INNOVATIONS FOR SUCCESSFUL SOCIETIES

THE WOODROW WILSON SCHOOL
OF PUBLIC AND INTERNATIONAL AFFAIRS

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Interviewee:	**Sudacious Varney**
Interviewers:	**Leon Schreiber & Blaykyi Kenyah**
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[This interview focused on the management of the payroll audit for the Liberia Education Ministry teaching and vetting project supported by Big Win Philanthropies.]

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VARNEY:	*My name is Sudacious Varney. Currently, I work as the financial analyst of teacher vetting for the Big Win project. Prior to working here, my experience spanned from the private sector working for commercial banks, mainly three commercial banks in Liberia—that is LBDI as the financial analyst, treasury manager for Guaranty Trust Bank, then IB as chief accountant.*
	In terms of education, I was partly schooled in Liberia and partly schooled in England. So, I earned a Master's of Science degree in Accounting from the Henley Business School, University of Reading. I also earned a Master's of Business Administration, MBA in Finance. I was a part-time lecturer at the various universities.
SCHREIBER:	How did you first learn about this [Liberia Teacher vetting and certification] project? How did you become aware of it?
VARNEY:	*There is a website called executive mansion where vacancies are published. So, I became enthusiastic in applying for this job. It was a merit-based recruitment process that went on. I applied, went through the interview, went through a written test, a background check was done and at the end of the day, I was successful*
SCHREIBER:	So, the Executive Mansion website is basically Liberia's main job website where all NGO, government permanent positions, public and private sector positions are published there. So, it's basically Liberia's main job website even if it has nothing to do with government.
VARNEY:	*Yes, people publish there. The process started in the earlier part of 2016 and then I became hired in the middle of the year, June 1st.*
SCHREIBER:	So, going back to June 1, how would you describe your responsibilities and what some of the initial challenges were that you actually faced?
VARNEY:	*My terms of reference were clear: as the analyst managing the finance, I had to have the prerequisite skills. And, being the first public sector project that I've ever worked in, in my life, it became a bit challenging, because the way of doing things was quite different, but borrowing from experience, from interaction in the private sector, really helped.*
	And then also meeting the project manager and the Minister and other people actually gave me a boost in terms of implementing, in terms of efficiency and what have you.
SCHREIBER:	So, we understand that one of the first things that actually happened was an external audit from PwC. (PricewaterhouseCoopers) Were you involved with that process?

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VARNEY: *Yes. It was the technical audit review process, but it was actually meant for the vetting exercise, to know exactly what the payrolls were, what were the processes of people getting on the payroll and then the number of teachers just to establish the technical base. It was nothing relating to the finance. So, we got involved, and then we had to set up the financial system as part of my responsibility and to come with complete system control procedures. So, that was done in June. And then in July, when we started to receive tranches of disbursement from the donor which is Big Win, we already had systems in place to be able to prevent any potential frauds in terms of quite a rational control environment.*

KENYAH: So, you said the money came in tranches?

VARNEY: *Yes, the budget is carved [disbursed] in tranches, on a quarterly basis with indicators of milestones.*

KENYAH: You said they were like milestones and the tranches were conditional?

VARNEY: *Yes, on reports submitted at the end of the quarter. The review is done by the representative of the donors.*

KENYAH: And who submits this report?

VARNEY: *We submit reports to Big Win, and Big Win reviews them, and thereafter, we can now request a second tranche. And then, after the second tranche, there is an audit review by PWC to validate the two quarters. So, PWC has two audits: mid-audit and final audit. So, they did the mid-audit and then based on the mid-audit, we can now request the third quarter tranche. The technical audit was done when I came in.*

KENYAH: Okay. So, that was for the vetting process.

VARNEY: *Yes, vetting and biometric process*.

KENYAH: So, they basically wanted to see if the plan was realistic, is that right?

VARNEY: *Yes, that's what was a baseline audit.*

SCHREIBER: And can you remember one or two issues or specific things that came up during that auditing process that maybe you changed or adapted a bit?

