

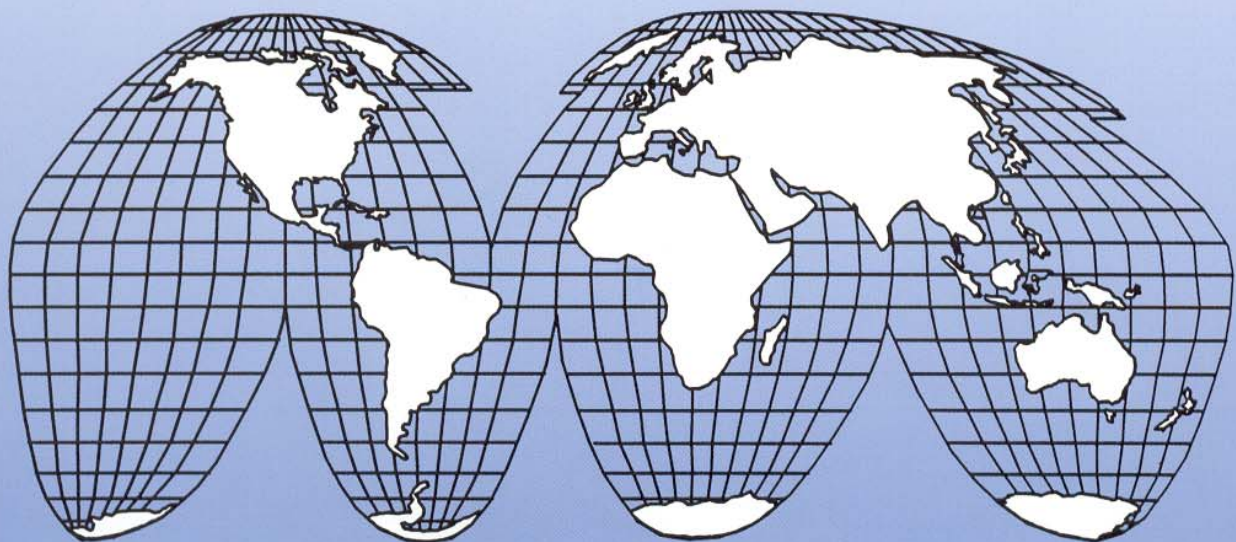
USAID

OFFICE OF INSPECTOR GENERAL

Survey of Principal Processes Used to Manage Funds Provided Under the P.L. 480, Title II Program

Audit Report Number 9-000-03-001-S

May 23, 2003





May 23, 2003

MEMORANDUM

FOR: DCHA/FFP, Lauren Landis

FROM: IG/A/PA, Dianne L. Rawl

SUBJECT: Survey of Principal Processes Used to Manage Funds Provided Under the P.L. 480, Title II Program (Report No. 9-000-03-001-S)

This memorandum is our final report on the subject survey. In finalizing this report, we reviewed your comments on our draft report and have included them in their entirety in [Appendix IV](#).

This is not an audit report and is being issued for informational purposes only, with no findings or recommendations.

I want to express my sincere appreciation for the cooperation and courtesies extended to my staff during this survey.

Background

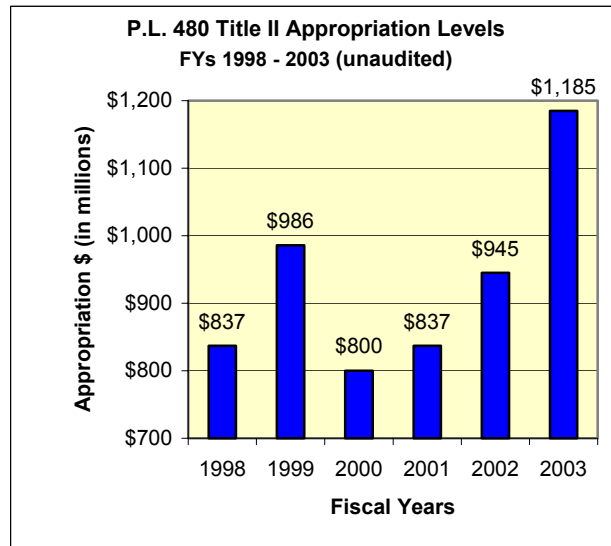
The Agricultural Trade Development and Assistance Act of 1954, also known as *P.L. 480*, is the principal mechanism through which the U.S. Government implements its international food assistance initiatives. The intent of this legislation, which has been modified many times, is to promote food security in the developing world through humanitarian and developmental uses of food aid.

Food assistance provided under P.L. 480 is delivered to foreign countries under three separate programs—Titles I, II and III—with the bulk of this food aid furnished under Title II, administered by USAID, 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 (PVOs), non-governmental organizations (NGOs), and international organizations, such as the United Nations World Food Program (WFP).

The objective of the Title II program is two-fold: to provide food aid to vulnerable groups in emergency situations and to promote development programs critical to

long-term food security. As a result, the Title II budget supports both emergency and non-emergency activities. In addition to funding the procurement of agricultural commodities, Title II funds are used to cover ocean freight, inland freight and internal transport, storage and handling (ITSH) costs. Other resources administered under Title II include “Section 202(e)” cash grants awarded to cooperating sponsors (CS) primarily to support their in-country administrative capacity to manage food aid programs. Institutional Strengthening Assistance grants, funded with development assistance funds, are also administered under Title II and provided to the CS to strengthen the capacity of its headquarters staff.

USAID’s Bureau of Democracy, Conflict and Humanitarian Assistance/Office of Food for Peace has primary responsibility for administering the Title II program. This Office receives, reviews, and approves proposals from cooperating sponsors, issues the grants discussed above, and manages funds for non-commodity program costs, such as ocean freight. However, because the funds for Title II activities are appropriated to the U.S. Department of Agriculture (USDA), USAID must work with that Department and the Office of Management and Budget (OMB) to acquire both the spending authority and the funds it needs to carry out its responsibilities.



Survey Objective This survey was designed to answer the following question:

What are the principal processes that USAID uses to manage Title II funds?

The Office of Inspector General (OIG) undertook this survey because of the steady increase in Title II funding and increased interest of both the Executive and Legislative branches in improving the efficiency of U.S. international food assistance programs. The information compiled during the survey will help both the OIG and food program managers to identify areas of potential vulnerability or risk and areas that can be streamlined during future systems reviews or program audits.

Discussion

The processes used to transfer spending authority and funds to USAID and the principal financial management processes used to administer these funds as of the time of our survey are described below and illustrated more fully in [Appendix III](#).

FLOW OF P.L. 480, TITLE II FUNDS TO USAID

A brief outline of the process by which funds are made available to USAID is shown below. A detailed description of the process is presented in [Appendix III, page 16](#).

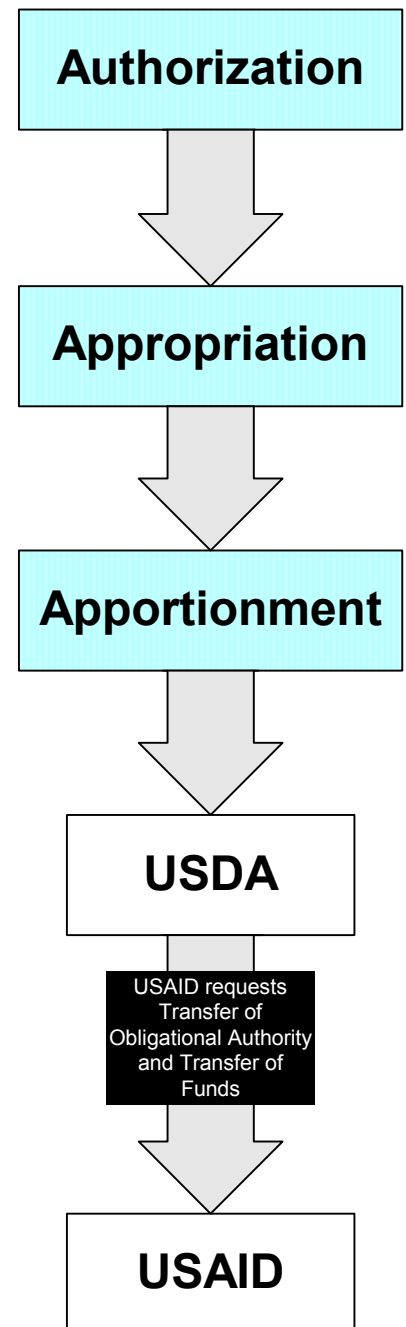
Authorization: Congress renews USDA's and USAID's authority to undertake food assistance programs roughly every five years through *the Farm Bill* which updates the program's expiration dates (currently FY 2007) and other program provisions.

Appropriation: The annual Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act appropriates funds to USDA for Title II and other food aid programs. Once appropriated, these funds remain available until spent.

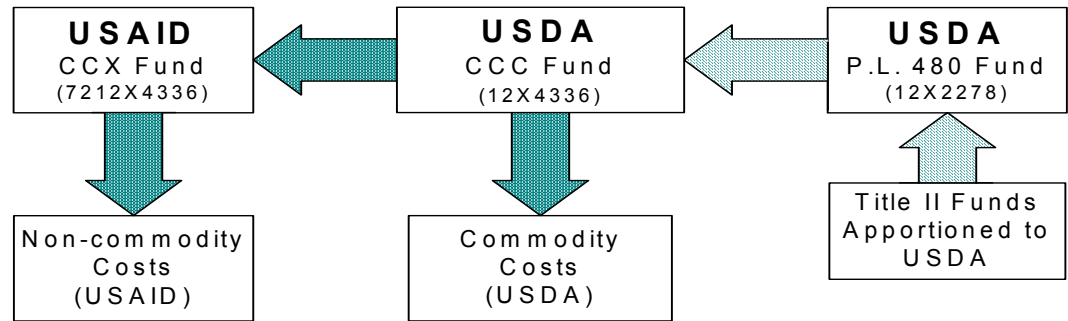
Apportionment: OMB apportions the appropriated funds to USDA. USDA then notifies USAID which sets its Operating Year Budget levels accordingly. (See [Appendix III, p. 17](#).)

Transfer of Obligational Authority: USAID requests USDA to transfer *obligational authority* for funds needed for non-commodity costs. Upon this transfer, USAID posts the amount transferred into its accounting system, called Phoenix. USDA retains authority over the balance of funds that remain available for the purchase of commodities. (See [Appendix III, p. 18](#).)

Transfer of Funds: USAID also requests USDA to transfer *funds* needed to pay for non-commodity costs. These monies are disbursed from USDA's Commodity Credit Corporation (CCC) fund, at USAID's request, and transferred into USAID's Commodity Credit (CCX) fund several times per year, often in large tranches. Upon each transfer, the CCC fund, from which all program monies are disbursed, is simultaneously replenished with apportioned Title II funds credited earlier to USDA's P.L. 480 Grants fund. (See chart on [page 4](#) and [Appendix III, p. 19](#).)



Flow of Title II Monies to USAID



USAID PROCESSES

As stated earlier, Congress appropriates funds to USDA to cover the costs of Title II and other U.S. food assistance programs. Using these funds, USDA purchases commodities based on the needs of programs approved by USAID. USDA also transfers a portion of these funds to USAID, upon request, to cover non-commodity program costs. In addition to reviewing and approving program proposals received from cooperating sponsors (CS), USAID obligates and disburses the funds received from USDA to pay for ocean freight, inland transport costs, and cash grants to support the administrative capacity of the CS; monitors its own funding balance as well as that maintained by USDA; and reviews individual obligations to determine whether unspent balances are still needed for their original purposes. These and other processes used by USAID to manage its Title II funds are described briefly below and illustrated in further detail in [Appendix III](#).

Program Approval

USAID establishes its need for Title II funds based on the funding requirements of new and on going Title II emergency and development (non-emergency) activities. These requirements are ascertained through the review and approval of proposals submitted by partners, such as WFP, private voluntary organizations (PVOs), and U.S. and local non-governmental organizations. Flowcharts outlining the procedures for reviewing and approving proposed activities appear in Appendix III, with separate flowcharts covering the process performed in approving activities under each of the following areas:

- (1) Emergency Program (See [Appendix III, pp. 21-22.](#))
- (2) Development Program (See [Appendix III, pp. 23-26.](#))
- (3) WFP Contributions:
 - Annual Pledge (See [Appendix III, p. 27-28.](#))
 - Emergency Operations Programs (See [Appendix III, p. 29.](#))

Funds Management

When additional spending authority is needed to meet program expenses, USAID requests USDA to transfer obligational authority for a portion of the annual food aid appropriation. USDA grants the request by memo and sends it to USAID. Upon receipt, USAID's Bureau for Democracy, Conflict and Humanitarian Assistance/Office of Program, Policy and Management (DCHA/PPM), Bureau of Management/Office of Financial Management (M/FM) and Bureau of Policy and Program Coordination/Budget (PPC/B) act in sequence to post the increase in obligational authority into USAID's accounting system—first as an apportionment, then as an allotment, and finally as an allowance, making the funds available to DCHA's Office of Food for Peace (FFP). FFP then requests the DCHA bureau controller to fund specified functional accounts at the sub-allowance and distribution levels, based on program approvals, to allow funds to be obligated under these accounts. (See [Appendix III, p. 18.](#))

Transfer of Funds into USAID's Commodity Credit Fund

In addition to requesting obligational authority from USDA, USAID periodically requests USDA to transfer monies that will be disbursed. Transferred funds are credited to USAID's Commodity Credit (CCX) Fund account maintained by the U.S. Treasury. During the course of the fiscal year, USAID monitors the balance of funds in this account and periodically arranges for additional funds to be transferred into the account to replenish the fund balance, taking care not to request funds in excess of the amount of obligational authority transferred for the fiscal year. In arranging this transfer, USAID's Office of Financial Management, Central Accounting and Reporting Division, Funds Control/General Ledger Section sends a memo requesting the transfer to the budget division of USDA's Farm Service Agency (USDA/FSA) which approves the request and notifies both Treasury and USAID. (See [Appendix III, p. 20.](#))

Commitment and Obligation of Funds

Once available at the distribution levels, Title II funds are committed and obligated upon the signing of certain documents specific to the transaction. (See [Appendix III, pp. 22, 25 and 30.](#))

Disbursements

Inland and Ocean Freight (procured by the cooperating sponsor): USAID disburses funds in payment of freight services upon receipt, and review and approval, of invoices from cooperating sponsors or their freight forwarding agents. (See [Appendix III, p. 31.](#))

Ocean Freight (procured by USAID): USAID disburses funds for ocean freight it procured upon receipt, and review and approval, of the invoice from the carrier. (See [Appendix III, p. 32.](#))

ITSH and 202(e): USAID advances funds for Internal Transport, Storage and Handling (ITSH) costs and Section 202(e) grants through Letter of Credit (LOC) arrangements with cooperating sponsors. An LOC is a financing mechanism that provides advances under assistance awards to qualifying U.S. nonprofit organizations or commercial organizations and public international organizations that have U.S. bank accounts. Under this arrangement, a cooperating sponsor (i.e., grantee) draws funds from its LOC account and reports expenditures against these advances on a quarterly basis. (See [Appendix III, p. 33.](#))



Photograph of a ship at Port Lake Charles, Louisiana loading 10,000 metric tons of Title II food assistance bound for Afghanistan (November 2001)

Review and Deobligation of Unliquidated Obligations

Periodically, USAID officials will review the unspent (i.e., unliquidated) balances of obligations and authorize the deobligation of any unneeded balances. (See [Appendix III, pp. 34-38](#) for flowcharts outlining the processes followed for reviewing and deobligating funds from specific types of obligations.)

Reporting of Financial Data to OMB, Treasury and USDA

USAID reports financial data (e.g., obligations) for each of its appropriations and funds, including its CCX Fund, to OMB on a quarterly basis. In compiling and reporting this data, USAID initially submits data from its summary trial balance accounts to Treasury. Treasury processes and edits this data, which USAID later downloads from Treasury's server and transmits to OMB. USAID also faxes summary data to USDA each quarter and prepares a final report for Treasury at the end of the fiscal year. (See [Appendix III, p. 39.](#))



Photograph of cases of vegetable oil, bound for Afghanistan, being loaded on to a ship at Port Lake Charles, Louisiana (November 2001)

USDA PROCESSES AND REPORTING

Title II funds that are not transferred to USAID are retained by USDA for the procurement of agricultural commodities requested by USAID. A brief overview of this procurement process is described below.

