by FFP/Dakar. FFP/Dakar will review the documentation provided by CARE concerning reported commodity losses, request additional information from CARE if necessary, and implement a decision based on the above guidance no later than the end of program date, May 31, 2010. For recommendation 5(b), FFP/W and FFP/Dakar did not agree with the recommendation, pointing out that the plan for processing commodity losses already exists. This plan for processing commodity losses is outlined in USAID's Automated Directives System (ADS) Chapter 625(3)(4)(1) and 22 CFR 211, Regulation 11, Subparts (7)(8)(9). To ensure compliance with the plan, FFP/Dakar will review all commodity losses reported by CARE so that all loss claims are closed as part of the award closeout process.

Based on management comments, RIG/Dakar deleted recommendation 5(b) from the audit report. Accordingly, RIG/Dakar considers that a management decision has been reached on this recommendation.

For recommendation 6, FFP/Dakar did not agree with recommendation 6(a), stating that when identifying losses and pursuing claims with awardees, FFP (in Washington and Dakar) follows Agency guidance and regulatory and administrative debt procedures described in USAID's ADS Chapter 625(3)(4)(1) and 22 CFR 211, Regulation 11, Subparts (7)(8)(9) in examining Title II commodity losses and assessing the value of losses for debts. In this case, CARE is the awardee, and Catholic Relief Services and Africare are subawardees. For recommendation 6(b), FFP/Dakar concurs with this recommendation. FFP/Dakar will review documentation provided by CARE concerning commodity losses and implement a decision based on the above guidance no later than April 30, 2010.

RIG/Dakar disagrees with management that the responsibility rests solely with the awardees and subawardees in pursuing loss claims. According to USAID's job description for the Food for Peace Officer (FFPO), the FFPO is responsible for "monitoring and reporting on implementation of ongoing Title II programs, including progress and problems encountered by grantees, as well as commodity management, including following up with cooperating sponsors on the status of loss claims."

A management decision can be recorded when USAID's Office of Food for Peace and RIG/Dakar agree on a firm plan of action, with target dates, for implementing the recommendation.

For recommendation 7, FFP/W and FFP/Dakar did not agree with the recommendation, stating that in accordance with Regulation 11, the plan to determine and share information on the status of outstanding marine claims and port loss claims is primarily the responsibility of the Cooperating Sponsor.

RIG/Dakar disagree with management that the responsibility rests solely with the cooperating sponsor for determining the status of outstanding losses. According to the above-mentioned FFPO job description, the FFPO is responsible for "monitoring and reporting on implementation of ongoing Title II programs, including progress and problems encountered by grantees, as well as commodity management, including following up with cooperating sponsors on the status of loss claims."

A management decision can be recorded when USAID's Office of Food for Peace and RIG/Dakar agree on a firm plan of action, with target dates, for implementing the recommendations.

For recommendation 8, FFP/W agreed with the recommendation and stated that CARE confirmed on January 18, 2010, that it is addressing this recommendation by conducting awareness sessions with community members and by using banners during food distributions to sensitize and inform them of the generosity of the American people. FFP/W will review future plans and timetables, also known as branding and marking plans, submitted by CARE to ensure timely and effective compliance with section 4.14 of future cooperative agreements and section 211.5 of 22 C.F.R 211. CARE also confirmed on January 18, 2010, that it is addressing this recommendation by erecting signs at the entry points of rehabilitated roads.

Although management has agreed with the recommendation and has taken some actions to address the recommendation, a target date for completing the training sessions has not been identified. A management decision can be recorded when USAID's Office of Food for Peace provides a target date for the training sessions

The mission's written comments on the draft report are included in their entirety as appendix II to this report (see pages 22–32).

SCOPE AND METHODOLOGY

Scope

We conducted this performance 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. The objective of this audit was to determine if USAID/West Africa and its cooperating sponsors established and implemented adequate controls to minimize food distribution losses and ensure that P.L. 480 Title II food aid under the Livelihood Expansion and Asset Development (LEAD) program in Sierra Leone was received, stored, and distributed in accordance with existing guidelines.

The audit focused on USAID's Office of Food for Peace's nonemergency and nonmonetized food aid activities under the LEAD program in Sierra Leone from October 1, 2007, to September 30, 2009. The audit evaluated the control structures for USAID's Regional Office of Food for Peace and for each of the private voluntary organizations that make up the consortium of cooperating sponsors.

In conducting this audit, we reviewed and assessed the significant internal controls developed and implemented by the Office of Food for Peace and cooperating sponsor to ensure effectiveness over the process of receiving, storing, and distributing of Food for Peace commodities. The assessment included reviewing internal controls that were either in place or should have been in place as described in the agreement with USAID, the Code of Federal Regulations, the USAID Food for Peace Handbook, other project documentation, and interviews with mission and cooperating staff. In addition, we reviewed the Office of Food for Peace's assessment of its internal controls as reported in its Federal Managers' Financial Integrity Act report for fiscal year (FY) 2008.