VARNEY: *Technically, it was the baseline. Initially, when you craft an investment memo, you will have said, "Okay, Leon is to do this, do this, do that," based on the concept. So, when you set up a baseline, a baseline tends to give you the reality of what it is like. So, you could say you have 20,000 teachers on the payroll, in the process of CSA (Civil Service Administration) it is this. So, the baseline audit was meant to establish what is the current process in place, in terms of how many teachers were on the payroll. So, that was established. And based on the baseline audit, the final budget was adjusted and submitted for approval.*

SCHREIBER: So, that baseline audit would have just used the numbers from the CSA payroll from the ministry.

VARNEY:	*CSA payroll processes involving people getting on the payroll, Ministry of Finance payment modes, some of the constraints, the challenges, and what have you—just for the baseline audit.*
SCHREIBER:	Did you have to hire a lot of people after you joined, or was the whole team basically in place by the time that you joined?
VARNEY:	*I'm aware that the project manager was hired; I was second to the project manager, and then the rest of the team, that is the administrative person. Field supervisors came in later. So, we didn't have to hire a lot of people.*
SCHREIBER:	So, roughly, how big is the staff contingent?
VARNEY:	*The project size? The PIU (Project Implementation Unit) is about four people.*
KENYAH:	Is Project Implementation Unit the official name for this team?
VARNEY:	*Yes.*
SCHREIBER:	And then, you mentioned the field supervisors, do they report to you as well? And how many have—
VARNEY:	*One person. You spoke with Vicky already, on the first day.*
SCHREIBER:	Vicky is here now, but I understand that there are people currently in two counties still finalizing the process. So, I guess that means that there must be more people out in the county.
VARNEY:	*The project uses the ministry core staff, that is the HR team and the teacher-testing team, who are employed by the ministry on government payrolls. The testing team and the vetting team is comprised of the HR staff who come with the process, and there were additional orientations done by the project manager and other people to show how they go about the vetting exercise.*
SCHREIBER:	So, some training coming from this unit, basically.
VARNEY:	*Yes, we do that often, before the team even gets to the field. When they return, we build on the challenges and the experience they got as well.*
SCHREIBER:	How does this actually work in practice? We've heard from a lot of people already and their view as to what actually happens in the field, but it's useful to ask different people who might remember something that others forgot. So, just generally speaking, how does it work when you decide, "Okay, we're going to this county." What's the first step, and how does that process then play out?
VARNEY:	*In terms of being in the county, I might not be able to speak to that well. I've been there twice, but not to go and vet and what have you. Most often, when the project manager is not around, he asks me to go and see the process for quality assurance, for other processes. So, I might not be able to speak to the processes leading to*

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that, 100 percent. But, in terms of turning experience into action is what I could speak to. Basically, my work is to actually prevent any misuse, so to go and vet and follow up the process and know exactly what is going on, I may not be able to speak to that process.

SCHREIBER: How do you prevent misuse?

VARNEY: *In terms of funds. We have a control process in place, because of the way the budget is used. So, we tend to follow up to make sure what is being used there. We have the budget in terms of the number of days. There were projections, there were contingencies in this budget for these.*

But when the team is going in the field, we tend to tighten some of the targets. So, the budget would carve on [was planned and allocated on the basis of], say, 70 teachers per day, but then, we tend to increase the numbers to, at least, 80 or 85 teachers per day. So, we tend to develop savings from those exercises.

SCHREIBER: So, you did, actually increase that number.

VARNEY: *To the teams going in the field. So, we'll tell you, "The budget was carved on 70 teachers per day." But then, we increase the number to 80 or 85 teachers. In some cases, we say, "If there are 90 teachers in a particular environment," we say, "It's for a day." So, that alone alluded to savings in terms of efficiency and what have you, in terms of use. What happens is that we get the list from the HR director, signed by the ministers in charge of that particular environment; we also get the list from the teacher testing, signed by the minister. And then we develop a spreadsheet as it relates to the number of days—in terms of travel days and actual work days.*

So, in Liberia, Saturday is not considered as a work day, we push to make them work on Saturday, because we tend to get involved with climatic conditions as well. Some of the environments are very terrible in terms of roads and that's why we push them to get more results in a shorter period of time.