Commodity Request Process

The procurement process starts with a request from the PVO. Requests typically specify the types of commodities needed, quantities and when and where they are to be shipped. Requests are sent to USAID (FFP) where they are reviewed for completeness to ensure that the request is in line with the level of Title II resources authorized for the activity and in compliance with USAID guidelines. FFP also checks to assure that funds are available for the procurement, verifies that the overseas mission concurs with the request and resolves any outstanding issues with the PVO. Upon approval, data on the request is input into the FFP Information System database for tracking purposes. The approved request (referred to as the 'call forward') is then sent to USDA/FSA to initiate the contracting process. (See [Appendix III, p. 40.](#))

Contracting Process

USDA is responsible for purchasing all commodities under the Title II Program. The amount and types of commodities procured are based on the approved requests submitted, by FFP, to FSA's Procurement and Donations Division, Export Operations Branch (PDD/EOB). Upon receipt, PDD/EOB reviews each

request checking for accuracy, completeness and any inconsistencies. Requests are combined to form a scheduled monthly commodity purchase—the larger quantities garnering better prices, thereby reducing the cost of the commodities as well as the associated procurement costs. The combined order is then sent to FSA’s Kansas City Commodity Office (KCCO), which checks the availability and current market prices for the requested commodities.

If the commodities can be procured, KCCO prepares an invitation for bids and posts it to FSA’s web page. The invitation specifies the commodities requested, final destinations, anticipated date of shipment and the date bids are due. Once the contracting officer has reviewed all of the bids received, awards are made to the lowest bidders. (See [Appendix III, p. 41.](#))



Photograph of beneficiaries receiving Title II food aid distributed by the World Food Program in Ganda, Angola (June 2002)

Reporting of Financial Data to USAID

FSA’s Kansas City Finance Office (KCFO) accounts for the financial transactions associated with the procurement of Title II commodities based on data provided by KCCO. This data is combined with data relating to funds transferred to USAID for non-commodity costs to produce a consolidated picture of the Title II Program. In reporting this data, USDA provides several monthly reports to USAID for tracking purposes. Two of these reports are described below.

P.L. 480, Title II Tracking Report: This report is prepared by FSA's Procurement and Donations Division (PDD/EOB), in Washington, D.C., and is based on procurement data furnished by KCCO. The report indicates, among other things, the total amount of Title II funds available for spending during the fiscal year, the amount of spending authority transferred to USAID, the amount obligated and the balance of funding still available for programming under the current year's appropriation.

Status of Funds Report: Every month, KCFO produces a Status of Funds Report to show the status of funds appropriated and available under the P.L. 480 Foreign Assistance Programs (Titles I, II and III). Each report is divided into separate sections consisting of a summary spreadsheet, combining data relating to the current and prior fiscal years, followed by additional spreadsheets reporting a breakout of this data for each individual fiscal year. Within each spreadsheet, the report tracks cumulative fiscal year balances under the following areas: (1) Resources (i.e., total resources available for apportionment); (2) Apportioned (i.e., total resources that have been apportioned); (3) Available for Obligation (i.e., apportioned resources that are still available for commitment and obligation); (4) Undelivered Orders (i.e., unliquidated obligations); and (5) Expenditures (i.e., apportioned resources that have been expended). In reporting on the status of funds under the program, the report combines data on USDA's commodity costs with data on the monies transferred to USAID to cover non-commodity costs, with the latter recorded by USDA as expenditures upon their transfer to USAID.

USAID Management Comments

USAID's Office of Food for Peace (FFP) expressed appreciation to the OIG for producing this report. In commenting on our draft report, FFP noted that the report effectively documented the complexity of the systems involved in obtaining and managing Title II funding, which it believes raises questions about the adequacy of current FFP staffing levels to implement the program.

FFP added that the report will be used in training its new and existing personnel and that information contained in the report's flowcharts will enable FFP staff to more easily identify their roles and responsibilities within the larger process. In addition, FFP indicated that it intends to use the report to educate partners both inside and outside of USAID and facilitate FFP's current effort to streamline its procedures as mandated by Congress.



Photograph of a child carrying a can of vegetable oil received during a distribution to refugees in Kenema, Sierra Leone. (Courtesy of the World Food Program; February 2002)

**Scope and
Methodology****Scope**

The Performance Audit Division of the Office of Inspector General conducted a survey of the principal processes used to manage funds provided under the P.L. 480, Title II Program. The scope of this survey was limited to obtaining an understanding of the Title II funding process and documenting the flow of funds through this process as well as the procedures in place for managing these funds, particularly those implemented within USAID. Areas covered during this survey include: the appropriation, apportionment, transfer of obligational authority, allowance, commitment, obligation, disbursement and deobligation processes. Coverage was also provided over USAID's procedures for programming funding for Title II activities, the commodity procurement process performed by the U.S. Department of Agriculture (USDA) and selected financial reporting functions.

The survey did not attempt to evaluate the effectiveness of these individual processes and did not involve substantive testing to verify whether existing procedures were, in fact, being implemented and whether they complied with applicable agency policies and regulations. In addition, the survey did not include coverage over the budgeting process leading to the appropriation of funding. The survey also did not cover the procedures for programming Title II funding allocated (1) to the Farmer-to-Farmer Program (Title V) since this program is not involved in Title II activities and (2) for International Food Relief Partnership grants due to the small level of funding authorized for these grants (\$3 million). Fieldwork was conducted at the offices of USAID's Office of Food for Peace (FFP), Office of Program, Policy and Management (PPM) and Office of Financial Management (M/FM) as well as at USDA's Farm Service Agency, Procurement and Donations Division (FSA/PDD) and at its Kansas City Finance Office (KCFO) during the period from November 15, 2001 through March 7, 2003.

Methodology

To gain an understanding of the processes in place for managing Title II funds, discussions were held with USAID officials in the FFP, M/FM and PPM offices as well as with officials at the Office of Management and Budget (OMB) and at USDA's Office of Inspector General and FSA/PDD offices in Washington, D.C. and at the KCFO facility in Kansas City. Based on these discussions, electronic flowcharts were prepared documenting our understanding of selected areas within the funding process. These flowcharts were reviewed and cleared by the staff whose information was used in preparing the flowcharts to ensure their accuracy.

In addition, we examined slides from several PowerPoint presentations, prepared by FFP, and other reference material covering certain aspects of the funding process for general background information on this process. We also reviewed relevant laws, regulations and internal policies to gain a better understanding of the financial management requirements and procedural policies that applied to USAID.

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List of Acronyms

A&A.....	Acquisition and Assistance Module (NMS)	FY	Fiscal Year
AER.....	Annual Estimate of Requirements	GC	Office of the General Counsel
B/L	Bill of Lading	GIMS.....	Grain Inventory Mgmt System
CAR	Central Accounting and Reporting Division (USAID/M/FM)	ICRC	International Committee of the Red Cross
CBO	Country Backstop Officer	IEE	Initial Environmental Evaluation
CCC.....	Commodity Credit Corporation	IFRP	International Food Relief Partnership
CMP	Cash Management and Payment Division (USAID/M/FM)	ITSH.....	Internal Storage, Transport and Handling
CO	Contracting Officer	KCCO	Kansas City Commodity Office (USDA/FSA)
CS.....	Cooperating Sponsor	KCFO	Kansas City Finance Office (USDA/FSA)
CSR4.....	Cooperating Sponsor Results Report and Resource Request	LOA	Life of Activity
DAP.....	Development Assistance Proposal	LOC.....	Letter of Credit
DCHA	Bureau for Democracy, Conflict and Humanitarian Assistance (USAID)	M.....	Bureau for Management (USAID)
DHHS.....	U.S. Department of Health and Human Services	MT.....	Metric Tons
DP	Development Programs Division (USAID/DCHA/FFP)	NGO.....	Non-Governmental Organization
EBES.....	Electronic Bid Entry System	NMS.....	New Management System
EMOPs.....	Emergency Operations Programs	OBPA.....	Office of Budget and Program Analysis (USDA)
EOB.....	Export Operations Branch (USDA/FSA/PDD)	OIG	Office of the Inspector General
EOD	Export Operations Division (USDA/FSA/PDD)	OMB	Office of Management and Budget
EP	Emergency Programs Division (USAID/DCHA/FFP)	OP	Office of Procurement (USAID/M)
FACTS	Federal Agencies Centralized Trial Balance System	OYB	Operating Year Budget
FARES	Food Aid Request Entry System	PA/PR	Procurement Authorization / Procurement Request
FCGL	Funds Control / General Ledger Section (USAID/M/FM/CAR)	PCIMS.....	Processed Commodity Inventory Management System
FFP	Office of Food for Peace (USAID/DCHA)	PDD.....	Procurement and Donations Division (USDA/FSA)
FFPIS	Food for Peace Information System	P.L. 480.....	U.S. Public Law 480
FM.....	Office of Financial Management (USAID/M)	PMS.....	Payment Management System (DHHS)
FMD.....	Financial Management Division (USDA/FSA/KCFO)	POD.....	Program Operations Division (USAID/DCHA/FFP)
FSA	Farm Service Agency (USDA)	PPC	Bureau for Policy and Program Coordination
		PPM.....	Office of Program, Policy and Management (USAID/DCHA)
		PRRO.....	Protracted Relief and Recovery Operation (WFP)

List of Acronyms (continued)

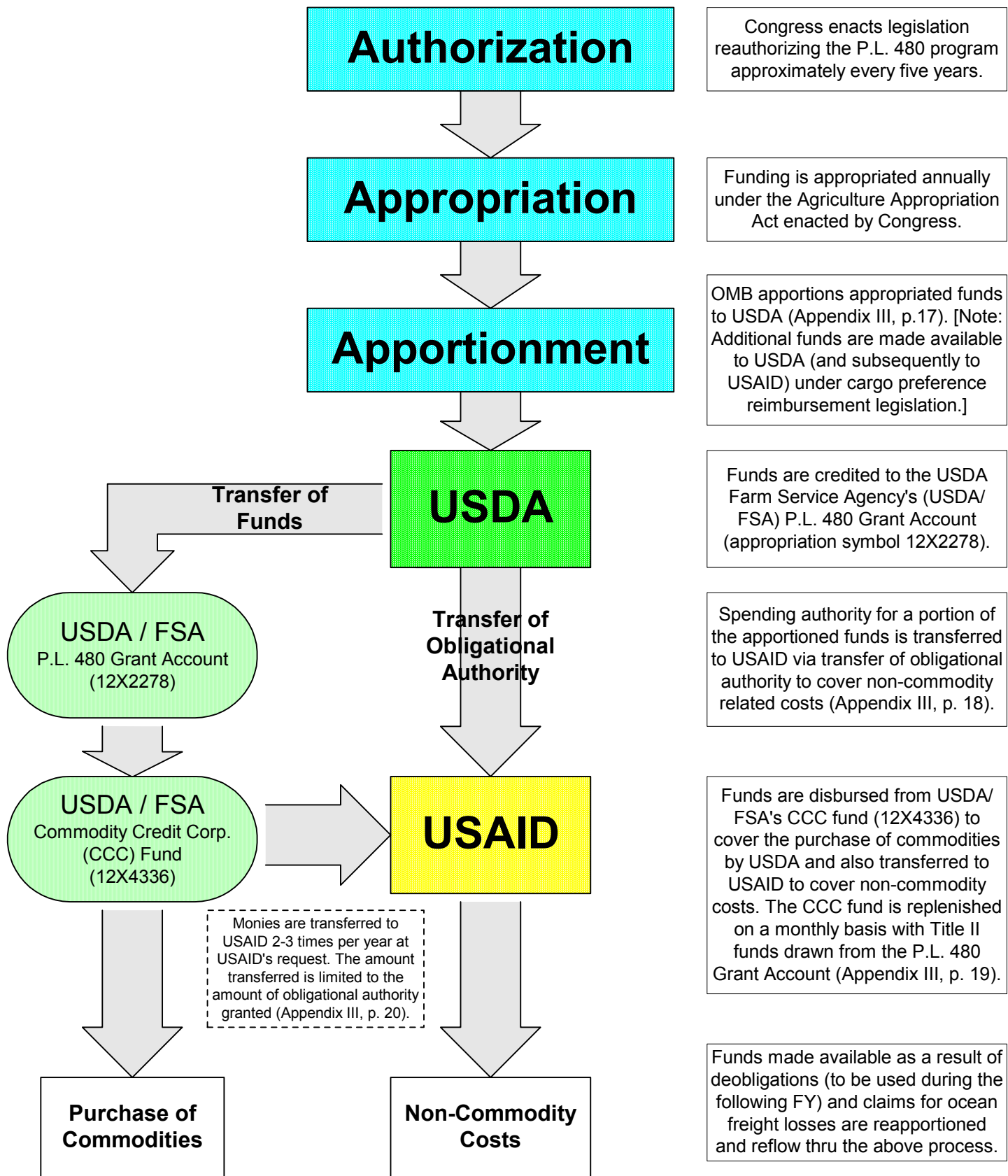
PVO.....	Private Voluntary Organization
REDSO	Regional Economic Development Support Office (USAID)
202(e)	Section 202(e) of P.L. 480: cash grants to support Title II activities
SO	Strategic Objective
TA	Transfer Authorization
TC	Transportation and Commodities Mgmt Division (USAID/M/OP)
TMCAB ...	Traffic Management and Contract Administration Branch (USDA)
TRANS	Transportation Section (USAID/M/OP/TC)
USAID	United States Agency for International Development
USDA.....	United States Department of Agriculture
WFP	United Nations World Food Program