Fieldwork for this audit was performed from September 10 to October 29, 2009, and was conducted at the USAID/West Africa Regional Food for Peace offices in Dakar, Senegal, and in Freetown, Sierra Leone; at the offices of the cooperating sponsor's consortium members (Cooperative for Assistance and Relief Everywhere, Catholic Relief Services, World Vision International, and Africare); and in field sites in the provinces of Kenema, Kailahun, Kono, and Tonkolili.

Methodology

To answer the audit objective, we reviewed documentation such as relevant laws and regulations governing the P.L. 480 Title II Program and applicable USAID policies and procedures. In addition, we reviewed the cooperating sponsor's funding agreements, agreements among the consortium members, multiyear assistance proposals, site visit reports and audits, commodity tracking plans, and commodity requests. We also reviewed the Office of Food for Peace's strategic plan, the Sierra Leone FY 2009 country operating plan, and the Federal Managers' Financial Integrity Act report for FYs 2008 and 2009. We interviewed USAID Regional Office of Food for Peace staff regarding their roles and responsibilities for monitoring and oversight of the program and the activities being implemented.

Additionally, we interviewed program staff from the cooperating sponsor regarding the controls over the activities being implemented. We also observed the design and implementation of the controls. We visited the two main project warehouses in Freetown, and we visited four of the five regional warehouses in Sierra Leone. These sites were judgmentally selected based on road conditions, time constraints, and the ability to visit one warehouse managed by each consortium member. We interviewed warehouse staff, observed storage conditions, and reviewed documentation. For each regional warehouse, we also selected a sample of five distribution sites. We worked with the consortium member to make our selection based on road conditions, time constraints, and the ability to visit both direct distribution and food for work program sites. At the distribution sites, we met with members of the committee responsible for distributing the food to the community, interviewed beneficiaries, observed food that had been distributed, observed documentation retained by the committees, and observed food for work projects. The beneficiaries that we interviewed were chosen based on beneficiary lists provided by the consortium members.

We visited 8 distribution sites—Baiima, Giema, Kania, Mabum Station, Madina, Robekeh, Rogbaraka, and Yindimi—out of a total of 461 distribution sites. We also interviewed 20 beneficiaries. Owing to the limited number of distributions sites we were able to visit and beneficiaries we interviewed, we are not projecting the results from our testing to the entire population.

MANAGEMENT COMMENTS

January 25, 2010

MEMORANDUM

TO: Van Nguyen, Acting Regional Inspector General/Dakar

FROM: Brooke Isham, Director, USAID/Office of Food for Peace /s/
Kevin Mullally, Mission Director, USAID/Senegal

SUBJECT: Management Responses to RIG/Dakar Draft Report on Audit of USAID/West Africa's P.L. 480 Title II Food Aid in Support of the Livelihood Expansion and Asset Development Project in Sierra Leone

On December 23, 2009, the Office of Food for Peace in Washington and USAID/Senegal to which the FFP/Dakar reports, received the draft report on the subject audit. The draft audit report contains eight recommendations. The purpose of this memorandum is to provide management responses on each of the eight recommendations.

Recommendation No. 1: We recommend that USAID's Office of Food for Peace (a) conduct a cost-benefit analysis of using containers to ship all food commodities and (b) take appropriate actions on all future Multi-Year Assistance Programs based on the results of the analysis.

Response No. 1(a): The Office of Food for Peace in Washington (FFP/W) does not concur with recommendation No. 1(a). While FFP/W can support the use of containerized service under certain situations, consideration must be given to USAID's ability to comply with the U.S. cargo preference laws (46 USC §55305, as amended). Also of importance, the U.S. cargo preference statutes are further restricted by a second program, i.e., the Great Lakes set-aside program. Given this situation, FFP/W can not impose further restrictions. Additionally, based on the findings of the report, the losses associated with break-bulk delivery of food aid are not outside of acceptable tolerances; therefore, FFP/W cannot support containerization only. Furthermore, limiting competition to containerized service only would increase freight rates due to the limited number of containerized carriers that operate in that trade route, and possibly delay deliveries due to the transshipment delivery systems associated with containerized service.

While FFP/W does not concur with Recommendation No. 1(a), FFP/W will continue to work with cooperating sponsors to implement measures to mitigate port losses. For example, in August 2009, FFP/W in conjunction with FFP field offices held a commodity management workshop in Zambia that covered port logistics and assisted attendees in troubleshooting operational challenges. Representatives from CARE, Africare, and Catholic Relief Services were in attendance and encouraged to share lessons learned and course materials with their colleagues.