After the spreadsheet is done, we develop a policy to keep 30 percent, so when our reports come, it's accurate enough to review: everything is done, the budget manager is approved, the minister has approved the report, then we tend to raise the balance of the money and pay back the 30 percent. We don't give you the full amount. If you are to receive 100, we give you 70. And then you go and come back, our report is done, we review the report, and everything is satisfactory, then we raise the balance of the 30 percent and pay you that amount.

SCHREIBER: Okay, so this is payment to the field staff. This includes the ministry's HR people, et cetera. So, obviously they get a salary from the ministry. But for their work on this project specifically, they get additional...

VARNEY: *It's actually lunch and lodging, because the government does not honor that, is not the one paying that.*

SCHREIBER: That's per diem.

VARNEY: *lunch and lodging.*

SCHREIBER: So, you do the teacher testing first, then you get a list from the minister that says, "These are all the teachers that we tested..."?

VARNEY: *So, what was done here is that when we're going from here, we give them the list—we get a list from the teachers—the HR before the test. When they get that, they also get the list from the principals. The list of the principals is also signed, because when they come back it's also signed by the principal, signed by the DEO, and then signed by the CEO. Those lists are signed.*

So, it's meant to validate that teachers who are not in that environment may not be on that list, because principals are the ones who know the teachers well. The DEO might be quite cognizant of a few things, but the principals would be the ones.

So, that list is made there. At the vetting exercise, the test is given first, we tend to make sure that the test is given, but you must finish the test before moving to the vetting.

SCHREIBER: And we hear the reason for this is, basically, so that people don't run away—they get the ID card and then they run, after the test.

VARNEY: *They run. These rules were established so they can't run away. Those checks and balances were put in place when we took over just to prevent that. Even so, we were totally challenged by the political situation in our country when we started. There were challenges over people protesting, but we were able to communicate with media people. There were talk shows to explain reasons, and then the public took an interest. Some of the statements were, "Why would you teachers give tests to students, and you're refusing to take tests?" So, those were the kind of statements that were usually coming, but there were protests all over the country.*

SCHREIBER: And we also heard that the president, herself, actually played a role in saying, "This is something that needs to happen." These were 70 teachers or 80 teachers at a time, right? The reason I ask is because, in the beginning, when you get the HR list, I guess there would probably be more teachers on the list. Once they've actually written the test, and you've got a list from principals, you may see that there were 20 teachers that were already ghosts, even before they wrote the test.

VARNEY: *You wouldn't be able to determine that it's 20 teachers who are ghosts until you complete that district or that county. Almost all of the teachers for that district are present for the vetting. So, you finish with School A and you move to School B, until you reach the maximum number for that day. We were able to procure lights, because sometimes we worked late. So, when you get to that stage and you took a principal's list and after finishing, you notice you're already to 85, you have to put in extra time and extra hours that aren't being paid for, at all. We are then able to push the team to do more. So, at the end of the day when the exercise is complete, they tend to feed us the reports through Vicky, who knows exactly how many teachers were vetted for the day. When the exercise ends, we're able to know who's the ghost and what have you. But what was done was, in the carving of the per diem, we stepped the cap up. In the carving of the per diem to go in the field, the cap went up. "So, can we see 90 teachers?", and we'll tell you, "No, because you are to do 70 or 80 per day." No, we would push for one day.*

SCHREIBER: I see. And you mentioned the Saturday thing, I thought that's interesting too, because, obviously, if you do it on Saturday, then kids don't miss out on school.

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VARNEY: *Yeah, that's one of the challenges we face, and then we're fighting to make sure that this is completed within the time frame before students return to the classroom.*

SCHREIBER: So, how long, in any given district, usually, would you spend?