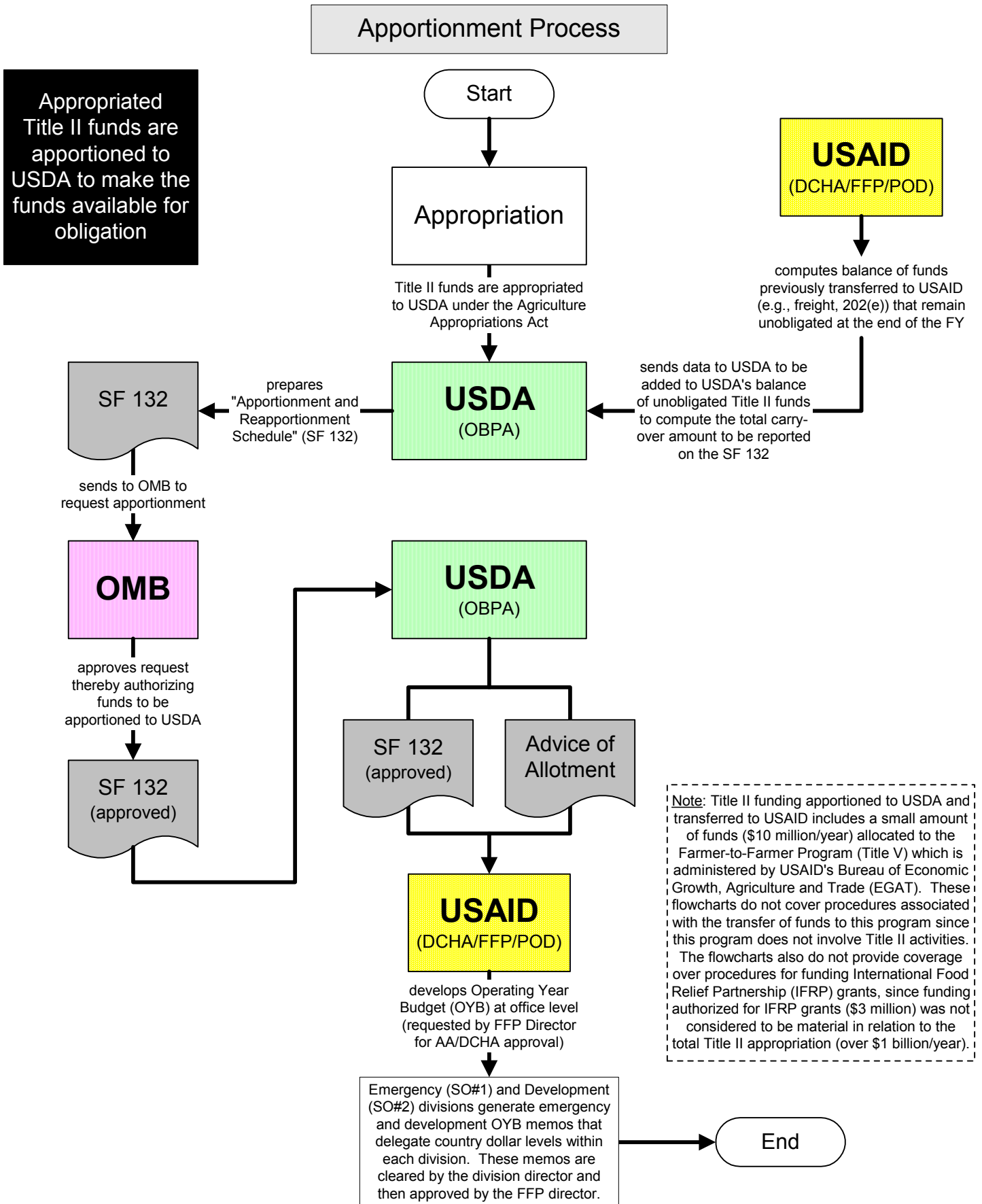
Flowcharts

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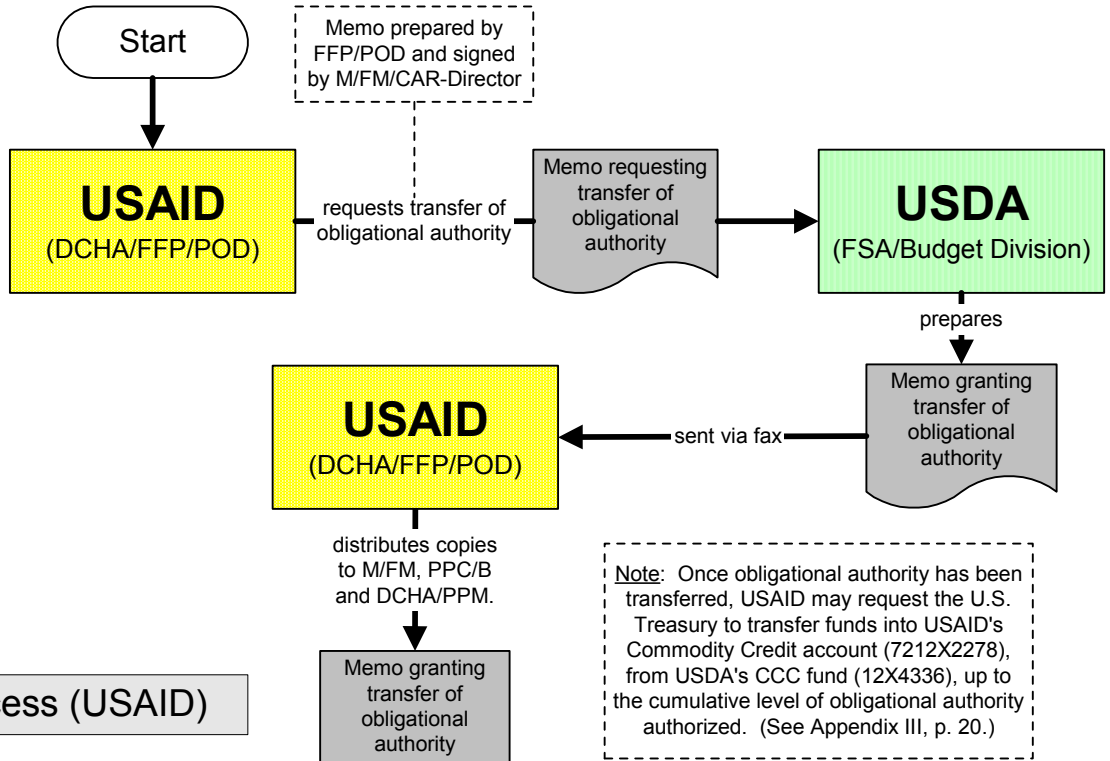
Flow of P.L. 480, Title II Funding



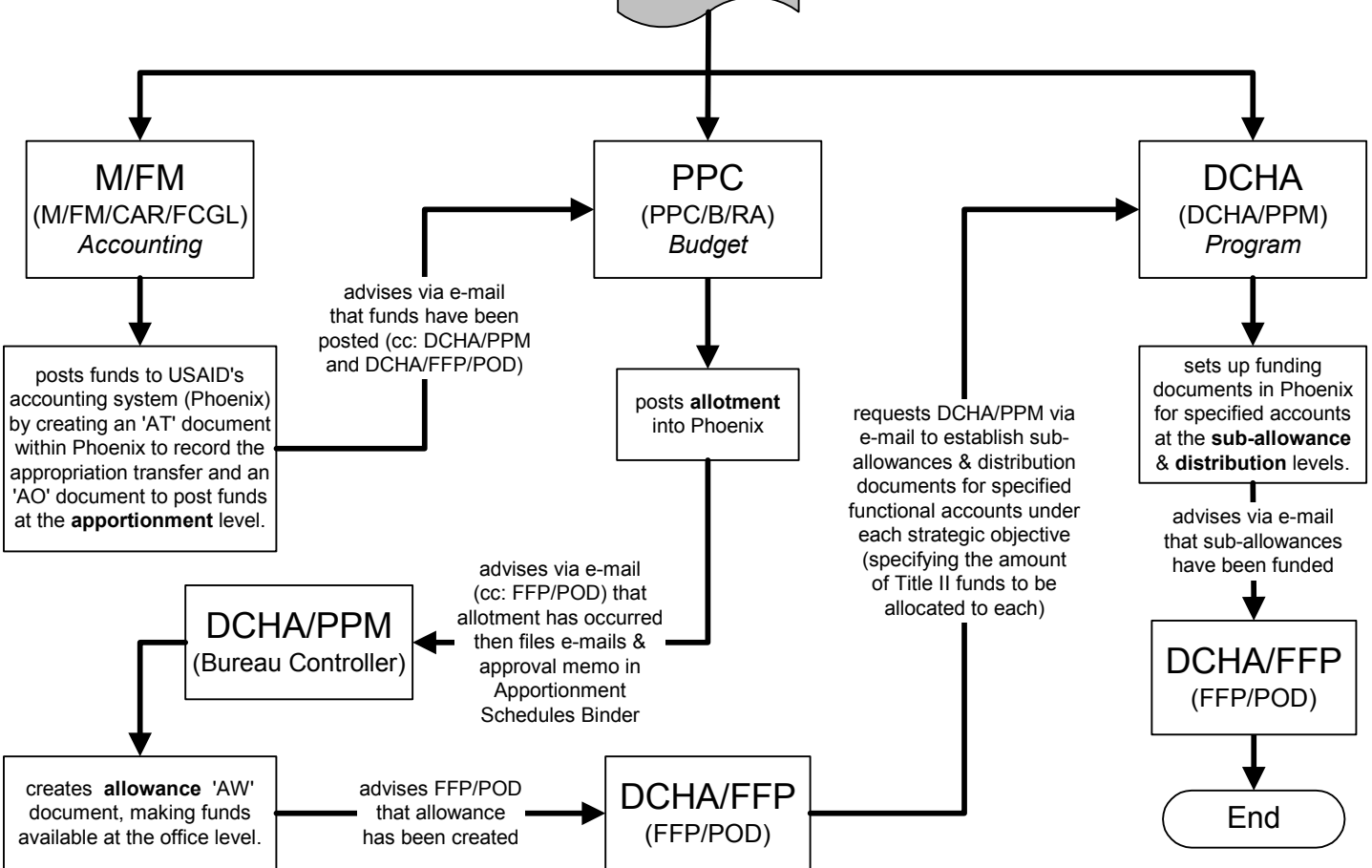


Transfer of Obligational Authority and Allocation Process (USAID)

Apportioned Title II funds to cover non-commodity costs are transferred to USAID via transfer of obligational authority

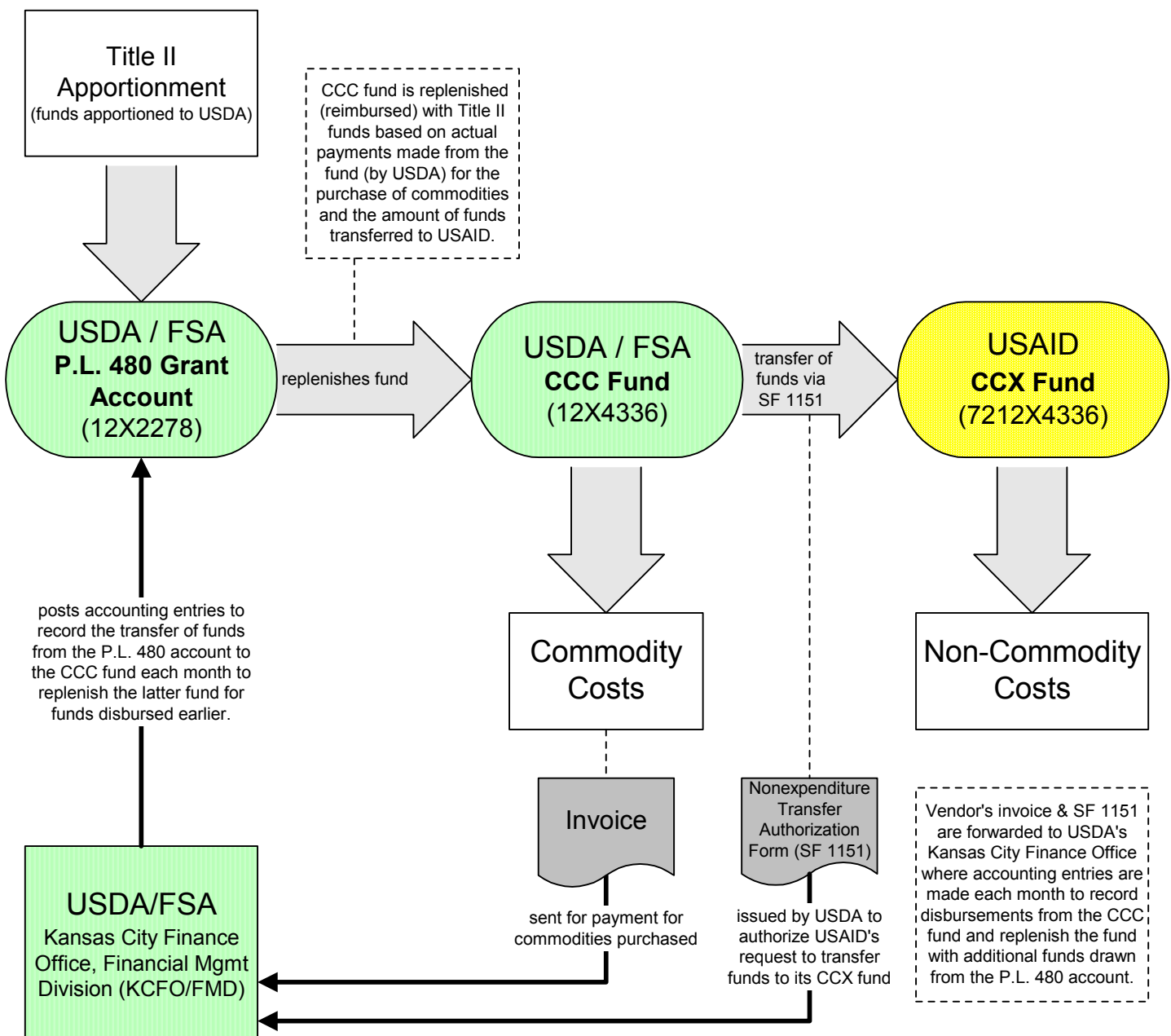


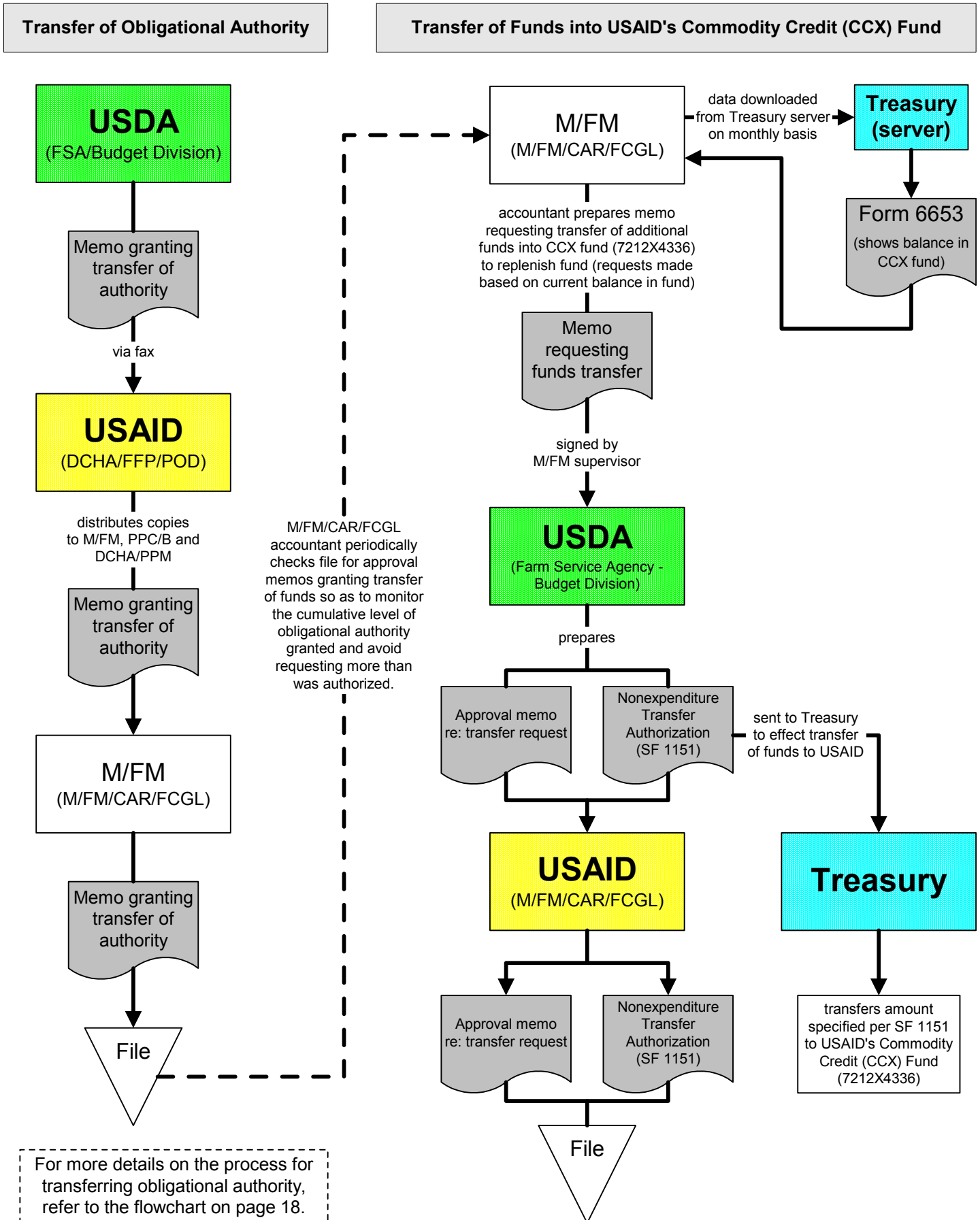
Allocation Process (USAID)