Response No. 1(b): FFP/W does not concur with Recommendation No. 1(b). FFP/W has determined that the current practice is appropriate and in compliance with the U.S. cargo preference laws (46 USC §55305, as amended). As noted above, requiring containerization would limit competition and may affect FFP/W's ability to comply with the U.S. cargo preference statutes.

Recommendation No. 2: We recommend that USAID's Office of Food for Peace in conjunction with its cooperating sponsor, develop a plan of action with a timetable to (a) upgrade storage facilities, including roof and wall repairs, and (b) implement measures to ensure that warehouse staff are aware of the Cooperative for Assistance and Relief Everywhere and USAID Office of Food for Peace storage guidelines.

Response No. 2(a): FFP/W and FFP/Dakar concur with Recommendation No. 2(a) and underscore that this is a primary responsibility of all Title II implementing partners who accept the care and custody of, along with the responsibility and accountability for, food aid resources as stipulated in 22 CFR 211.7(c), which states in part:

Storage facilities and transportation in foreign countries. The cooperating sponsors shall provide assurance to USAID or the Diplomatic Post that all necessary arrangements for receiving the commodities have been made, and shall assume full responsibility for storage and maintenance of the commodities from time of delivery at port of entry abroad or, when authorized, at other designated points of entry abroad agreed upon between the cooperating sponsor and A.I.D. Before recommending approval of a program to AID/W, USAID or the Diplomatic Post shall obtain, from the cooperating sponsor, assurance that provision has been made for internal transportation, and for storage and handling which are adequate by local commercial standards. The cooperating sponsor shall be responsible for the maintenance of the commodities in such manner as to assure distribution of the commodities in good condition to recipient agencies or eligible recipients.

According to 22 CFR 211.7 CARE is directly responsible for assuring warehouse conditions are adequate for safeguarding food aid commodities in their custody. On January 18, 2010, FFP/W received confirmation from CARE that corrective measures have been taken to address Recommendation No. 2(a) in compliance with 22 C.F.R. 211.

Response No. 2(b): FFP/W and FFP/Dakar concur with Recommendation No. 2(b) and underscore that it is CARE's responsibility as the awardee to ensure that its programs are staffed with employees who have the capacity to manage food aid resources and who are fully aware of proper warehouse management and oversight responsibilities documented in CARE's storage guidelines, and other Title II-funded tools prepared by the PVO community on best practices for food aid management. On January 18, 2010, FFP/W received an e-mail message from CARE confirming that they will host a commodity management workshop in February 2010 with a focus on food distribution including storage. CARE will provide FFP/W and FFP/Dakar with an update on the results of the workshop no later than April 30, 2010.

Recommendation No. 3: We recommend that USAID's Office of Food for Peace direct the cooperating sponsor to develop a plan to limit the amount of time between food delivery and distribution and to record the reason(s) for food distributions that take place more than 12 hours after the food delivery.

Response No. 3: FFP/W and FFP/Dakar concur with Recommendation No. 3. On January 18, 2010, FFP/W received an e-mail and an attachment from CARE confirming that this recommendation will be implemented for the remaining commodities in the LEAD program. In the same e-mail message, CARE advised that the recommendation has been addressed by improving organization and workload distribution among project field staff at the time of food aid distribution. CARE also confirmed in the same e-mail message that the time between food deliveries will be recorded along with the reasons for any delays.

Recommendation No. 4: We recommend that USAID's Office of Food for Peace direct the cooperating sponsor to develop a list of documents to be retained at the distribution site and require that this documentation is verified during post distribution monitoring visits.

Response No. 4: FFP/W and FFP/Dakar concur with Recommendation No. 4. FFP/W received confirmation from CARE on January 18, 2010, that measures have been taken to ensure that the following documentation remains at the distribution sites: (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 LEAD partner that stipulates the breakdown and total tonnage of food aid commodities to be distributed by ration and the type commodity; and (c) the food aid ration recipient lists (with the signatures or finger prints of receipt of ration) that stipulates who received the ration and when.

FFP/W received an e-mail message from CARE on January 18, 2010, confirming that CARE will monitor that status of the corrective measures and provide FFP/W and FFP/Dakar with an update on March 12, 2010.

Recommendation No. 5: We recommend that the Office of Food for Peace (a) determine and request from the cooperating sponsor the additional information needed on the loss reports to form a conclusion on whether the loss claims will be waived, and (b) establish a plan to require the cooperating sponsor to include all sufficient documentation as required by 22 CFR 211.9 in all future losses over $500.