VARNEY: *It depends on the terrain and environment because environments are extremely challenging.*

SCHREIBER: Maybe a better question would be, how long would an individual teacher be out of the classroom? The testing and the vetting are on two separate days, is that right?

VARNEY: *We tend to work on the possibility the teacher should not be out of the classroom. So, obviously, that's the reason why they are on a school-by-school basis. So, if you were doing five or ten schools a day, maybe not all of the teachers would come at the same time—every teacher won't have the same hour. And luckily, we are able to achieve most of these things during the breaks. The Easter break, major days, major programs— those dates were used to achieve most of these things. We had an Easter break and our first-semester break that runs for almost a month. We had Christmas break as well.*

SCHREIBER: And teachers show up during the breaks?

VARNEY: *Yes, yes. We've been able to get them. Because the team has been very enthusiastic. We have a clear message: you don't show up, you'll be removed. That's clear.*

   So, the system has been marked in a way that you can put anything into the system, and there's a checklist of things that you need to check for to make sure that this teacher is not fraudulent. So, that checklist is very key to the entire exercise. When it's back in Monrovia, there's a thorough review going on to make sure, because PWC would also come and review that checklist to make sure that these teachers are actually legit.

SCHREIBER: So, actually, what we haven't asked you is, "How big is the budget?"

VARNEY: *The budget is set at—contingencies and everything—a little over $1 million. So, when we took over, we learned that it was losing close to $90 million for the entire project.*

SCHREIBER: And what was the reason for that?

VARNEY: *I have no idea.*

SCHREIBER: So, our impression is that they were using outside stuff, and that was the key thing.

VARNEY: *That's one thing, and then I also learned that they intended doing some things, but I think it was not conceptualized. I think it was unrealistic.*

SCHREIBER: So, that 90 million, I guess that was the budget if they did it in the entire country.

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VARNEY: *The entire country.*

SCHREIBER: So, the entire country would have been 90?

VARNEY: *But from what I've learned, I think they used a little over 5 million.*

SCHREIBER: For the three counties.

VARNEY: *Or more than that. It's actually between five and 20 million from what I learned. But I'm not certain as to what is the figure.*

KENYAH: But, clearly, this is much cheaper than what they planned for.

VARNEY: *Our budget was capped at a little over 1 million—say 1,050,000- and to-date, we are completing the last county, and we haven't been able to use up to 700,000, including salaries and everything, PIU.*

                    So, the vetting exercise, alone, would have taken us to about 800-plus thousand— including case studies, and research and everything. And then the PIU salary was capped around 150,000. So, that would have taken us to about 950,000. So, contingency at 10 percent would have taken us to 1,045,000. So, including expenditure and everything, we've gone to about 700-plus thousand. PIU salaries and everything.

                    So, we've been able save more, and our culture is more driven towards savings, based on auditory controls, financial controls, ensuring that people don't renege on their bills and what have you.

KENYAH: Recognizing that you have limited information how USAID was planning on using their money, what do you think was the difference between your budget and theirs? What could possibly drive it up that much?

VARNEY: *Probably, the traditional donors in Liberia, are more prone to hiring people from outside. So, cost of living adjustment for most of these people is challenging. I'm basically trained and schooled outside; I might have some qualifications, but if I was being hired from London to move to Liberia, they would be paying probably $1000 a day.*

KENYAH: And so apart from that, apart from the cost of living adjustments, are there any other things you can think of that would drive..."

VARNEY: *Well, having worked with the international NGOs to know exactly what their costing is like, it's sort of ridiculous in terms of the way things are from the time I've been seeing NGOs operating in Liberia. So, seeing those figures, you think and wonder, "How do you really arrive at these figures and come up with the actual expenditure?"*

KENYAH: Do you think that another part of the savings, came from the fact that, typically, the money would have to pass through a lot of circuits before it gets to the implementing partner?

