



USAID
FROM THE AMERICAN PEOPLE

OFFICE OF INSPECTOR GENERAL

**AUDIT OF USAID/ANGOLA'S
DEMOCRACY AND
GOVERNANCE ACTIVITIES**

AUDIT REPORT NO. 4-654-08-006-P
September 30, 2008

PRETORIA, SOUTH AFRICA



USAID
FROM THE AMERICAN PEOPLE

Office of Inspector General

September 30, 2008

MEMORANDUM

TO: USAID/Angola, Mission Director, Susan Brems

FROM: Regional Inspector General/Pretoria, Nathan Lokos /s/

SUBJECT: Audit of USAID/Angola's Democracy and Governance Activities
(Report No. 4-654-08-006-P)

This memorandum transmits our final report on the subject audit. In finalizing our report, we considered your comments on our draft report and have included your response in its entirety as Appendix II.

The report includes seven recommendations that USAID/Angola: (1) (a) properly record and report on program results, (b) maintain source documents, and (c) avoid mathematical errors; (2) assess its indicator for the number of domestic election observers trained to confirm that the results are clearly and reasonably attributable to USAID efforts, and redefine the indicator if the results are not attributable to USAID efforts; (3) complete a review of the 20 documents identified in this report with performance end dates of 2005 and prior totaling about \$452,000 and deobligate the balances that are no longer needed; (4) establish procedures requiring final review and approval from senior management for performance management plans; (5) strengthen its procedures to include a review of data reliability in all of its data quality assessments; (6) strengthen its monitoring and evaluation procedures to ensure that data integrity problems and recommendations noted in data quality assessments are adequately addressed; and (7) establish procedures that require the regular validation of data and reporting systems for results during site visits at all implementing partners and service providers.

In your response to the draft report, you provided corrective action plans addressing all seven recommendations. Therefore, we consider that management decisions have been reached on these recommendations. You also provided evidence that the corrective action had been completed on recommendation nos. 1, 5, 6, and 7. We therefore consider that final action has been taken for these recommendations with the publication of this report. Please provide the Office of Audit, Performance, and Compliance Division (M/CFO/APC) with the necessary documentation to achieve final action on recommendation nos. 2 through 4.

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

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SUMMARY OF RESULTS

This audit, performed by the Regional Inspector General/Pretoria at USAID/Angola, is part of a series of audits conducted by the Office of Inspector General. The audit was conducted to determine whether selected USAID/Angola democracy and governance activities were achieving planned results and what has been the impact. (page 3)

Several of USAID/Angola's democracy and governance activities have achieved their intended results, as summarized in appendix III. In fiscal year 2007, USAID/Angola conducted activities for 13 of the 15 standard indicators in the operational plan's performance summary.¹ Of these 13 indicators, we audited 11 and determined that four activities did not have reliable data; therefore the audit team was unable to provide a conclusion for these. Of the remaining seven indicators, six activities achieved their intended results, and one activity did not.

USAID/Angola's democracy and governance program has achieved several of its intended results and had a positive impact at the activity level. Here are some examples:

- Justice sector personnel have received training and courts have been assisted in improving case management.
- Individuals have received training in management skills and fiscal management to strengthen and decentralize local government.
- Assistance has been provided to political parties and groups in effectively articulating their platforms and policy agendas. Election observers and election officials have also been trained.
- Civil society organizations have been assisted in improving their internal organizational capacity. (page 4)

Although progress has been made at the activity level in fiscal year 2007, this report includes seven recommendations to strengthen USAID/Angola's program. Recommended actions are summarized as follows: (1) (a) properly record and report on program results, (b) maintain source documents, and (c) avoid mathematical errors; (2) assess its indicator for the number of domestic election observers trained to confirm that the results are clearly and reasonably attributable to USAID efforts, and redefine the indicator if the results are found to be not attributable to USAID efforts; (3) review the 20 democracy and governance documents identified in this report with performance end dates of 2005 and earlier totaling about \$452,000 and deobligate balances that are no longer needed; (4) establish procedures requiring final review and approval from senior management for performance management plans; (5) strengthen its procedures to include a review of data reliability in all data quality assessments; (6) strengthen its monitoring and evaluation procedures to ensure that data integrity problems and recommendations noted in data quality assessments are adequately addressed; and (7) establish procedures that require the regular validation of data and reporting systems for

¹ With the establishment of the Department of State's new Office of the Director of Foreign Assistance in 2006, and the introduction of foreign assistance reform by the Foreign Assistance Office, USAID realigned its planning, budgeting and reporting system to produce the first set of joint operational plans with the Department of State in 2007.

results during site visits at all implementing partners and service providers. (pages 5 to 14)

For the seven recommendations set forth above, USAID/Angola concurred with the recommended actions and has provided planned actions to address these recommendations, thereby reaching a management decision on all seven recommendations. For recommendation nos. 1, 5, 6, and 7, USAID/Angola also provided evidence that final action had been taken. Management comments are included in their entirety in appendix II.