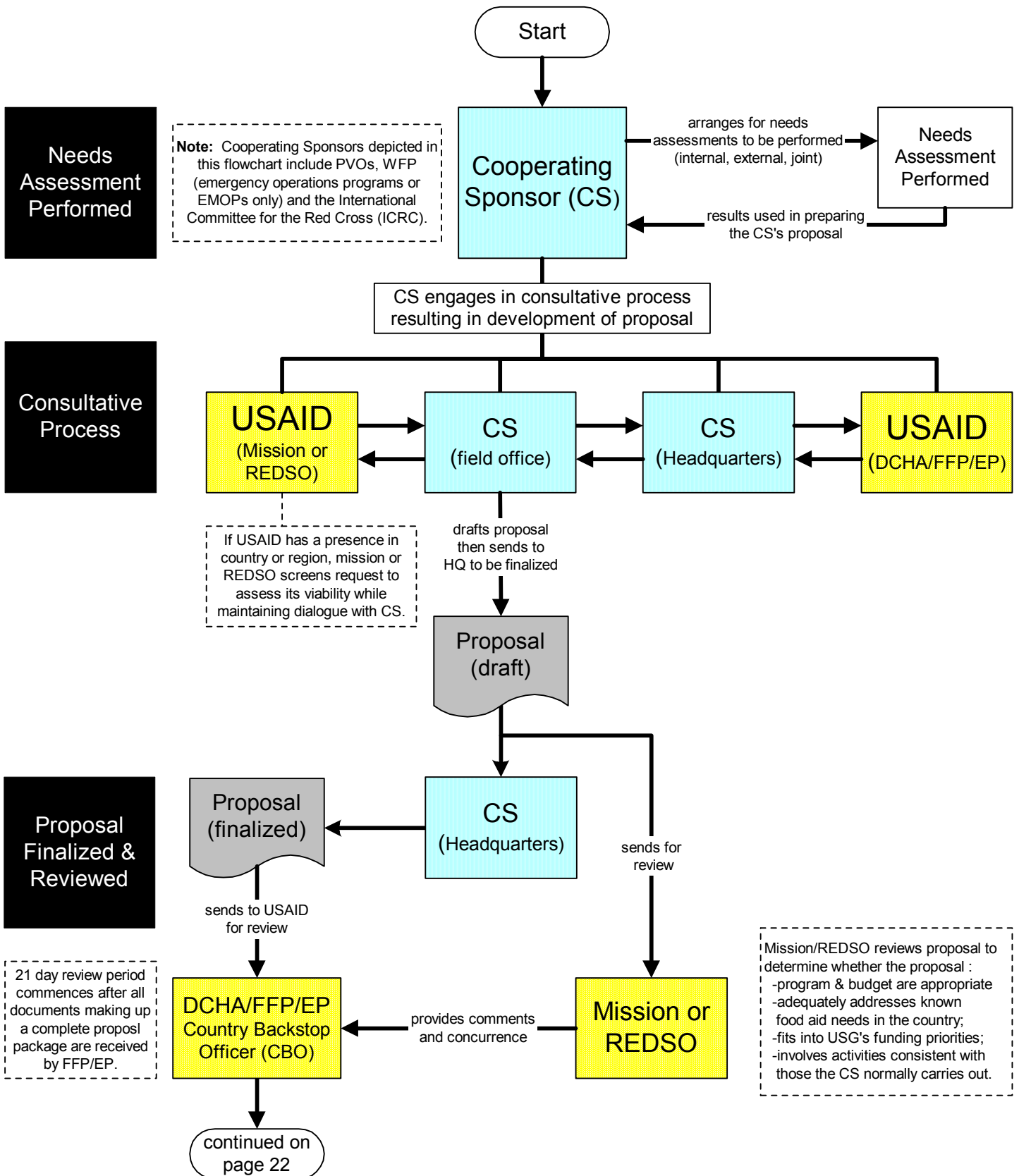
Transfer of P.L. 480, Title II Monies to USAID

Overview of Process: Once Title II funds are apportioned to USDA, the funds are initially credited to the USDA Farm Service Agency's (USDA/FSA) P.L. 480 Grant Account (12X2278), then gradually transferred from this fund to USDA's Commodity Credit Corporation (CCC) Fund (12X4336), a large revolving fund from which monies are disbursed to cover all Title II commodity purchases (USDA) and transferred to USAID to cover non-commodity (ocean & inland freight, ITSH and 202(e)) costs. With regard to the funds transferred to USAID, USAID initially requests a transfer of obligational authority. Once granted, monies are later transferred on an as needed basis, at USAID's request, from the CCC fund to USAID's Commodity Credit Corporation (CCX) Fund (7212X4336). (see Appendix III, p. 20.) Such transfers are made 2-3 times per year, often in large tranches, advancing funds to USAID. The CCC fund is replenished each month for these transfers as well as for the amounts disbursed from the fund for the purchase of commodities using Title II monies maintained in the P.L. 480 account.

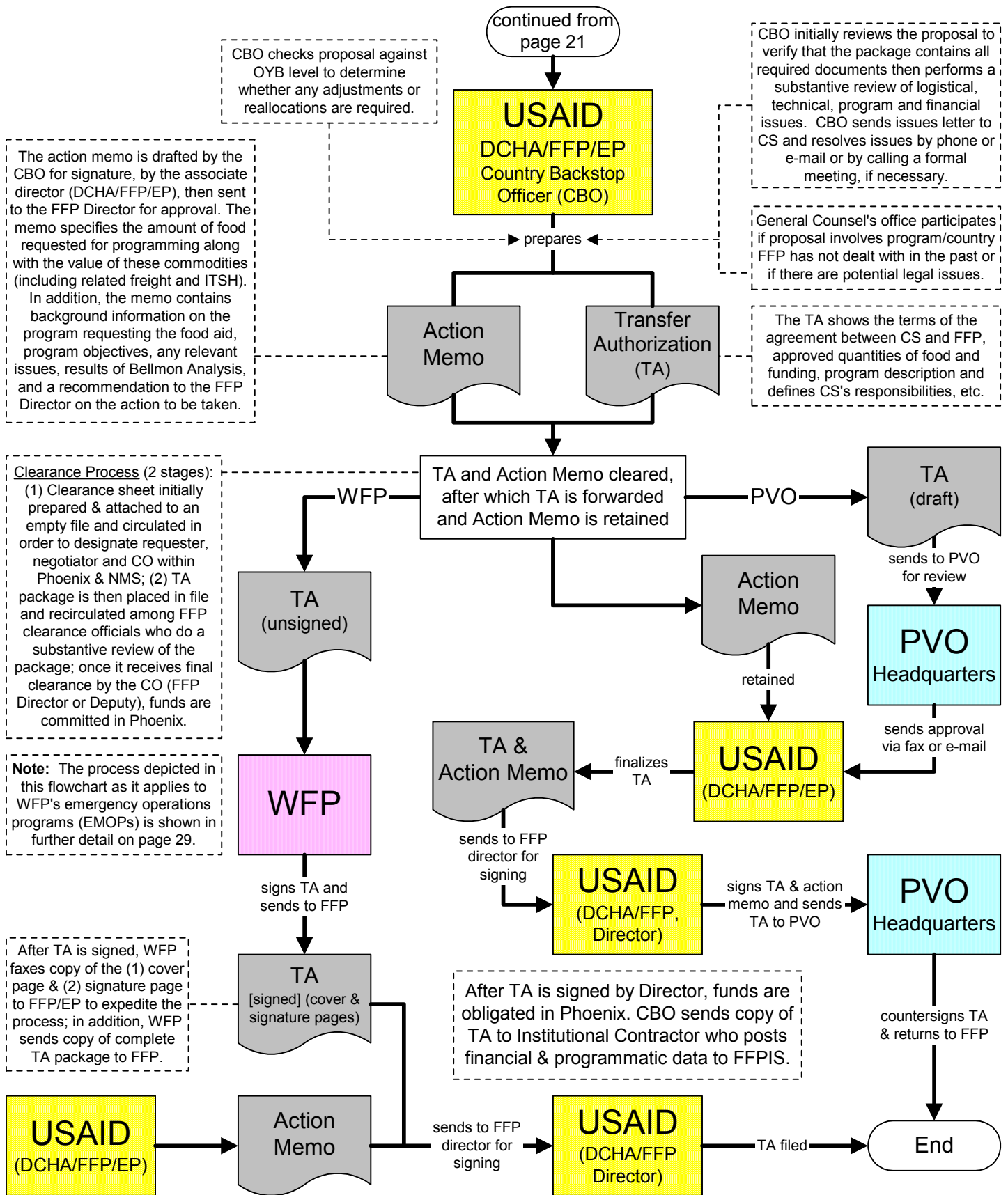




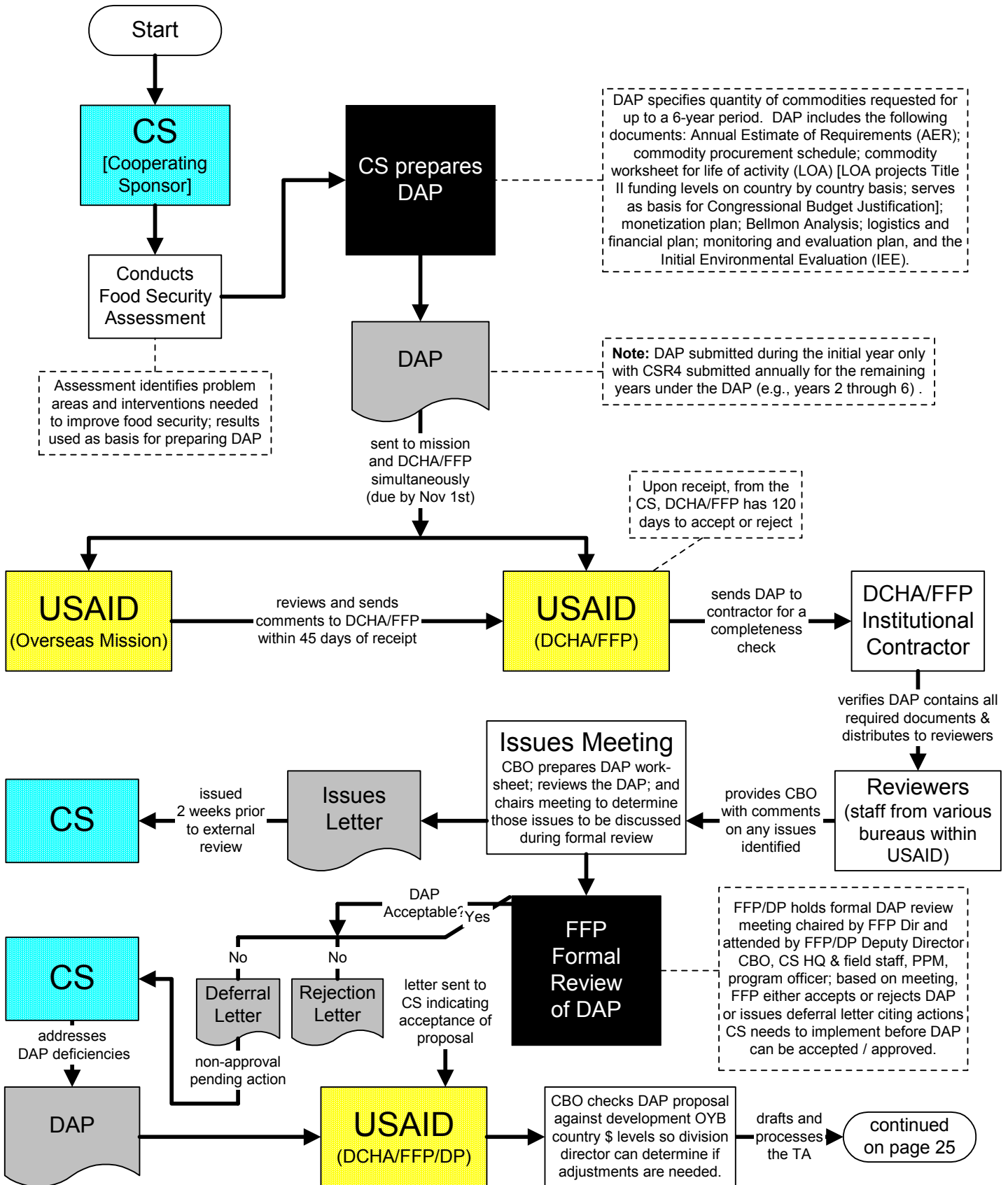
Programming of Activities: Emergency Program (All Cooperating Sponsors)



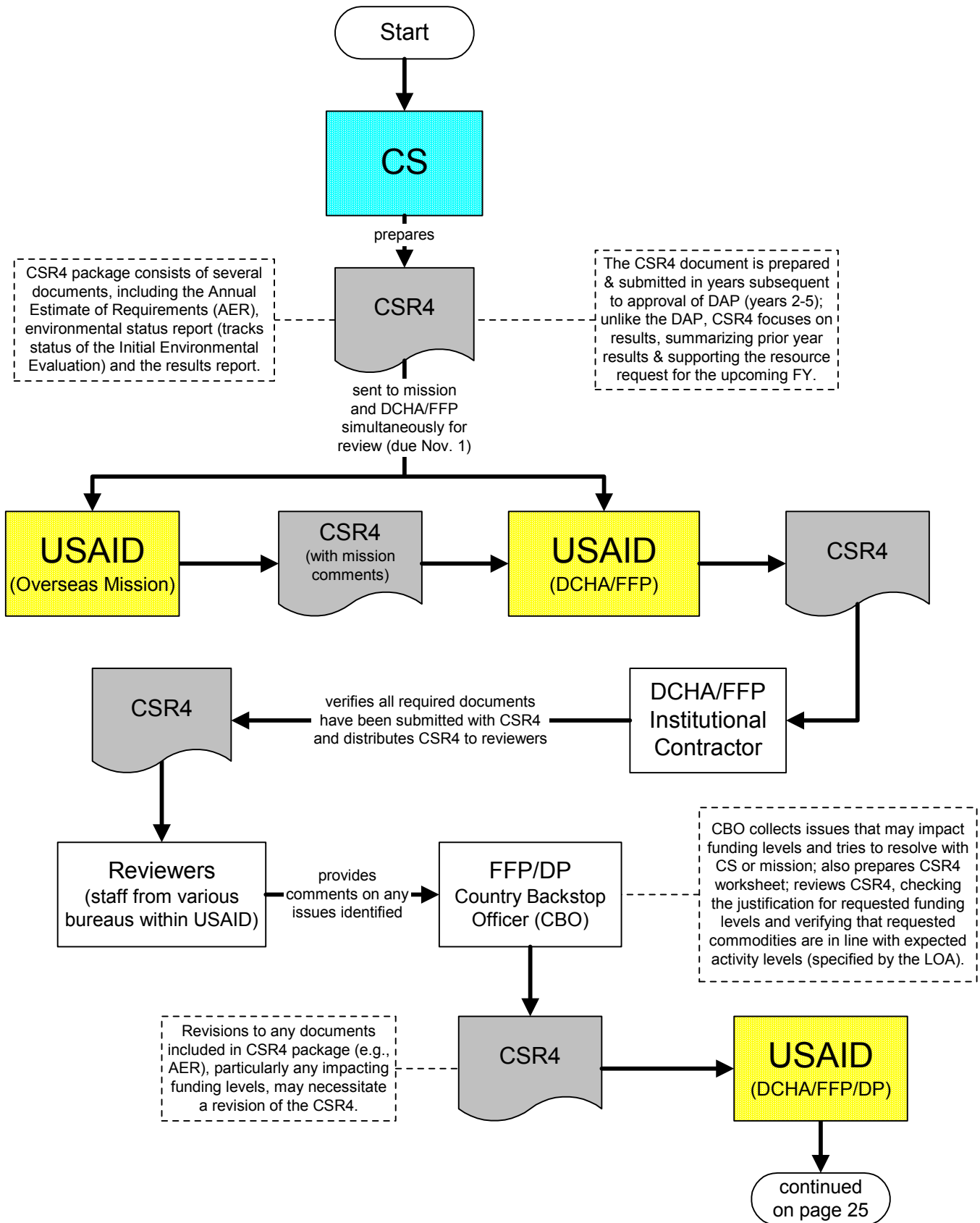
Programming of Activities: Emergency Program (All Cooperating Sponsors) [cont.]