VARNEY:	*This is the first direct budget, I think, that came to the ministry. First direct budget. And in terms of managing money, it actually depends on the control. The better the control is, the more savings you may have, and the efficient management you may have.*
KENYAH:	Why do you think they chose now, and they chose your team to give direct monies to?
VARNEY:	*I think this was a test case. So, I may not be able to speak to future or to past events.*
KENYAH:	And reflecting on your experience, do you think that they'll look at this test case and go, "Yeah, sure, now we can give them money."?
VARNEY:	*Well, traditional donors might not want to do that. It's challenging to do that.*
KENYAH:	Why do you think they won't change their minds even after seeing all of these savings?
VARNEY:	*I think the ministry was trying to see exactly whether there could be savings done, there could be efficient management done with direct budget support. The intent is to make a case.*
SCHREIBER:	But when you say that traditional donors might not be interested, I guess Big Win is philanthropy, and that's not a traditional donor. So, potentially, other philanthropies might be interested based on this experience. Even if USAID is not going to change their way of working, maybe this can be evidence for philanthropists to say, "Look, you can trust Liberia. When is the project slated to come to an end?
VARNEY:	*We're currently citing that the project might end by the close of September, based on the teachers testing team, the vetting, the checklist they use for each teacher, the person who's vetting and what they check for.*
SCHREIBER:	So, it's September 2017, and it basically began June 2016.
VARNEY:	*Yes, June 2016 and it would end September.*
SCHREIBER:	Are you aware of any plans for next phase, a next step, something like that?
VARNEY:	*No, that hasn't been communicated to me. So, then I might not know until the review is done. There would be a review after September, and then license learned and everything would come in conjunction with what we are doing as well. So, probably, that would inform a decision.*
SCHREIBER:	Okay, so the people in the field have the checklist. Do you have it in a PDF? We're talking about software developed to track every detail. What I would like to see is if we could get a hold of the baseline audit.

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VARNEY:	*Big Win should be able to send you the baseline audit or David would be better to send you the baseline audit.*
SCHREIBER:	Are there final thoughts from your side or something we didn't speak of?
VARNEY:	*Speaking to some of the challenges learned in the field, in dealing with the budget, when the budget was carved [planned], there were things left out. So, we, technically, had to revisit those budget line items. For example, vehicle repairs and maintenance were never in the budget, office supplies for the PIU operations and activities, were never in the budget. So, that, alone posed some challenges.*
	But the way, the way we worked around that was, after we had identified ways to make savings, since the budget was set that we couldn't go above, then we make a request to Big Win "Okay, we need this."
SCHREIBER:	So, you can use the savings for something that wasn't in the budget.
VARNEY:	*Yes, that wasn't in the budget. And when they give us an approval, we can use it, no approval, we don't touch. So, that efficient component was actually developed to ensure that there's no wastage of our donor funds, and I always borrow from their perception that these donor funds are not just free money; people work to fund these projects.*
KENYAH:	I actually do have a few questions about your relationship with the donors.
VARNEY:	*Okay, so what happened was that we developed direct communication lines with the donors. So, every situation is being communicated, and everybody in the circle—including the project manager, and sometimes, the minister are in on everything. So, it's open communication. There's a team on their side. Every communication is being shared among the three or four on their side to make sure that we are on the same page.*
KENYAH:	And your relationship with David, as head of finance...
VARNEY:	*He's the project manager. So, there are times that we have cake every day, sometimes, "This thing is not working. Okay, this can go. This can go." But he's somebody who believes in teamwork. So, situations that arise, he normally calls, and we'd sit around the table to talk about it, brainstorm, and come up with ideas, and see how best we get it elevated to the ministers and every other person involved, and make sure that we get it done.*
KENYAH:	So, David was the one who connected with the ministers.
VARNEY:	*No, he reports directly to the minister, but I also could report to the minister.*
KENYAH:	So, one thing we're curious about is the relationship between this office and the bigger ministry. And I think one of the things that you mentioned was that you used to hand the per diems to the people on the field.
VARNEY:	*The way it works is this: the request comes from the team to the directors, and then forward to the assistant minister who presides over that. So, when that request*

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comes from the team, it is sent to the project manager. He reviews it, if he has a query, he sends to me, and then we'd discuss that. And then we can think, and he would nod, "Okay." But when it is okay for him, then it comes to me. And that way, we'd do our review, if we have a problem go back to him, and back and forth.