Response No. 5(a): FFP/W and FFP/Dakar concur with this recommendation but underscore that FFP (in Washington and in the field) follows Agency regulatory and administrative debt procedures and guidance when identifying losses and pursuing claims with awardees. For Title II commodity losses and assessment of loss value and debts, these procedures and guidance are found in USAID's Automated Directives System (ADS) Chapter 625(3)(4)(1) and 22 C.F.R. 211, Subparts (7), (8), and (9). In particular, ADS Chapter 625.3.4.4 reinforces requirements for PVOs to be held responsible and accountable for all losses as noted in the following citation:

625.3.4.4 Title II Claims Effective Date: 7/27/2006

Under **22 C.F.R. 211**, nongovernmental cooperating sponsors handle their own claims for loss and damage. The proceeds of such claims are returned to the U.S. Department of Agriculture's Commodity Credit Corporation (CCC), pursuant to agreed procedures.

Loss reporting general procedures are further elaborated in 22 C.F.R. 211.9 entitled "Liability for Loss, Damage or Improper Distribution of Commodities," which conveys standard loss reporting guidelines for awardees for loss claims above or below a $500 threshold:

(f) Reporting losses to USAID or the Diplomatic Post.
(1) The cooperating sponsor shall provide the USAID or Diplomatic Post a quarterly report regarding any loss, damage or misuse of commodities, monetized proceeds or program income. The report must be provided within 30 days after the close of the calendar quarter and shall contain the following information except for commodity losses less than $500: who had possession of the commodities, monetized proceeds or program income; who, if anyone, might be responsible for the loss, damage or misuse; the kind and quantity of commodities; the size and type of containers; the time and place of loss, damage or misuse; the current location of the commodities; the program number; CCC contract number, if known, and if not known, other identifying numbers printed on the commodity containers; the action taken by the cooperating sponsor with respect to recovery or disposal; and the estimated value of the loss, damage or misuse. If any of this information is not available, the cooperating sponsor shall explain why it is not. The report simply may identify separately commodity losses valued at less than $500 and indicate the estimated value of the commodities lost damaged or misused and the action taken by the cooperating sponsor with respect to recovery or disposal, except that the cooperating sponsor shall inform the USAID or Diplomatic Post if it has reason to believe there is a pattern or trend in the loss, damage or misuse of such commodities and provide the information described above for losses of $500 or more together with such other information available to it. USAID or the Diplomatic Post may require additional information about any commodities lost, damaged or misused. Information in the quarterly report may be provided in tabular form to the extent possible, and the report shall enclose a copy of any claim made by the cooperating sponsor during the reporting period.

(2) If any commodity, monetized proceeds or program income is lost or misused under circumstances which give a cooperating sponsor reason to believe that the loss or misuse has occurred as a result of criminal activity, the cooperating sponsor shall promptly report these circumstances to the A.I.D. Inspector General through AID/W, USAID or the Diplomatic Post, and subsequently to the appropriate authorities of the cooperating country unless instructed not to do so by A.I.D. The cooperating sponsor also shall cooperate fully with any subsequent investigation by the Inspector General and/or authorities of the cooperating country.

In practice, FFP's Agreement Officer in Washington, D.C. must be notified promptly of commodity losses with an estimated commodity and associated freight value of $10,000 or more. (As noted in (f)(2) above, commodity thefts must be reported promptly to USAID's Inspector General irrespective of the dollar value of the loss.) Losses valued at less than $10,000 have been delegated to USAID's Mission Directors in accordance with ADS Chapter 625 guidance. In the case of non-presence countries, this responsibility has been delegated to the respective Regional Office. Awardees have discretion on resolving claims for losses valued at $500 or less as noted in (f)(1) above, and in most cases, these losses are resolved and recorded as part of awardees standardized quarterly reporting process. Each loss claim is reviewed on a case-by-case basis to determine if necessary legal action should be initiated by awardees, or if appropriate Agency staff have determined that a waiver of the claim would be appropriate under certain circumstances such as prevailing inadequate judiciary systems in host countries or the pursuit of claims would make it difficult for awardees to pursue legal claims or penalties against third parties.

The commodity losses noted in the audit report are less than $10,000 and are being reviewed by FFP/Dakar. FFP/Dakar will review the documentation provided by CARE concerning reported commodity losses, request additional information from CARE, if necessary, and implement a decision based on the above guidance no later than the end of program date, May 31, 2010.

Response No. 5(b): FFP/W and FFP/Dakar do not concur with Recommendation No. 5(b) because the plan for processing commodity losses already exists. This plan for processing commodity losses is outlined in USAID's Automated Directives System (ADS) Chapter 625(3)(4)(1) and 22 CFR 211, Regulation 11, Subparts (7)(8)(9). To ensure compliance with the plan, FFP/Dakar will review all commodity losses reported by CARE so that all loss claims are closed as part of the award close-out process.