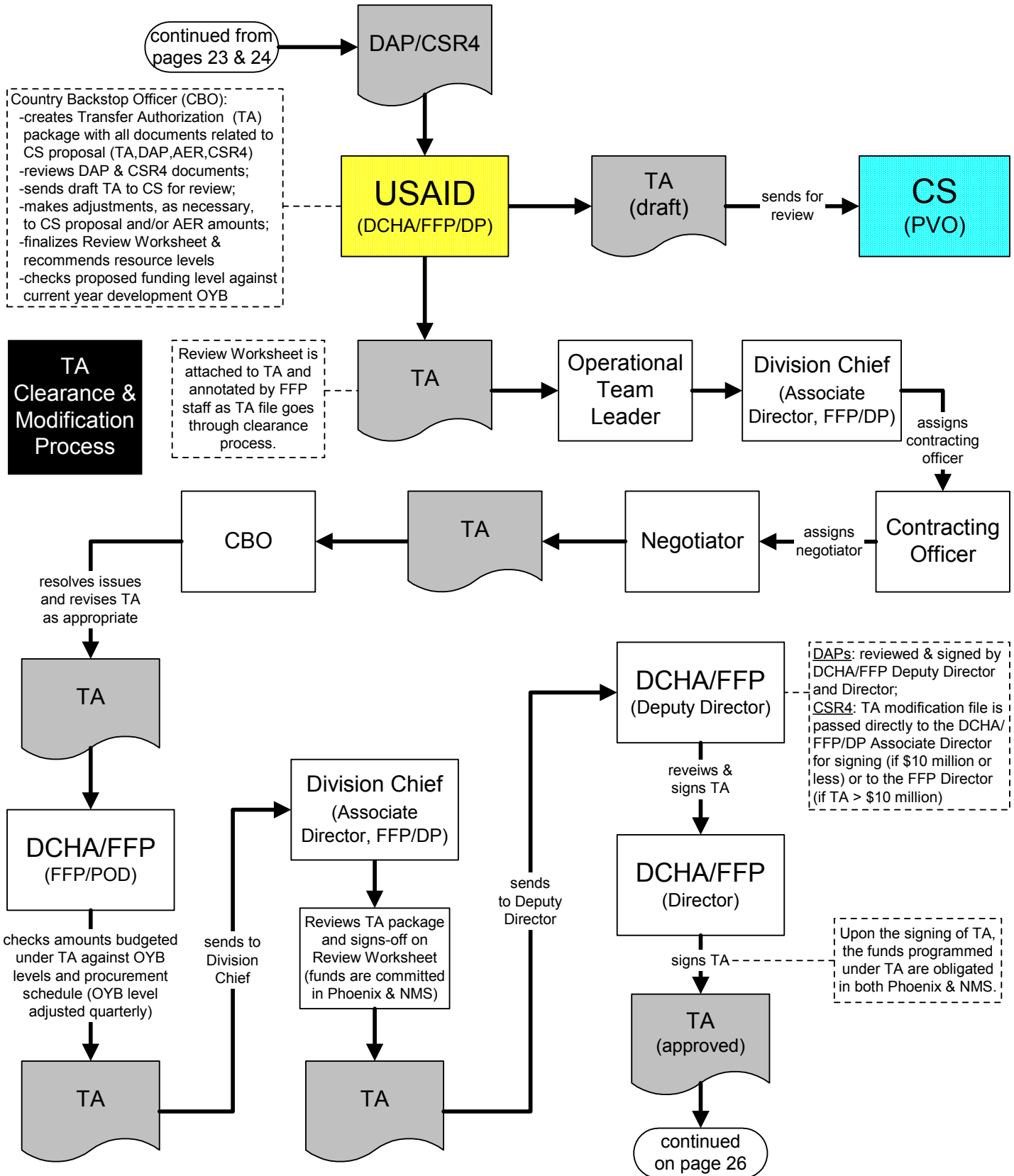
Programming of Activities: Development Program (Non-WFP)
Review of Development Assistance Proposal (DAP) [Year 1 of DAP]



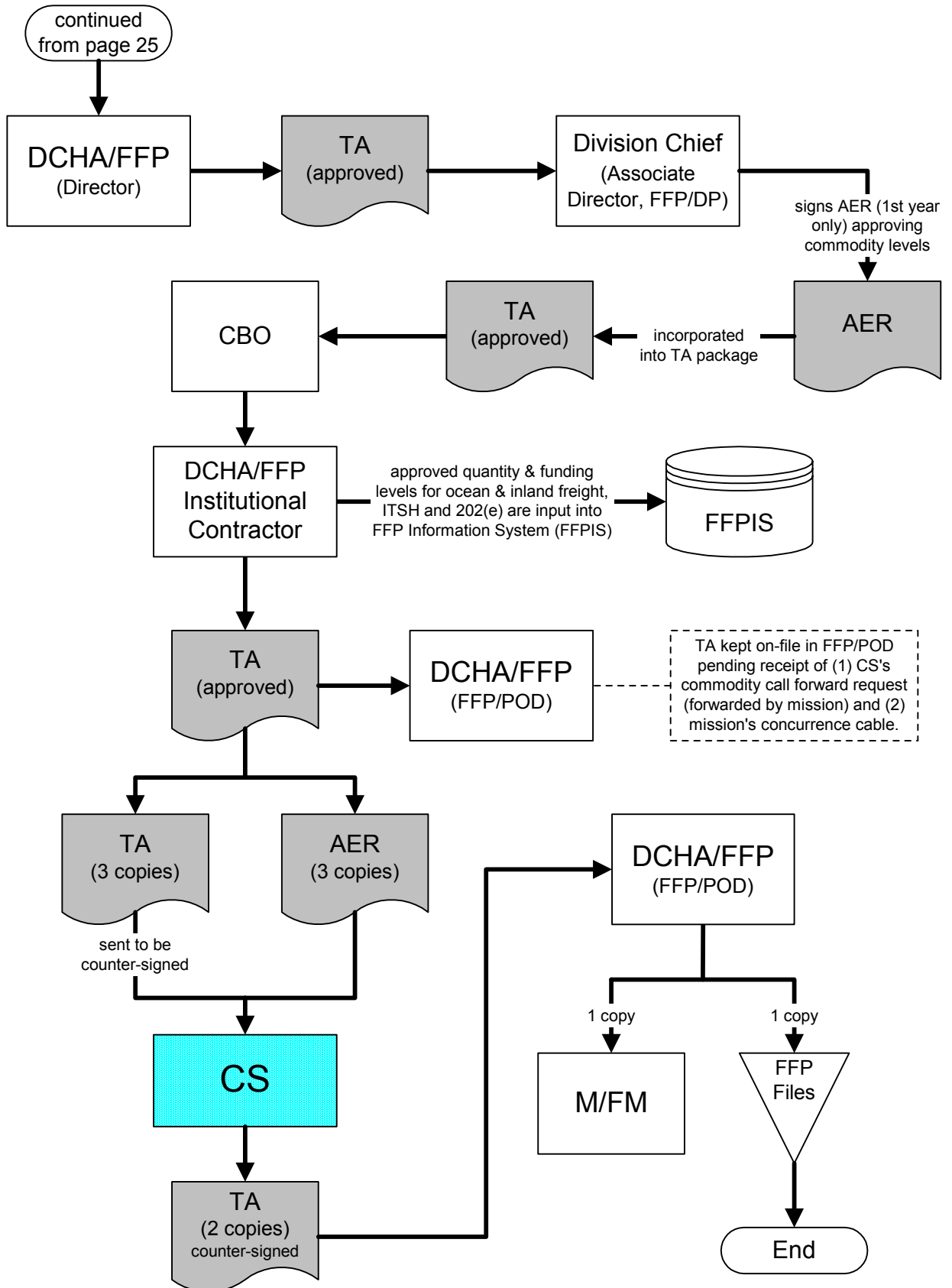
**Programming of Activities: Development Program (Non-WFP)
Review of Annual Performance Report (CSR4) [Years 2-5 of DAP]**



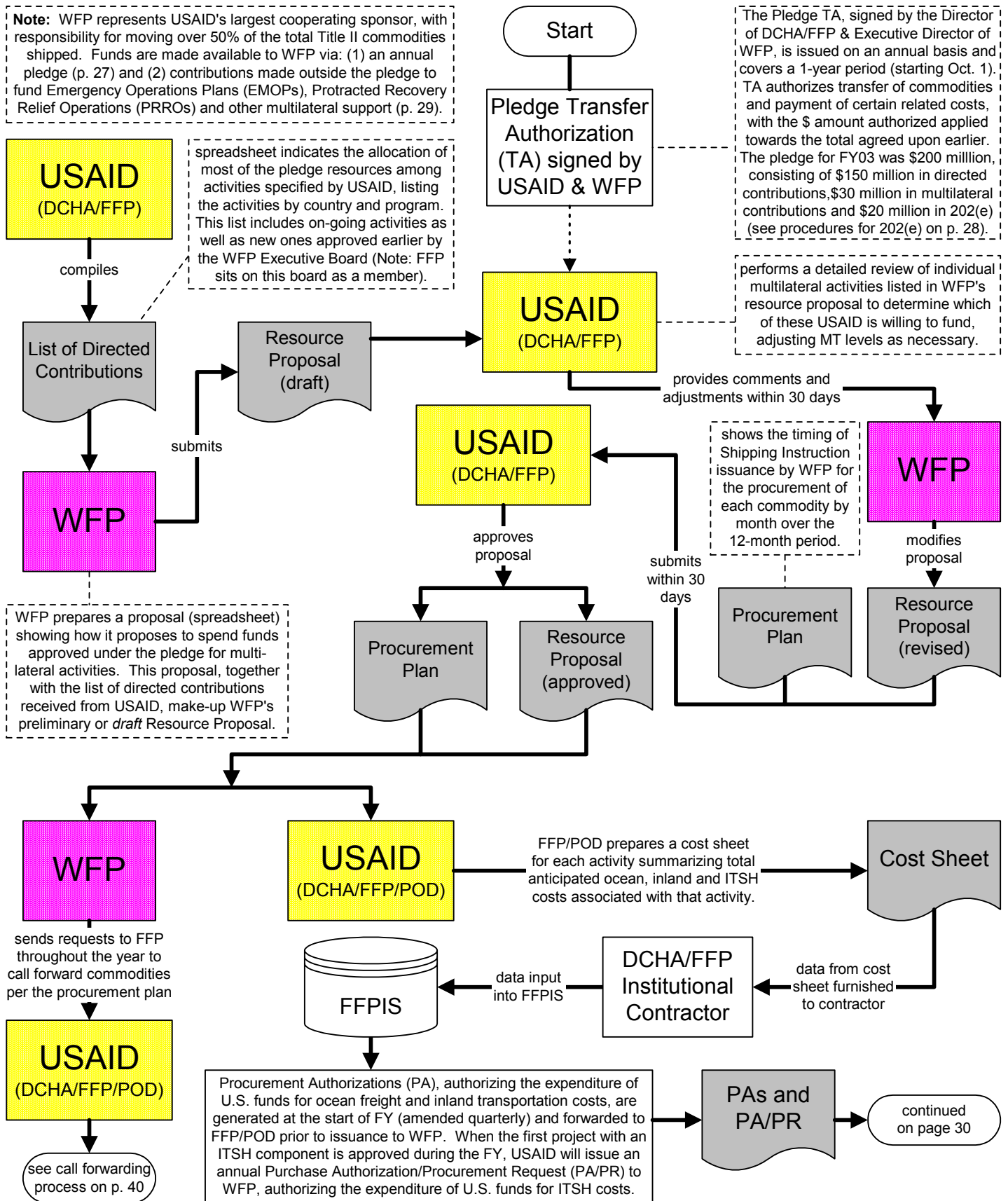
Programming of Activities: Development Program (Non-WFP)
Processing of Transfer Authorization (TA)



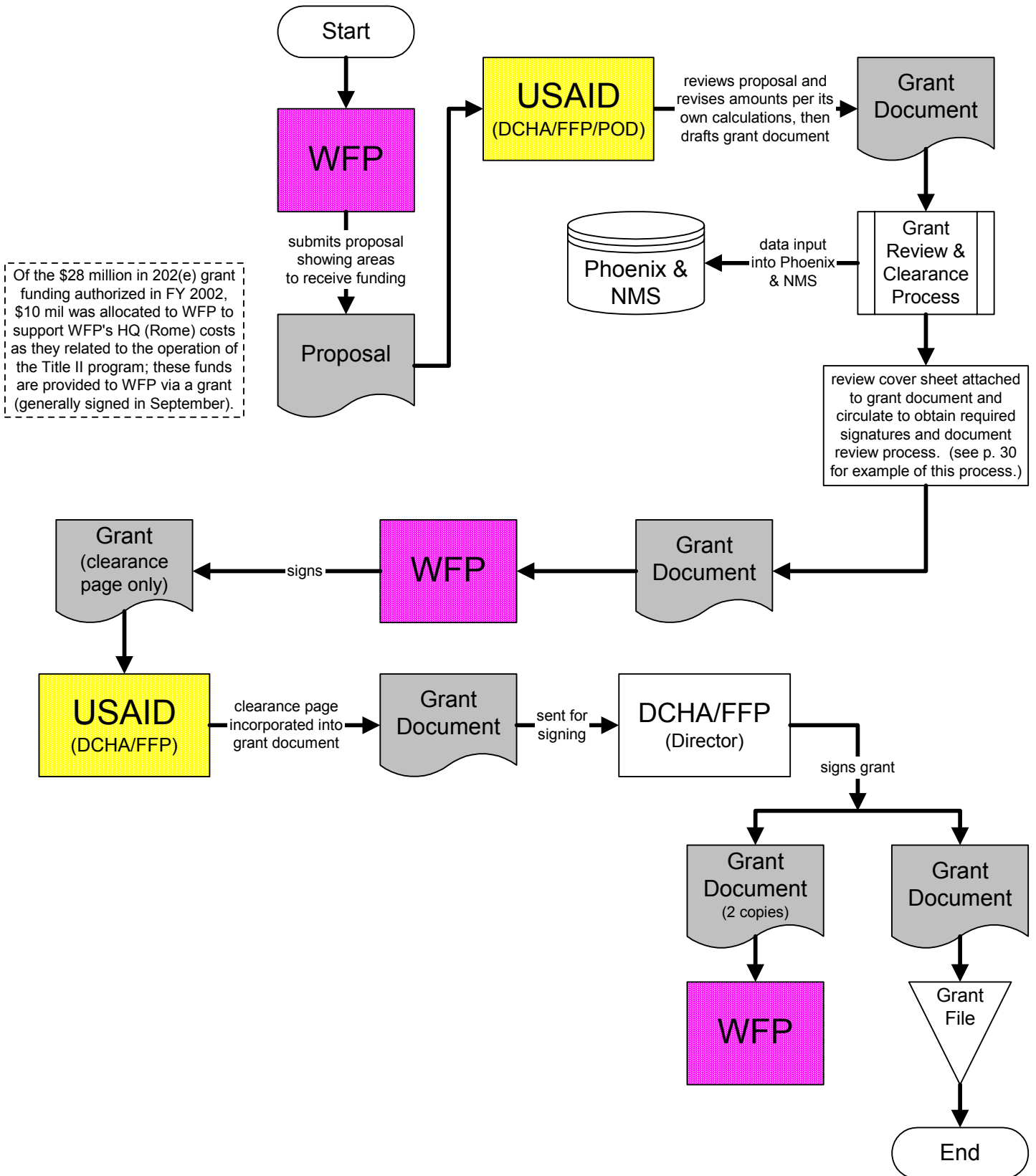
Programming of Activities: Development Program (Non-WFP)
Processing of Transfer Authorization (TA) [continued]