And then the check is raised, the payment is raised, and then we go through the controller. At that point, he doesn't have any problem with it again, the controller of the ministry, because the controller is the one that reports to the ministry of finance in terms of every donor fund account.

SCHREIBER: Right. Financial transactions.

VARNEY: *Financial transactions. So, the controller reviews the transactions and he ensures that those transactions—vouchers, checks- are in line with the requests, the number of days that they're going for and everything. And then, when she is okay with it, she sends it to internal audit for review. That's the control process that we put in. The internal audit would review, have their own query, and then internal audit would sign. And then, we'll take it from that level and get it to the deputy minister for administration, because he handles all administrative aspects, and Finance and internal audit are under the deputy minister for administration.*

So, he would take his review, look at it and when he's okay with it, he signs. And then, the check is not still ready. So, at that point, it's taken to the minister for final signature. The ministers would review as well. So, along every given point—it's four or five processes—controller, internal audit, deputy minister, and then the minister proper. So, it's actually six steps.

[Additional Detail from this interview]

SCHREIBER: Right. And then, at the end of the process, if it's signed by the minister—

VARNEY: *If it is signed, the check is given to the person, and then we photocopy the details. The ID card, and everything is attached to the documents.*

SCHREIBER: So, essentially, the incentive for the HR staff, is that if you work on this project you can earn extra money.

VARNEY: *Because you're taking them off their main duty, really, and then sending them over.*

SCHREIBER: They still get their normal Saturdays, but this is a top up—

VARNEY: *The top up is for all the headaches that you're going through like sleeping in environments that you're not adjusted to.*

SCHREIBER: You said that you covered the lodging and the transport for them to actually get to the field and stay there.

VARNEY: *Yes, that's the money we give them. Nothing extra. It's just the money we give them. The per diem is just for food and lodging.*

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SCHREIBER: So, you don't get paid for extra work.

VARNEY: *No extra work.*

KENYAH: So, they're responsible for arranging their lodging?

VARNEY: *Yeah, when they get in the field.*

SCHREIBER: And transport as well?

VARNEY: *No, no. Transport is done by us. We have the vehicle and everything ready. We ensured that the project has vehicles; they were bought. We realized that renting of vehicles, alone, would have taken us to 300,000. If you rented a vehicle for $300 a day, and you were using it about 300 days in a year, you know that is going to cost more. When we saw that, we said, "Okay..." we did a cost-benefit analysis of purchasing vehicles versus renting vehicles. So, we purchased four vehicles.*

SCHREIBER: Are these like Land Cruisers...?

VARNEY: *Yeah, Land Cruisers, Jeeps and one Hilux Pickup. So, it's four in total. And then, those vehicles are the ones that take these members in the field.*

SCHREIBER: And they are responsible for their own food and lodging.

VARNEY: *They are responsible from the per diem, for food and lodging. The per diem is mainly meant for food and lodging. It's not extra money.*

KENYAH: Thank you for clearing that up. So, just going back to relationships again, so what was the relationship between this office and the Education ministry apart from the fact that the education minister and his team handled getting Big Win into the project and once Big Win came in, apart from regular meetings, how much working did you do with the bigger ministry, or did they leave you guys to handle it yourselves?

VARNEY: *No, the bigger ministry is a direct reporting line from the minister. So, the minister does a briefing at every senior management meeting.*

SCHREIBER: You work for the minister.

VARNEY: *No. Not directly. I'm reporting to Big Win and the minister.*

SCHREIBER: That's all from my side. Thanks.

VARNEY: *Thank you.*

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