Recommendation No. 6: We recommend that USAID's Office of Food for Peace work with the cooperating sponsor to (a) reconcile the loss amounts reported by Catholic Relief Services and the internal forensics team and determine the correct value and types of commodities that were diverted by Africare staff in October 2007, and (b) determine whether to waive or collect the loss, and implement the decision.

Response to recommendation No. 6(a): FFP/Dakar does not concur with Recommendation No. 6(a). When identifying losses and pursuing claims with awardees, FFP (in Washington and Dakar) follows Agency guidance and regulatory and administrative debt procedures described in USAID's Automated Directives System (ADS) Chapter 625(3)(4)(1) and 22 CFR 211, Regulation 11, Subparts (7)(8)(9) in examining Title II commodities losses and assessing the value of losses for debts. In this case, CARE is the Awardee; CRS and Africare are the sub-awardees.

The response to both Recommendation Nos. 5(a) and 6(a) are identical, however, they are presented separately to ensure that the entire recommendation will be closed. To repeat, ADS Chapter 625(3)(4)(1) reinforces requirements for PVOs to be held responsible and accountable for all losses as noted in the following citation:

625.3.4.4 Title II Claims Effective Date: 7/27/2006

Under **22 CFR 211**, nongovernmental cooperating sponsors handle their own claims for loss and damage. The proceeds of such claims are returned to the U.S. Department of Agriculture's Commodity Credit Corporation (CCC), pursuant to agreed procedures.

Loss reporting general procedures are further elaborated in 22 CFR 211.9 entitled "Liability for Loss, Damage or Improper Distribution of Commodities," which conveys standard loss reporting guidelines for awardees for loss claims above or below a $500 threshold:

“(f) Reporting losses to USAID or the Diplomatic Post. (1) The cooperating sponsor shall provide the USAID or Diplomatic Post a quarterly report regarding any loss, damage or misuse of commodities, monetized proceeds or program income. The report must be provided within 30 days after the close of the calendar quarter and shall contain the following information except for commodity losses less than $500: who had possession of the commodities, monetized proceeds or program income; who, if anyone, might be responsible for the loss, damage or misuse; the kind and quantity of commodities; the size and type of containers; the time and place of loss, damage or misuse; the current location of the commodities; the program number; CCC contract number, if known, and if not known, other identifying numbers printed on the commodity containers; the action taken by the cooperating sponsor with respect to recovery or disposal; and the estimated value of the loss, damage or misuse. If any of this information is not available, the cooperating sponsor shall explain why it is not. The report simply may identify separately commodity losses valued at less than $500 and indicate the estimated value of the commodities lost damaged or misused and the action taken by the cooperating sponsor with respect to recovery or disposal, except that the cooperating sponsor shall inform the USAID or Diplomatic Post if it has reason to believe there is a pattern or trend in the loss, damage or misuse of such commodities and provide the information described above for losses of $500 or more together with such other information available to it. USAID or the Diplomatic Post may require additional information about any commodities lost, damaged or misused. Information in the quarterly report may be provided in tabular form to the extent possible, and the report shall enclose a copy of any claim made by the cooperating sponsor during the reporting period.

(2) If any commodity, monetized proceeds or program income is lost or misused under circumstances which give a cooperating sponsor reason to believe that the loss or misuse has occurred as a result of criminal activity, the cooperating sponsor shall promptly report these circumstances to the A.I.D. Inspector General through AID/W, USAID or the Diplomatic Post, and subsequently to the appropriate authorities of the cooperating country unless instructed not to do so by A.I.D. The cooperating sponsor also shall cooperate fully with any subsequent investigation by the Inspector General and/or authorities of the cooperating country.

In practice, with the exception of commodity thefts that must be reported promptly to USAID’s Inspector General as noted above irrespective of the dollar value of the loss, FFP’s Agreement Officer in Washington, D.C. must be promptly notified of commodity losses with an estimated commodity and associated freight value of $10,000 or more. Losses valued at less than $10,000 have been delegated to USAID’s Mission Directors in accordance with ADS Chapter 625 guidance. In the case of non-presence countries, this responsibility has been delegated to the respective Regional Office. Awardees have discretion on resolving claims for losses valued at $500 or less as noted above, and in most cases, these losses are resolved and recorded as part of awardees standardized quarterly reporting process. Each loss claim is reviewed on a case-by-case basis to determine if necessary legal action should be initiated by awardees, or if appropriate Agency staff have determined that a waiver of the claim would be appropriate under certain circumstances such as prevailing inadequate judiciary systems in host countries or the pursuit of claims would make it difficult for awardees to pursue legal claims or penalties against third parties.