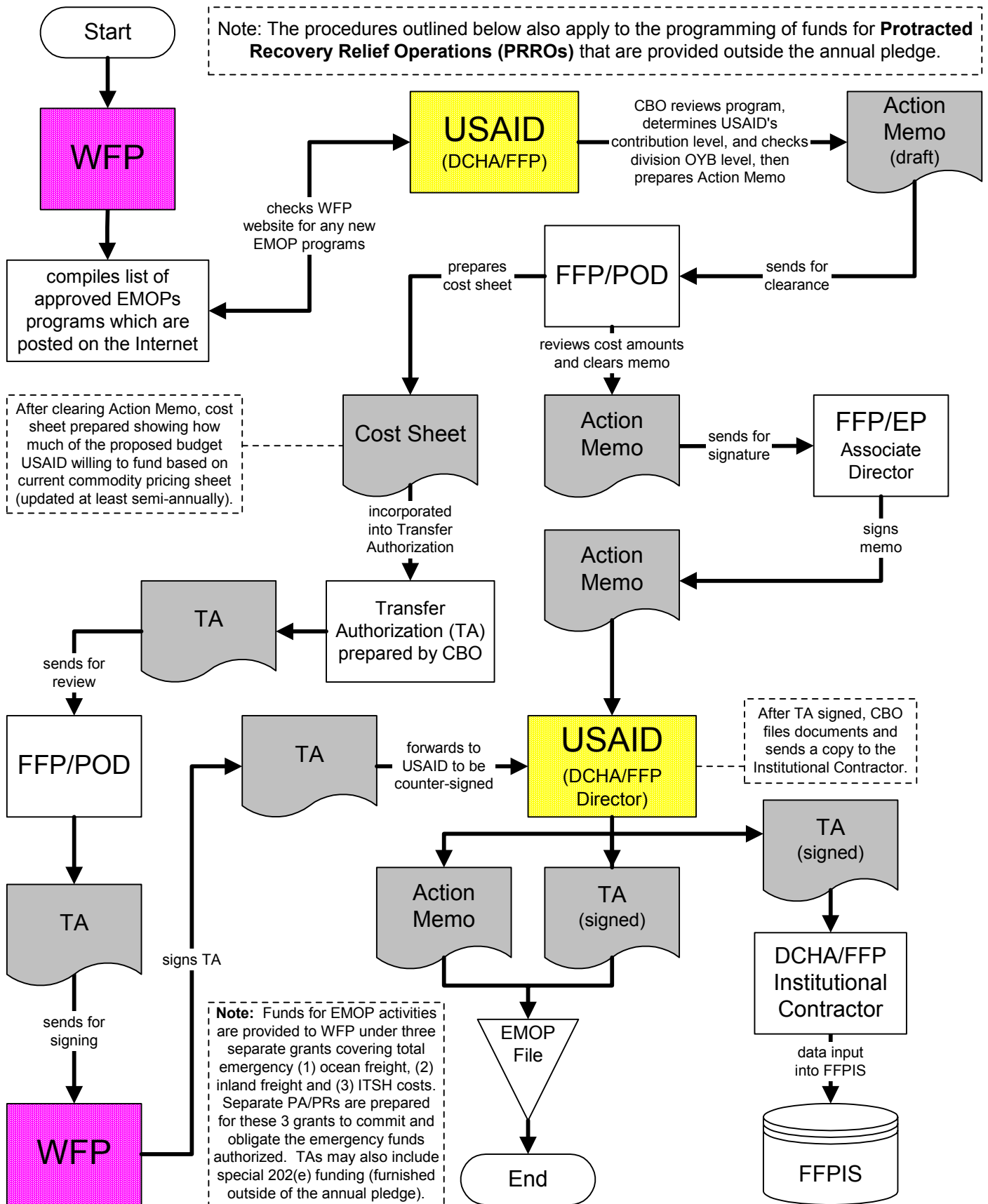
Programming of Activities: WFP - Annual Pledge

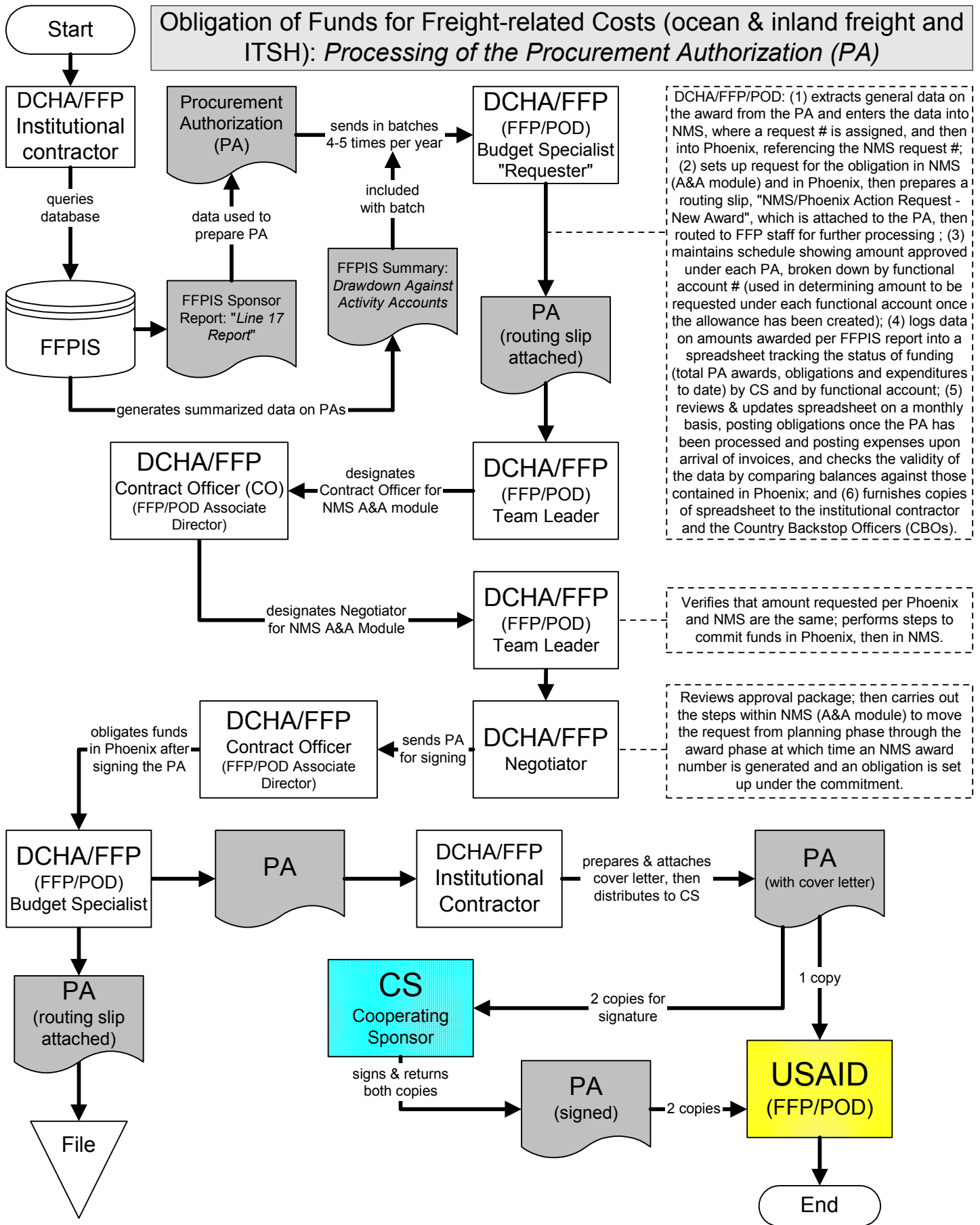


Programming of Activities: WFP - Annual Pledge (cont.): Section 202(e) Grants

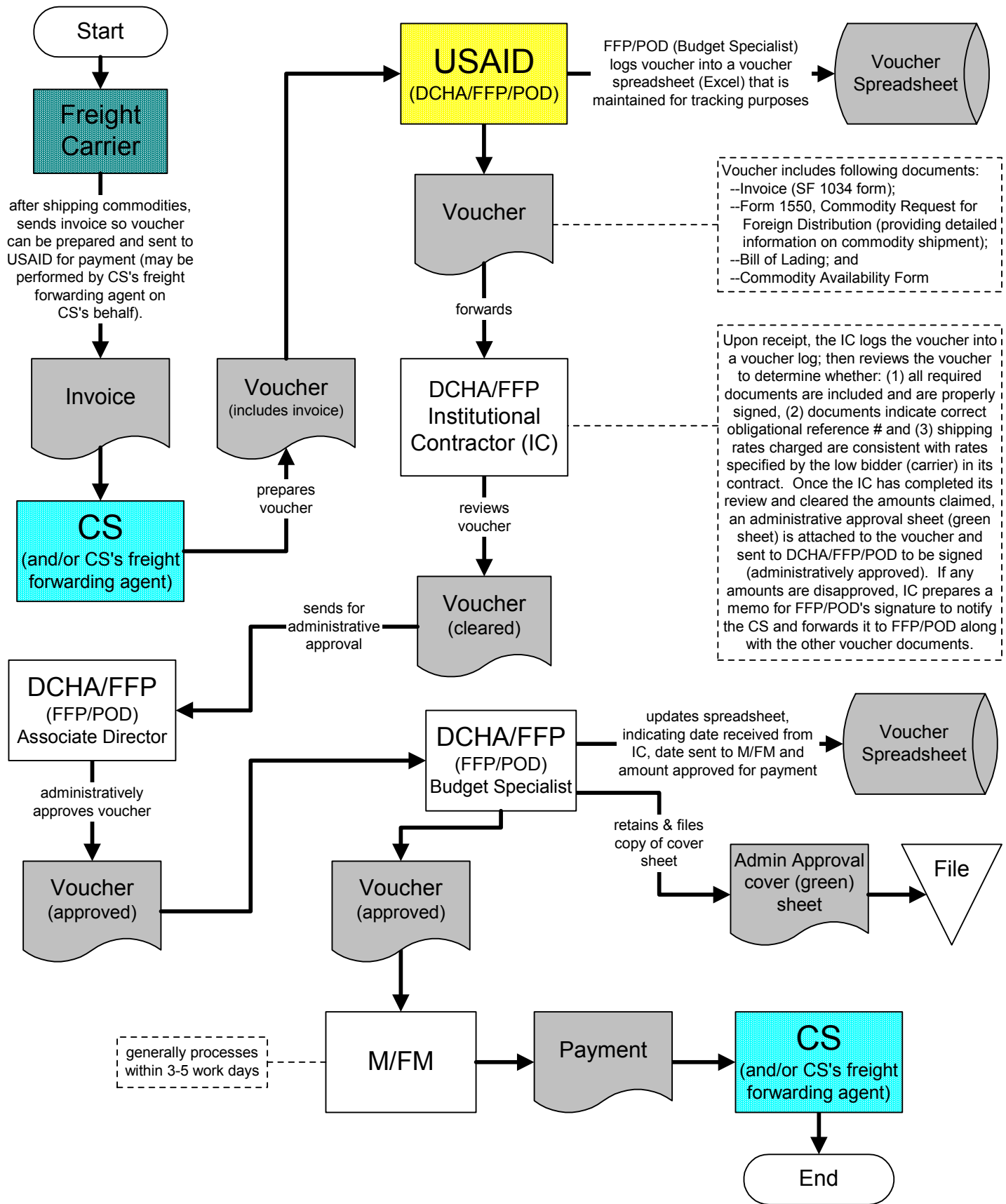


Programming of Activities: WFP - Emergency Operations Programs (EMOPs)

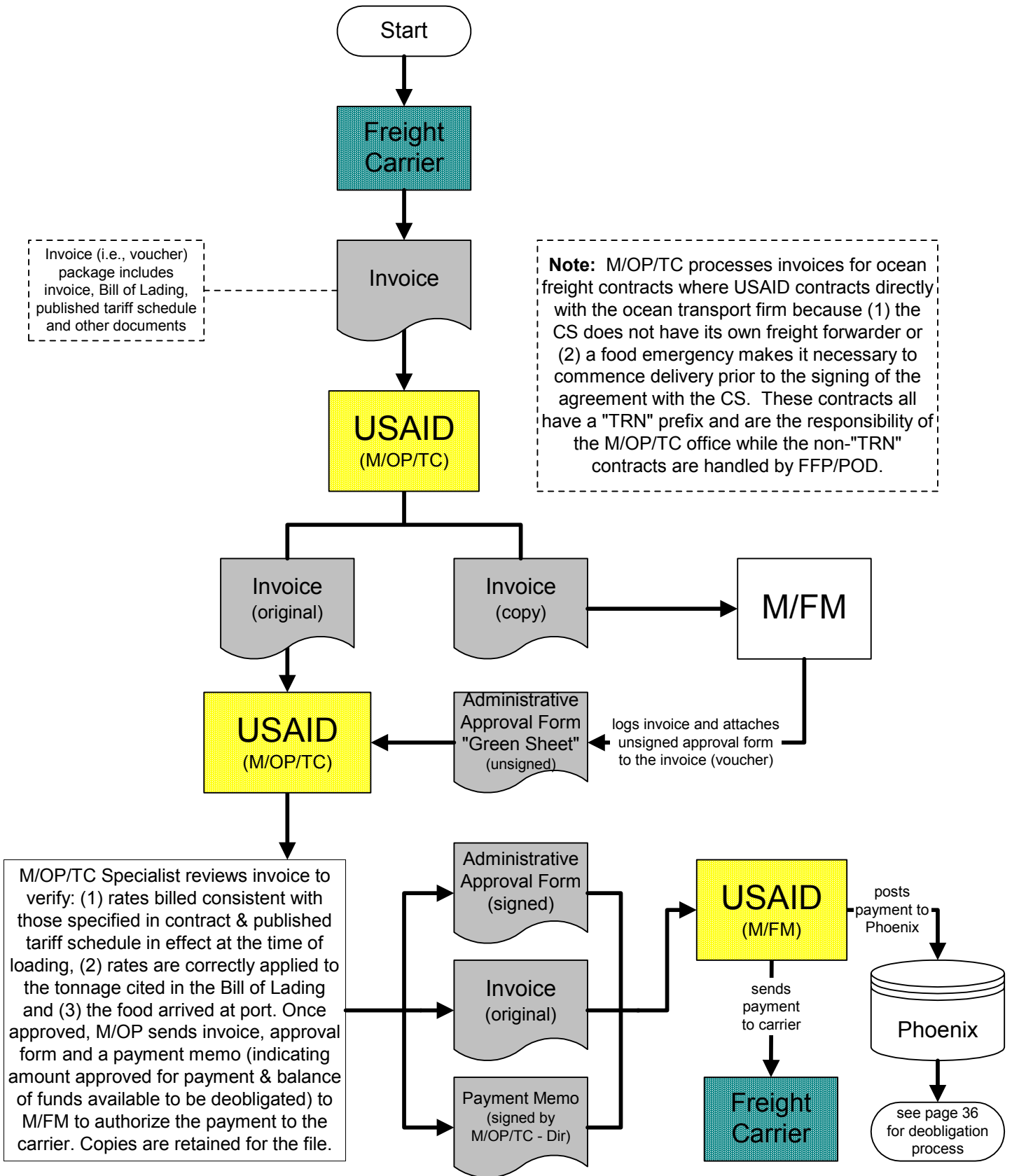




Disbursement Process: Inland & Ocean Freight (Procured by Cooperating Sponsor)



Disbursement Process: Ocean Freight (Procured by USAID)

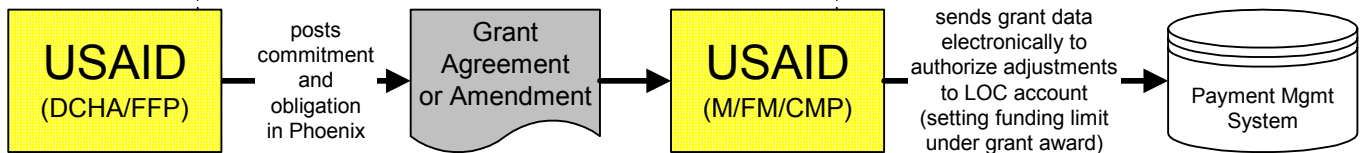


Disbursement Process: ITSH & 202(e) - Payments via Letter of Credit (LOC)

Authorization of LOC Amount

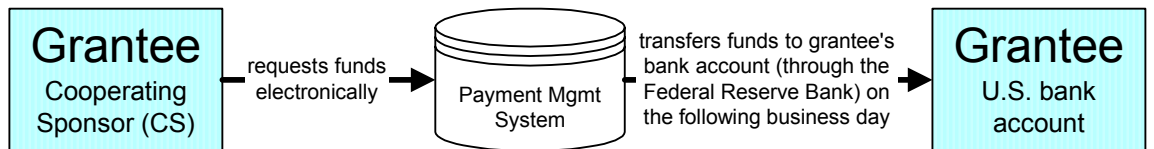
Grant Officer initially approves grantee's request for funds to be advanced via a Letter of Credit (LOC) arrangement. LOC accounts may only be set up for U.S. grantees with grants > \$120,000. In most cases, one LOC account is established for each grantee thru which funds are advanced for all of the grantee's USAID awards. The grant agreement or amendment is signed by DCHA/FFP (which posts the commitment and obligation into Phoenix) and then forwarded to M/FM/CMP.

Upon receipt of the signed grant agreement or amendment from DCHA/FFP, M/FM/CMP logs amount into the payment management system, maintained by the U.S. Department of Health and Human Services (DHHS) so as to establish or adjust the balance authorized in the grantee's LOC account for that specific grant award.