The commodity losses noted in the audit report are less than $10,000 and are being reviewed by FFP/Dakar. FFP/Dakar will review the documentation provided by CARE and request additional information, if necessary.

Response to 6 (b): FFP/Dakar concurs with this recommendation. FFP/Dakar will review documentation provided by CARE concerning commodity losses and implement a decision based on the above guidance no later than April 30, 2010.

Recommendation No. 7: We recommend that the Office of Food for Peace establish and implement a plan to (a) determine and share information on the status of the outstanding marine and port loss claims, and (b) ensure that the Office of Food for Peace staff as well as the cooperating sponsor follow up with U.S. Department of Agriculture on marine and port loss claim reports on a regular basis, perform sufficient review of the claims to determine responsibility for the commodity losses, and ensure that unresolved claims are reviewed and addressed in a timely manner.

Response to 7(a): FFP/W and FFP/Dakar do not concur with Recommendation No. 7(a) because in accordance with Regulation 11, the plan to determine and share information on the status of outstanding marine claims and port loss claims is primarily the responsibility of the Cooperating Sponsor as described in Sec.211.9 of Regulation 11 which reads as follows:

Sec. 211.9 Liability for loss damage or improper distribution of commodities.
(b) Fault of others prior to loading on ocean vessel. A nongovernmental cooperating sponsor shall immediately notify CCC if there is a loss of or damage to commodities, between the time title is transferred to the cooperating sponsor and the time the commodities are loaded on board the vessel, that is caused by the act or omission of a third party, such as a warehouseman or carrier, who is or may be legally liable for the loss or damage. The cooperating sponsor also shall promptly assign to CCC any claim it has against the third party and forward to CCC all documents relating to the loss or damage and the claim. CCC shall have the right to initiate, prosecute, and retain the proceeds all claims for such loss or damage.
(c) Ocean carrier loss and damage--

(1) Survey and outturn reports.

(i) Nongovernmental cooperating sponsors shall arrange for an independent cargo surveyor to attend the discharge of the cargo and to count or weigh the cargo and examine its condition, unless USAID or the Diplomatic Post determines that such examination is not feasible, or if CCC has made other provision for such examinations and reports. The surveyor shall prepare a report of its findings showing the quantity and condition of the commodities discharged. The report also shall show the probable cause of any damage noted, and set forth the time and place when the examination was made. If practicable, the examination of the cargo shall be conducted jointly by the surveyor, the consignee, and the ocean carrier, and the survey report shall be signed by all parties. Customs receipts, port authority reports, shortlanding certificates, cargo boat notes, stevedore's tallies, etc., where applicable, shall be obtained and furnished with the report of the surveyor. Whenever a damaged commodity appears unfit for its intended use, the cooperating sponsor shall obtain
(A) A certification by a public health official or similar competent authority regarding the

condition of the commodity; and
(B) A certificate of disposition if the commodity is determined to be unfit for its intended use. These certificates shall be obtained as soon as possible after discharge of the cargo. If the cooperating sponsor can provide a narrative chronology or other commentary to assist in the adjudication of ocean transportation claims, this information should be forwarded as follows: cooperating sponsors shall prepare such a statement in any case where the loss is estimated to be in excess of $5,000; all documentation shall be in English or supported by an English translation and shall be forwarded as set forth in paragraphs (c)(1) (iii) and
(iv) of this section; and the cost of an English translation shall be incorporated into the survey fee. The cooperating sponsor may, at its option, also engage the independent surveyor to supervise clearance and delivery of the cargo from customs or port areas to the cooperating sponsor or its agent and to issue delivery survey reports thereon.
(ii) In the event of cargo loss or damage, a nongovernmental cooperating sponsor shall provide the names and addresses of individuals who were present at the time of discharge and during survey and who can verify the quantity lost or damaged. In the case of bulk grain shipments, the cooperating sponsor shall obtain the services of an independent surveyor to:
(A) Observe discharge of the cargo;
(B) Report on discharging method
(including whether a scale was used, its type and calibration and other factors affecting its accuracy, or an explanation of why a scale was not used and how weight was determined);
(C) Furnish information as to whether cargo was discharged in accordance with port customs;
(D) Provide actual or estimated
(if scales not used) quantity of cargo lost during discharge and specify how such losses occurred;
(E) Obtain copies of port and/or ship records including scale weights, where applicable, to show quantity discharged;
(F) Verify that upon conclusion of discharge, cargo holds are empty;
(G) Provide to USDA information as to quantity, type and cause of lost or damaged cargo;
(H) Furnish daily tally totals and any other pertinent information about the bagging of the bulk cargo when cargo is bagged or stacked by vessel interests; and
(I) Notify the cooperating sponsor immediately if additional services are necessary to protect cargo interests or if the surveyor has reason to believe that the correct quantity was not discharged. The cooperating sponsor, in the case of damage to bulk grain shipments, shall obtain and provide the same documentation regarding quality of cargo as set forth in Sec. 211.8(a) and paragraph (c)(1)(i) of this section. In the case of shipments arriving in container vans, cooperating sponsors shall require the independent surveyor to list the container van numbers and seal numbers shown on the container vans, and indicate whether the seals were intact at the time the container vans were opened, and whether the container vans were in any way damaged. To the extent possible, the independent surveyor should observe discharge of container vans from the vessel to ascertain whether any damage to the container van occurred and arrange for surveying the contents of any damaged container vans as they are opened.
(iii) Cooperating sponsors shall send to USDA copies of all reports and documents pertaining to the discharge of commodities. For those surveys arranged by CCC, the cooperating sponsors may obtain a copy of the report from the local USAID Food for Peace Officer.