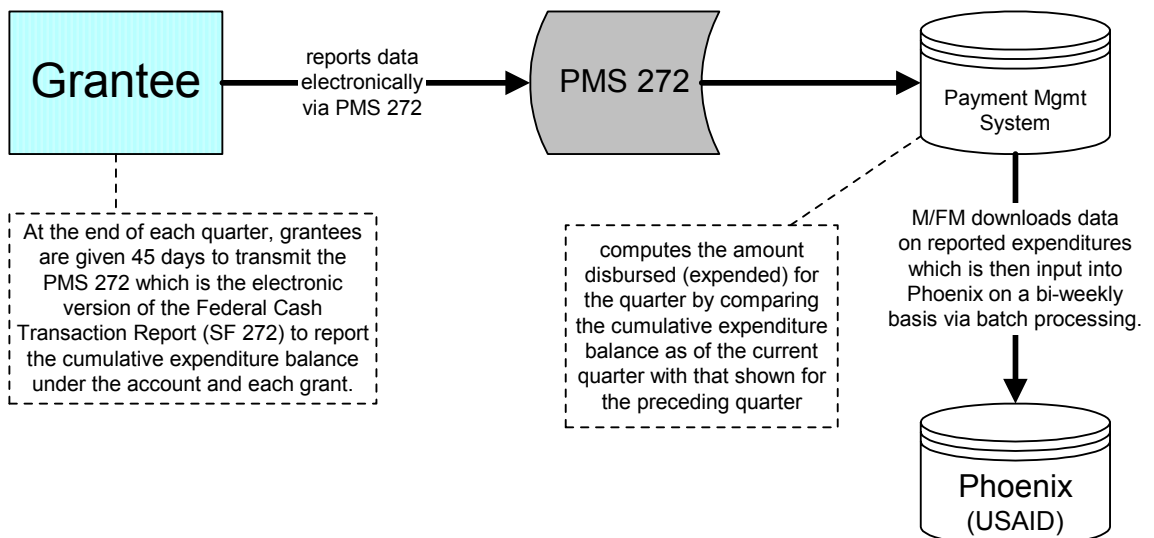


Funds Drawn on LOC Account

Grantee draws funds from LOC by logging into system (maintained by DHHS) and specifying the amount to be withdrawn. (Note: system prevents grantee from withdrawing in excess of the aggregate amount authorized by M/FM for all grants under grantee's LOC account.)



Reporting Process



Deobligation Process: ITSH and Inland & Ocean Freight

Data Query Performed to Identify Unliquidated Obligations

DCHA/FFP (FFP/POD) Budget Specialist

performs data search

Phoenix

FFP Budget Specialist queries Phoenix to perform a global search for all grant accounts funded from the Commodity Credit (i.e., CCX) fund (see page 19) with obligation dates occurring within a specified time period. Based on this query, Phoenix generates a list of all "CCX" grants (including amendments) obligating funds during that period. The period specified during this query includes the period under review, plus two or more years beyond the end of this period to ensure that the query captures all of the amendments and expenditures under each obligation.

Data generated from the query (obligations, expenditures and the unliquidated balances under each grant) are downloaded into an Excel spreadsheet (base report) where each grant and amendment is listed separately.

downloads data

base report

Reformatting of Data in Obligations Report

Unlike NMS, Phoenix cannot generate a report that summarizes total cumulative obligations, expenditures & unliquidated balances under each grant, combining data for each grant and any amendments under that grant together and presenting it as a separate line item; as a result, DCHA/FFP/POD is forced to manually compute this data, a very tedious task.

report reformatted with data on each grant & any amendments under that grant combined and presented as a single line item with all grants sorted by vendor & FY and the exclusion of data relating to all 202(e) accounts & those ITSH accounts where a final SF 269 has not yet been received.

Grantee

Financial Status Report (SF 269) [final]

FFP Files

FFP Budget Specialist checks to see whether final SF 269 on-file for ITSH accounts listed in report (funds may be deobligated from ITSH account only when final 269 is received)

Phoenix

manually computed subtotals under each grant compared with Phoenix to check for any math errors

Obligations Report (final version)

Preparation & Clearance of Procurement Authorization Modification (PA Mod) Form

prepares Procurement Authorization Modification (PA Mod) form for each grant from which funds are being deobligated

DCHA/FFP Institutional contractor

prepares

PA Mod

sets-up deobligation action within A&A (NMS); and attaches clearance sheet to PA Mod for circulation

DCHA/FFP (FFP/POD) Budget Specialist "Requester"

DCHA/FFP Contract Officer (FFP Director or Deputy Director)

signs PA Mod

posts deobligation to Phoenix

Phoenix

DCHA/FFP Contract Officer (FFP Director or Deputy Director)

designates Negotiator

PA Mod

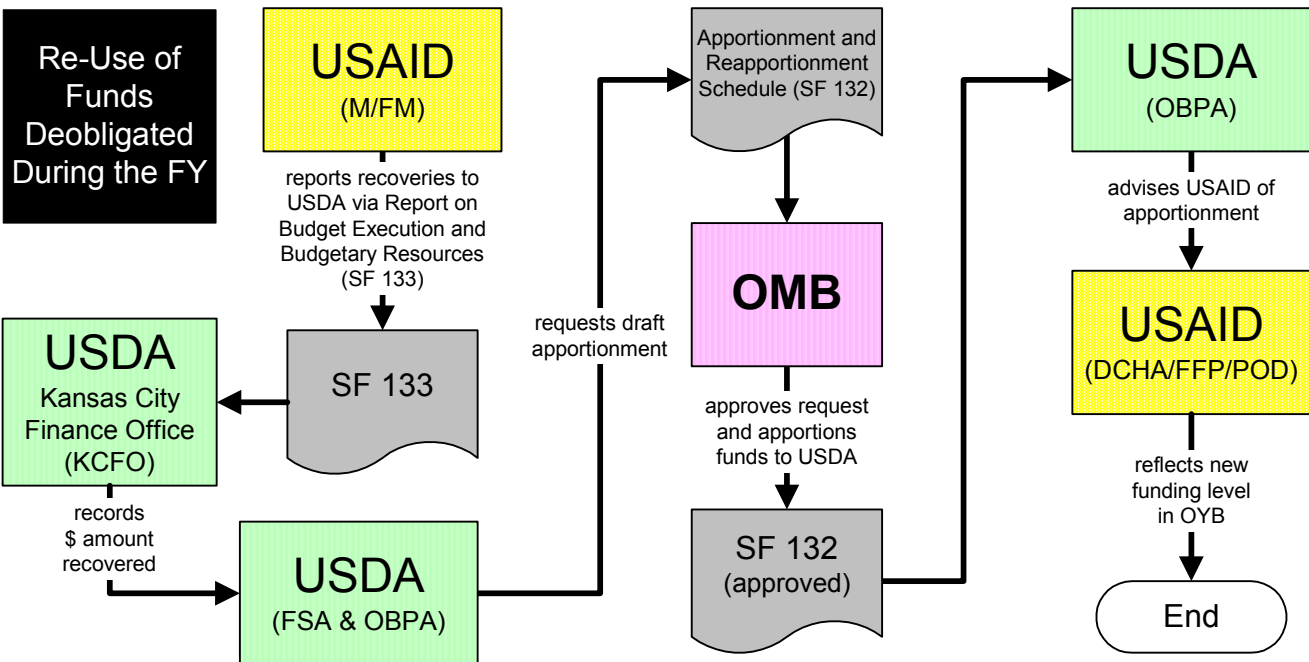
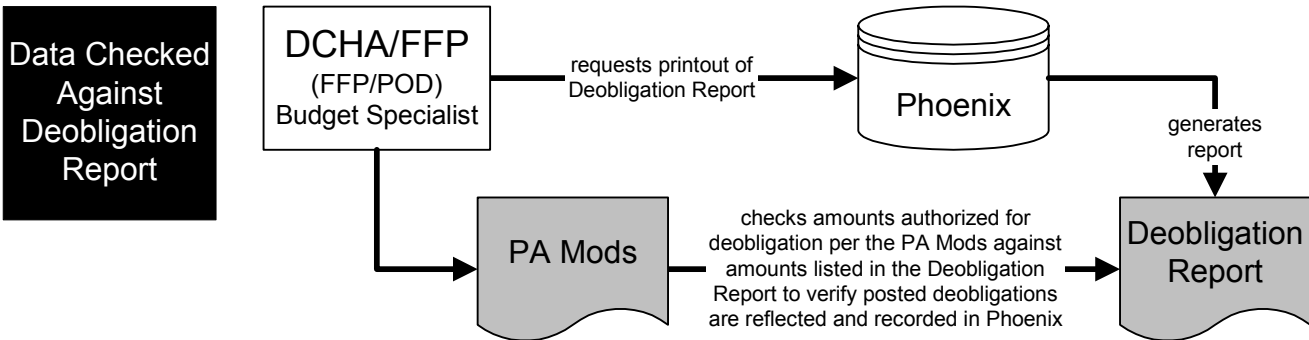
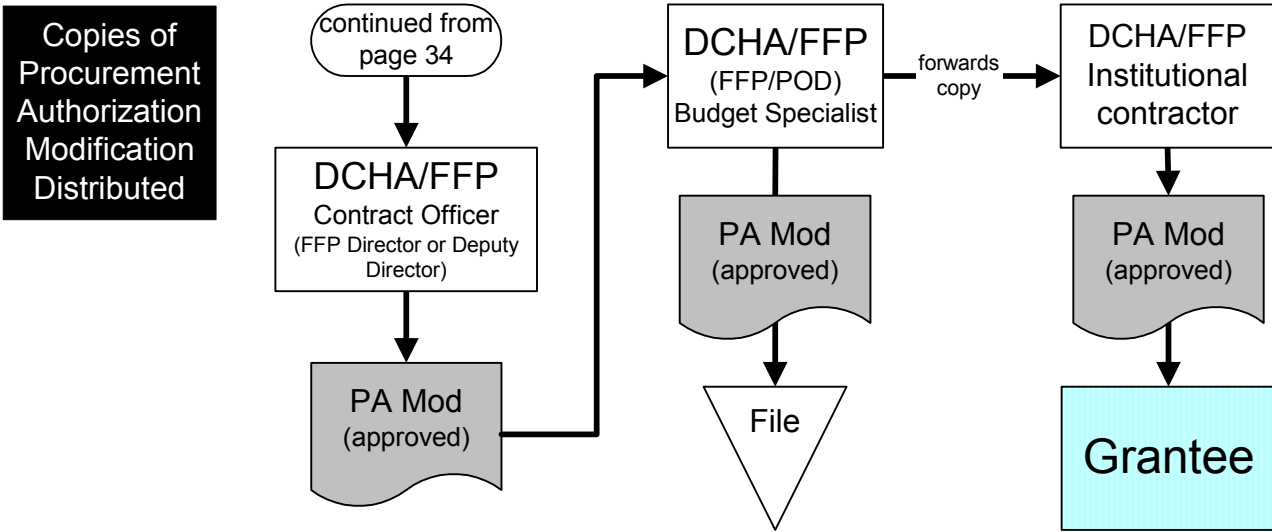
Negotiator

reviews & clears deobligation request

PA Mod (cleared)

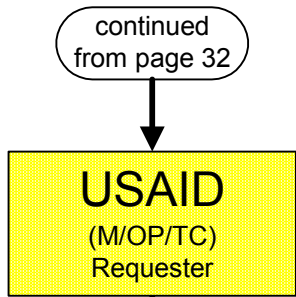
continued on page 35

Deobligation Process: ITSH and Inland & Ocean Freight (continued)



Deobligation Process: Ocean Freight (Procured by USAID)

Processing of Deobligation by M/OP/TC

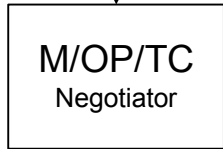


Note: Once M/FM has issued payment to the carrier, as reflected in Phoenix (see chart on page 32), M/OP/TC initiates the deobligation of any unliquidated balance remaining under the ocean freight contract.

sets-up deobligation request within NMS (A&A module)



designates Negotiator



reviews & approves deobligation request (verifies final payment has been made under the contract)

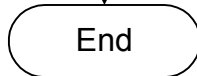


Note: Upon deobligation, funds become available for reprogramming. If funds are deobligated in the same fiscal year they were obligated, they can be reobligated without being reappportioned. If funds are deobligated in year after they are obligated, funds must be reappportioned (refer to the process described on the bottom of p. 35).

posts deobligation to A&A module in NMS



transfers data (via interface) to Phoenix



Deobligation Process: 202(e) Grants

Data Query to Identify Unliquidated Obligations

Start

Note: The procedures outlined on pages 37-38 are new procedures expected to be performed by FFP's Institutional Contractor once it resumes its review of the unliquidated balances under all 202(e) grants after a 3-year hiatus. Reviews were not done due to problems with Phoenix, difficulty in obtaining final SF 269s from grantees and reviews being assigned a low priority.

DCHA/FFP Institutional Contractor (IC)

requests printout of 202(e) grants awarded over a specified period

USAID (DCHA/FFP/POD)

performs global search within Phoenix to identify all 202(e) grant accounts with obligation dates falling within specified time frame

Phoenix

Note: In FY '98, FFP discontinued issuing stand alone 202(e) grants and began obligating funds for 202(e) grants in the same TA used to obligate funds for ITSH & commodity costs.

downloads requested data (e.g., unliquidated balance for each grant) onto an Excel spreadsheet

Review of 202(e) Grants with Unliquidated Balances

IC

Spreadsheet of 202(e) Grants

a cuff record maintained by IC, providing a list of all open 202(e) grants based on prior grant awards.

(1) identifies all expired 202(e) grants listed on spreadsheet; and (2) posts unliquidated balances for expired grants to Tracking List

Grantee

202(e) Tracking List

Grantee

SF 269 (Final)

IC

USAID (M/FM)

Grant Modification Form

IC

SF 269 (Final)

USAID (DCHA/FFP)

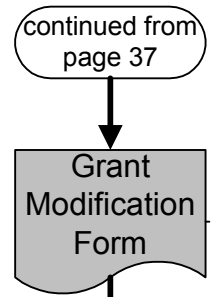
Preparation of Modification of Grant Form

continued on page 38

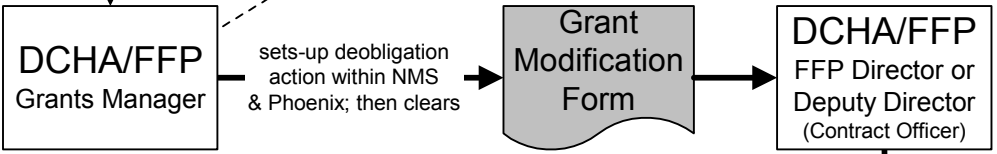
Note: The Grant Modification Form is prepared only in the case of unliquidated balances relating to stand alone 202(e) grants (issued prior to FY '98). For 202(e) grant funds obligated in the same TA used to obligate funds for ITSH & commodity costs (starting in FY '98), a TA Modification is prepared instead of a Grant Modification.

Deobligation Process: 202(e) Grants [continued]

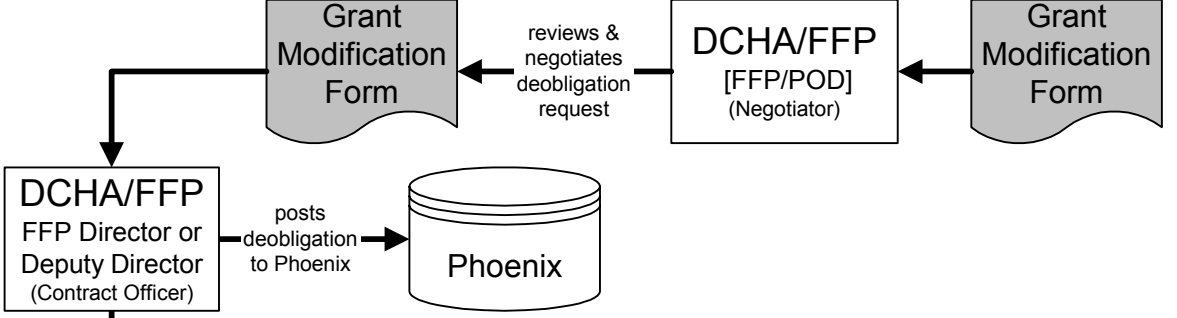
Clearance of Modification of Grant Form



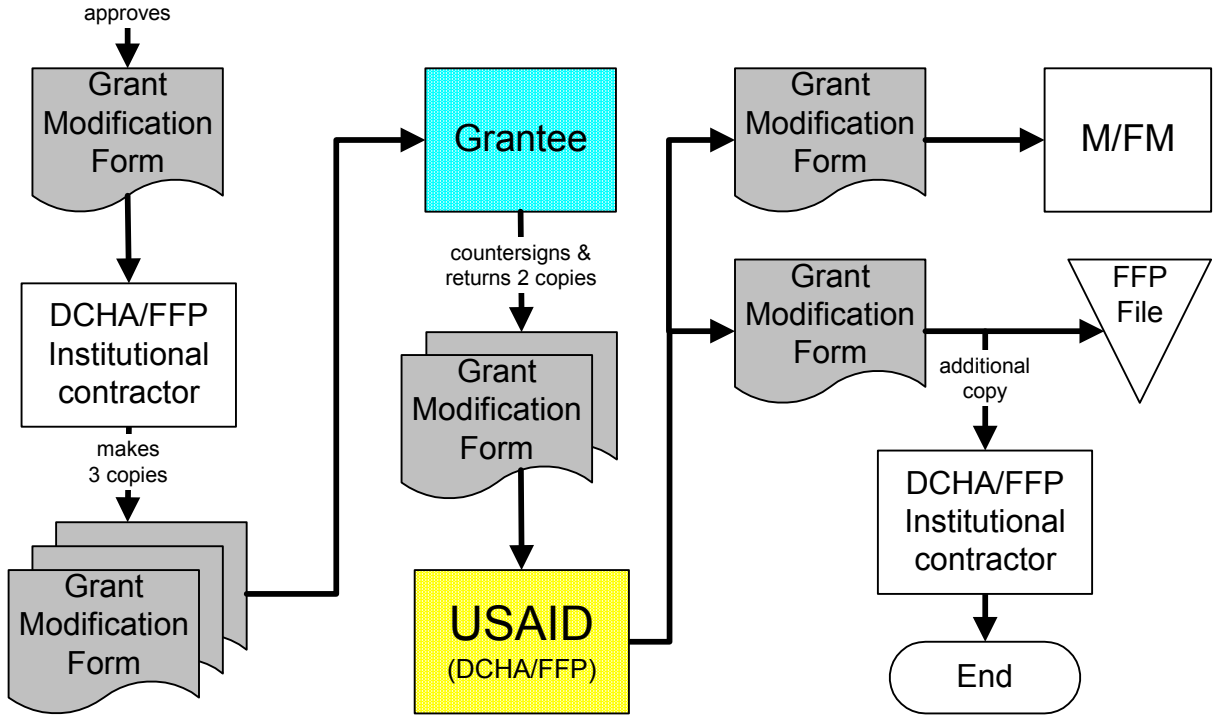
Note: The Grant Modification Form is prepared only in the case of unliquidated balances relating to stand alone 202(e) grants (issued prior to FY '98). For 202(e) grant funds obligated in the same TA used to obligate funds for ITSH & commodity costs (starting in FY '98), a TA Modification is prepared instead of a Grant Modification. If a TA Modification Form is involved, it is received and reviewed by the the SO team, not the Grants Manager, which is responsible for setting-up the deobligation action within NMS and Phoenix.



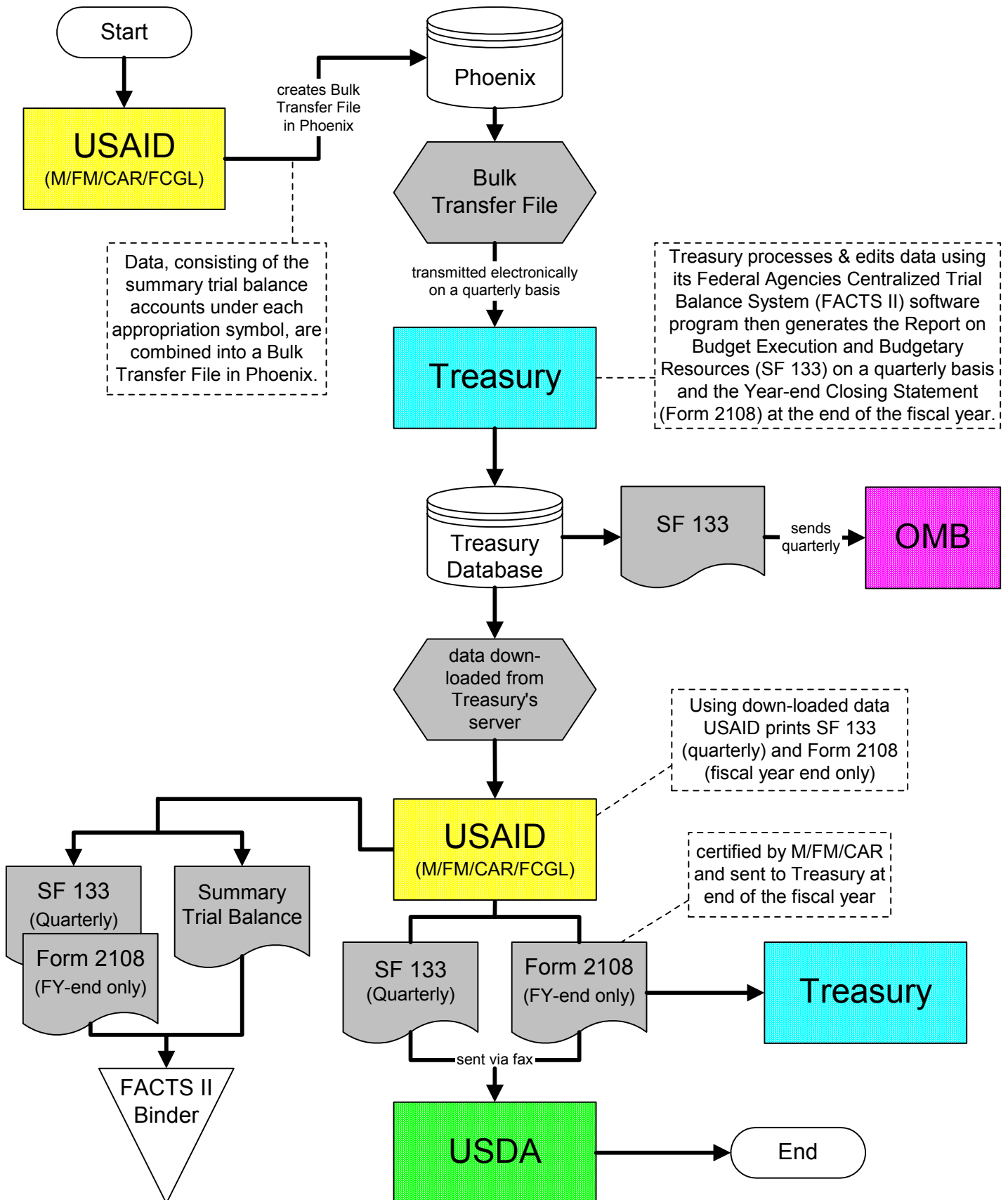
Deobligation Posted to Phoenix



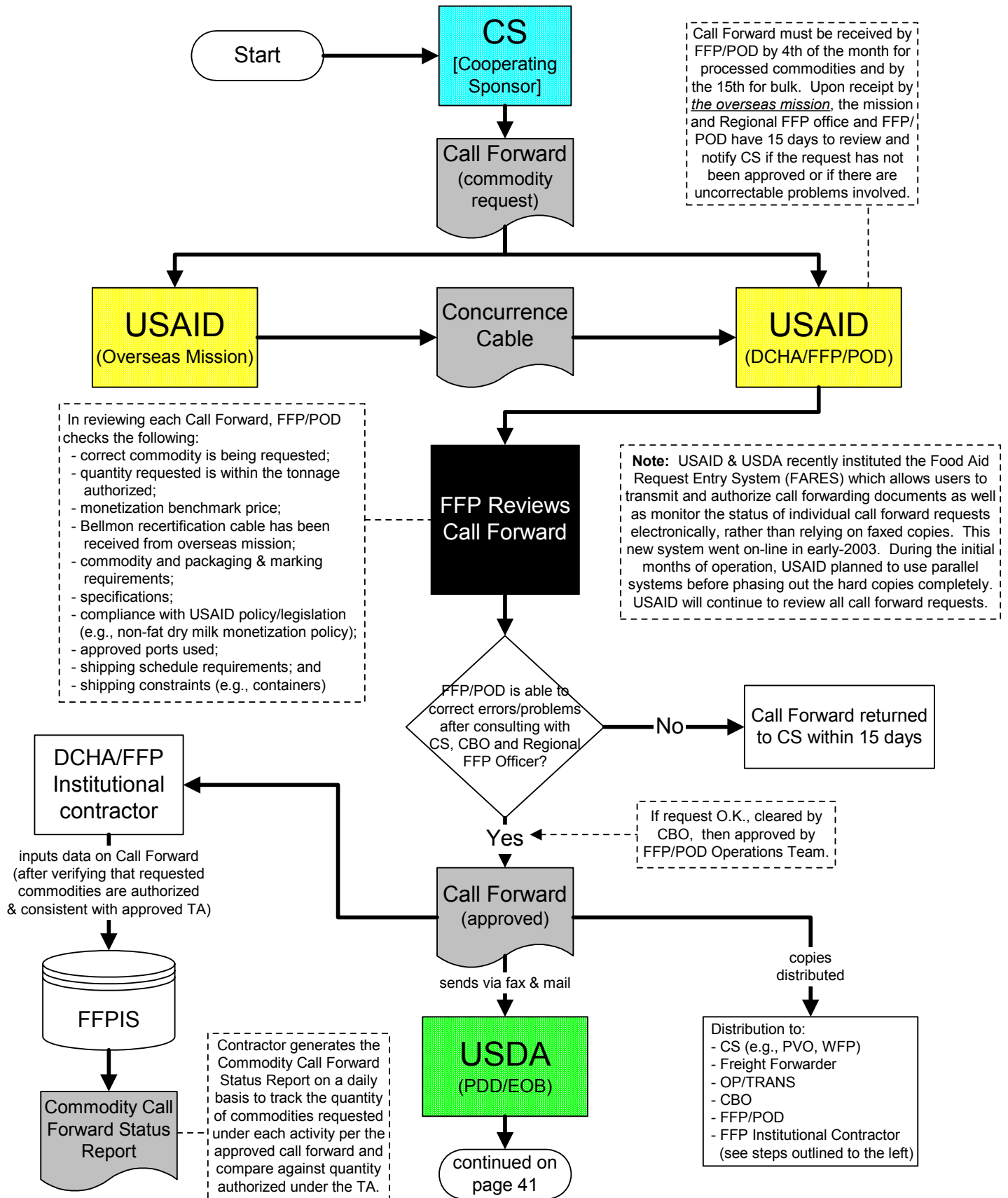
Distribution of Grant Modification Form



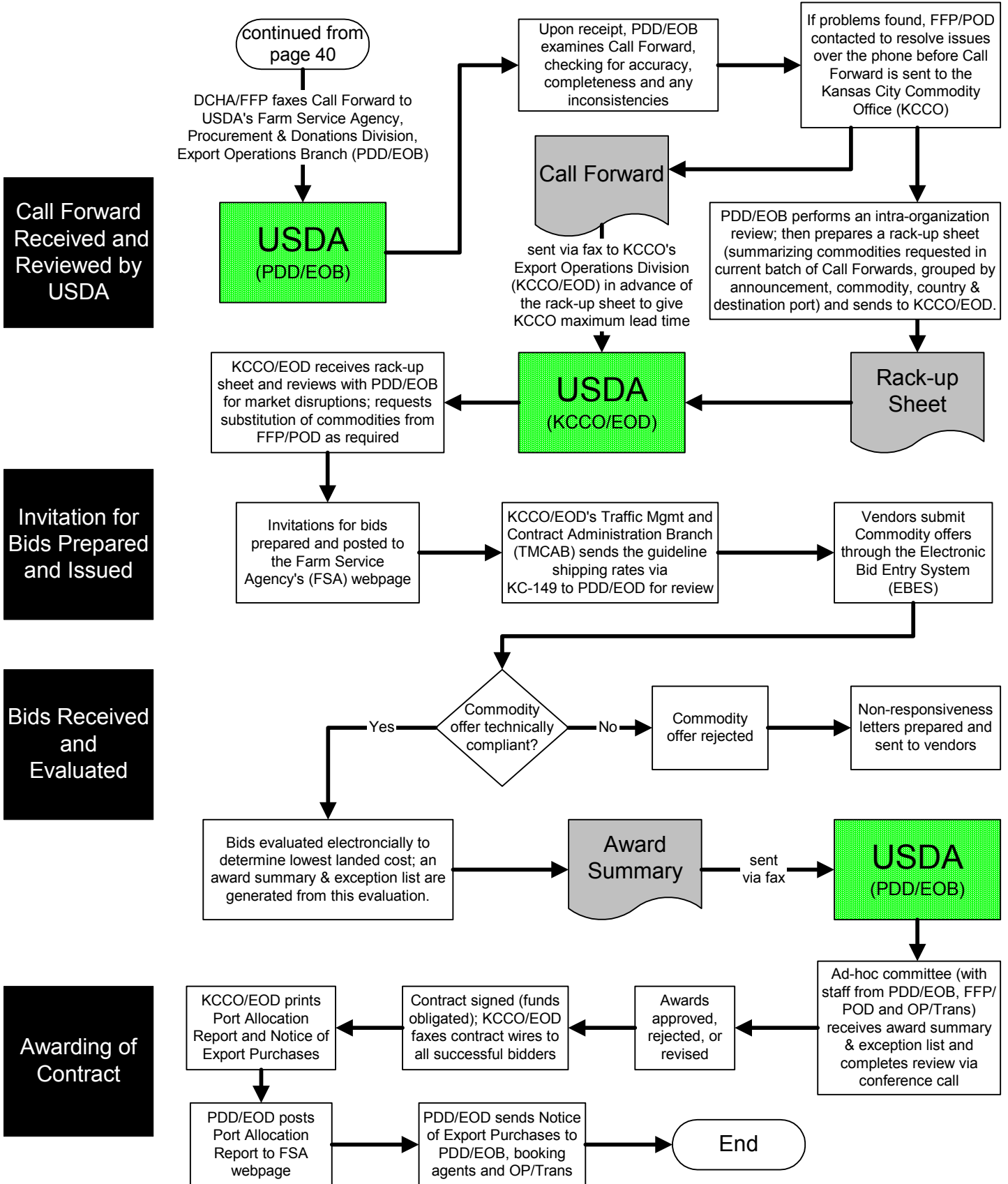
Reporting of Financial Data to Treasury and USDA



Commodity Procurement - Call Forwarding Process (USAID)



Commodity Procurement - Contracting Process (USDA)



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**Management
Comments**

May 15, 2003

MEMORANDUM

TO: IG/A/PA, Dianne L. Rawl

FROM: DCHA/FFP/D, Lauren L. Landis /S/

SUBJECT: Survey of Principal Processes Used to Manage Funds Provided Under the P.L. 480, Title II Program (Report No. 9-000-03-00x-S)

This memorandum contains FFP comments in response to the subject report for the survey conducted by IG/A/PA on the P. L. 480 Title II Program.

FFP thanks you and your staff for this report and the tremendous amount of effort that went into preparing the document. The flowchart descriptions are an excellent tool for explaining the complex structure of the Title II program. They identify where processes overlap and/or intersect with other USAID Bureaus, government agencies or non-governmental organizations, illustrating Food for Peace's extensive collaboration and dependency on partners outside of FFP.

The report contains extremely useful analysis and will be used as a living document for many purposes including NEP and FFP staff training, educating partners both inside and outside of USAID on Title II processes and in facilitating the progress of our congressionally mandated streamlining effort. Important areas identified on the flowcharts include budget and financial processes, activity program approval, commodity and freight procurement processes as well as WFP specific processes. This type of information will enable FFP personnel to more easily identify their roles and responsibilities within the larger process.

The report effectively documents the complexity of the processes involved in obtaining and managing P.L. 480 Title II funding and raises questions about the adequacy of FFP staffing levels in light of the significant degree of effort needed to responsibly implement this program. This report also pinpoints the importance of ensuring adequate financial and procurement systems, both in USAID and USDA, for proper implementation of this program.

This Office recognizes the unique value of this effort and plans to build on the existing documentation as changes are made to Title II processes and procedures in the future.

Cc: DA/DCHA, Roger Winter
DAA/DCHA, Garrett Grigsby
DAA/PPC, Jon Breslar
DAA/M, Richard Nygard

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