(iv) CCC will reimburse a nongovernmental cooperating sponsor for the costs incurred by it in obtaining the services of an independent surveyor to conduct examinations of the cargo and render the report set forth above. Reimbursement by CCC will be made upon receipt by CCC of the survey report and the surveyor's invoice or other documents that establish the survey cost. However, CCC will not reimburse a nongovernmental cooperating sponsor for the costs of only a delivery survey, in the absence of a discharge survey, or for any other survey not taken contemporaneously with the discharge of the vessel, unless such deviation from the documentation requirements of paragraph (c)(1) of this section is justified to the satisfaction of CCC.
(v) CCC normally will contract for the survey of cargo on shipments furnished under Transfer Authorizations, including shipments for which A.I.D. contracts for the ocean transportation services. Survey contracts normally will be let on a competitive bid basis. However, if a USAID or Diplomatic Post desires that CCC limit its consideration to only certain selected surveyors, USAID or the Diplomatic Post shall furnish AID/W a list of eligible surveyors for forwarding to CCC. Surveyors may be omitted from the list, for instance, based on foreign relations considerations, conflicts of interest, and/or lack of demonstrated capability to carry out surveying responsibilities properly as set forth in the requirements of CCC. Upon receipt of written justification for removal of a particular survey firm, CCC will consider removal of such firm and advise the USAID via AID/W of the final determination. AID/W will furnish CCC's surveying requirements to a USAID or Diplomatic Post upon request. If CCC is unable to find a surveyor at a port to which a shipment has been consigned, CCC may request AID/W to contact USAID or the Diplomatic Post to arrange for a survey. The surveyor's bill for such services shall be submitted to USAID or the Diplomatic Post for review. After the billing has been approved, USAID or the Diplomatic Post either may pay the bill using funds in CCC account 20FT401, if available, or forward the bill to AID/W for transmittal to CCC for payment. If USAID or the Diplomatic Post pays the bill, AID/W shall be advised of the amount paid, and CCC will reimburse USAID or the Diplomatic Post.

(2) Claims against ocean carriers.
(i) Whether or not title to commodities has transferred from CCC to the cooperating sponsor, if A.I.D. contracted for the ocean transportation, CCC shall have the right to initiate, prosecute, and retain the proceeds of all claims against ocean carriers for cargo loss and/or damage arising out of shipments of commodities transferred or delivered by CCC hereunder.
(ii) (A) Unless otherwise provided in the Operational Plan or TA, nongovernmental cooperating sponsors shall file notice of any cargo loss and/or damage with the ocean carrier immediately upon discovery of any such loss and/or damage, promptly initiate claims against the ocean carrier for cargo loss and/or damage, take all necessary action to obtain restitution for losses within any applicable periods of limitations, and transmit to CCC copies of all such claims. However, the nongovernmental cooperating sponsor need not file a claim when the cargo loss and/or damage is not in excess of $100, or in any case when the loss and/or damage is between $100 and $300 and it is determined by the nongovernmental cooperating sponsor that the cost of filing and collecting the claim will exceed the amount of the claim. The nongovernmental cooperating sponsor shall transmit to CCC copies of all claims filed with the ocean carriers for cargo loss and/or damage, as well as information and/or documentation on shipments when no claim is to be filed. When General Average has been declared, no action will be taken by the nongovernmental cooperating sponsor to file or collect claims for loss or damage to commodities. (See paragraph (c) (2)(iii) of this section.)
(B) The value of commodities misused, lost or damaged shall be determined on the

basis of the domestic market price at the time and place the misuse, loss or damage occurred, or, in case it is not feasible to obtain or determine such market price, the f.o.b. or f.a.s. commercial export price of the commodity at the time and place of export, plus ocean freight charges and other costs incurred by the U.S. Government in making delivery to the cooperating sponsor. When value is determined on a cost basis, nongovernmental cooperating sponsors may add to the value any provable costs they have incurred prior to delivery by the ocean carrier. In preparing the claim statement, these costs shall be clearly segregated from costs incurred by the U.S. Government. With respect to claims other than ocean carrier loss or damage claims, at the request of the cooperating sponsor or upon the recommendation of USAID or the Diplomatic Post, AID/W may determine that such value may be established on some other justifiable basis. When replacement is made, the value of commodities misused, lost or damaged shall be their value at the time and place the misuse, loss, or damage occurred and the value of the replacement commodities shall be their value at the time and place replacement is made.
(C) Amounts collected by nongovernmental cooperating sponsors on claims against ocean carriers not in excess of $200 may be retained by the nongovernmental cooperating sponsor. On claims involving loss and/or damage having a value in excess of $200, nongovernmental cooperating sponsors may retain from collections received by them, the larger of:
(1) The amount of $200 plus 10 percent of the difference between $200 and the total amount collected on the claim, up to a maximum of $500, or
(2) Actual administrative expenses incurred in collection of the claim if approved by CCC. Collection costs shall not be deemed to include attorneys fees, fees of collection agencies, and the like. In no event will collection costs in excess of the amount collected on the claim be paid by CCC. The nongovernmental cooperating sponsors may also retain from claim recoveries remaining after allowable deductions for administrative expenses of collection, the amount of any special charges, such as handling, packing, and insurance costs, which the nongovernmental cooperating sponsor has incurred on the lost and/or damaged commodity and which are included in the claims and paid by the liable party.
(D) A nongovernmental cooperating sponsor may redetermine claims on the basis of additional documentation or information, not considered when the claims were originally filed when such documentation or information clearly changes the ocean carrier's liability. Approval of such changes by CCC is not required regardless of amount. However, copies of redetermined claims and supporting documentation or information shall be furnished to CCC.
(E) A nongovernmental cooperating sponsor may negotiate compromise settlements of claims regardless of the amount thereof, except that proposed compromise settlements of claims having a value in excess of $5,000 shall not be accepted until such action has been approved in writing by CCC.

Additional guidance covering Cooperating Sponsors' responsibilities may be found in 22 CFR 211.9.

Response 7(b) FFP/W and FFP/Dakar do not concur with Recommendation No. 7(b) because it is the responsibility of the Cooperating Sponsor to apply Sec.211.9 of Regulation 11 (above) and ensure that marine and port loss claims are reviewed and addressed by USDA and the CCC in a timely manner.

Recommendation No. 8: We recommend that USAID's Office of Food for Peace and its cooperating sponsor develop a plan and timetable for future multi year assistance programs to (a) sensitize communities benefiting from the food aid, and (b) mark projects and sites supported with food aid.

Response No. 8(a): FFP/W concurs with recommendation 8(a) and underscores that it is the responsibility of the Cooperating Sponsor to implement the plan and timetable for sensitizing communities benefiting from the food aid in accordance with the terms of the cooperative agreement. This plan and timetable 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. CARE confirmed in an e-mail message on January 18, 2010, that they are addressing this recommendation by conducting awareness sessions with community members and by using banners during food distributions to sensitize and inform them of the generosity of the American people, for example.

FFP/W concurs with Recommendation 8(a) and will review future plans and timetables, also known as branding and marking plans, submitted by CARE to ensure timely and effective compliance with section 4.14 of future cooperative agreements and section 211.5 of 22 C.F.R 211.

Response No. 8(b): The response to both Recommendation Nos. 8(a) and 8(b) are identical, however, they are presented separately to ensure that the entire recommendation will be closed. To repeat, FFP concurs with recommendation 8(b) and underscores that it is the responsibility of the Cooperating Sponsor to implement the plan and timetable for marking projects and sites supported with food aid in accordance with the terms of the cooperative agreement. This plan and timetable 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. CARE confirmed in an e-mail message on January 18, 2010, that they are addressing this recommendation by erecting signs at the entry points of rehabilitated roads, for example.

FFP/W concurs with Recommendation 8(b) and will review future plans and timetables, also known as branding and marking plans, submitted by CARE to ensure timely and effective compliance with section 4.14 of future cooperative agreements and section 211.5 of 22 C.F.R 211.

Conclusion

This Memorandum serves as the Office of Food for Peace and USAID/Senegal's response to the recommendations outlined in RIG/Dakar's Memorandum dated December 23, 2009.

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