BACKGROUND

As the main implementer of U.S. democracy and governance programs, USAID is advancing the President's freedom agenda. USAID has played a significant role supporting democracy and governance programs around the world and leading countries to greater freedoms. Attributes of good governance include transparency, accountability, and equity. To achieve these attributes, USAID/Angola's democracy and governance program consists of four program areas: (1) rule of law and human rights, (2) good governance, (3) political competition and consensus-building, and (4) civil society.

Under rule of law and human rights, USAID/Angola's program is directed at increasing case management efficiency within the court system; strengthening the capabilities of a network of Angolan human rights nongovernmental organizations to assess, monitor and report on human rights issues, with an emphasis on situations in Lundas and Cabinda provinces; and introducing into Angolan diamond mining companies new practices to control diamond smuggling.

In the area of good governance, the mission is promoting systemic reforms by encouraging transparency and accountability in support of an informed citizenry; stimulating government—civil society dialogue that addresses good governance, service delivery, and economic opportunities; and strengthening vertical linkages within government to build capacity, enable deconcentration, increase social services delivery, and facilitate local opportunities.

In its program for political competition and consensus-building, the mission is helping elections management bodies, political parties and civil society organizations prepare for and participate in the pending elections, thereby increasing the overall level of confidence in the process and credibility of the results.

To address nascent and weak civil society structures, USAID/Angola is promoting viable approaches for a stronger civil society voice and role, including the media; improved dialogue; and a stronger foundation for more transparent, accountable and decentralized governance. Within 5 years, the mission reports that U.S. Government resources will facilitate the effectiveness and viability of constituency-based civil society organizations.

In fiscal year 2007, USAID/Angola reported \$36.4 million in democracy and governance obligations awarded through 11 major agreements to implementing partners.

AUDIT OBJECTIVE

The Regional Inspector General/Pretoria conducted this audit at USAID/Angola as part of a series of audits performed by the Office of Inspector General to answer the following question:

- Are USAID/Angola's democracy and governance activities achieving intended results and what has been the impact?

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

AUDIT FINDINGS

Several of USAID/Angola's democracy and governance activities have achieved their intended results, as summarized in appendix III. In fiscal year 2007, USAID/Angola conducted activities related to 13 of the 15 standard indicators in the operational plan's performance summary.² Of these 13 indicators, we audited 11 and determined that four did not have reliable data; therefore, we were unable to provide a conclusion for those indicators. Of the remaining seven indicators, however, six activities achieved their intended results, while one activity did not.

USAID/Angola's democracy and governance program has achieved several of its intended results, and had a positive impact at the activity level. Some examples follow:

- Under the rule of law and human rights component, justice sector personnel have received training and courts have been assisted.
- In the area of good governance, the program has trained executive branch personnel and provided support to executive office operations. Additionally, individuals have received training in management skills and fiscal management to strengthen and decentralize local government.
- To address political competition and consensus-building, the mission's program trained individuals in the various aspects of political party organization and provided assistance to political parties and groups in effectively articulating their platforms and policy agendas. The program also trained election observers, election officials, and provided voter education to the general public.
- In the area of nascent and weak civil society structures, the program assisted civil society organizations in strengthening their internal organizational capacity and supported advocacy campaigns of these organizations.

Despite the fact that USAID/Angola's democracy and governance program achieved many of its intended results, the mission can still strengthen its program in several areas. These areas include the following: (1) no standard provision exists to prohibit the use of democracy and governance funds to influence an election (this would have to be addressed by USAID/Washington), (2) reported results that were not reliable, (3) unliquidated obligations that may no longer be needed, (4) a performance management plan not approved by management, (5) data quality assessments that were not thoroughly completed, (6) a data quality assessment that was not implemented, and (7) site visits that were not thoroughly conducted. These issues are discussed below.

² With the establishment of the Department of State's new Office of the Director of Foreign Assistance in 2006, and the introduction of foreign assistance reform by the Foreign Assistance Office, USAID realigned its planning, budgeting and reporting system to produce the first set of joint operational plans with the Department of State in 2007.



Photograph of Municipal Profile planning meeting with the women focus group in Chitato municipality in July 2007. (Photograph taken by a staff member of the Development Workshop for the Municipal Development Program.)

No Standard Provision to Prohibit the Influence of Elections

Summary: Federal law states that development assistance funds “may not be used, directly or indirectly, to influence the outcome of any election in any country.” Although the prohibition is required by statute, none of USAID/Angola’s democracy and governance agreements included a clause prohibiting the use of development assistance funds to influence the outcome of a country election because it is not a standard provision required by USAID guidance. While the OIG does not know why this prohibition is not a standard provision, we believe that it is an important internal control issue for USAID in general. Standard provisions communicating this prohibition would help guard against the damage that could be done to the credibility of USAID’s programs, should its foreign assistance funding be used to influence the outcome of elections.

Section 2151n(e) of Title 22 of the United States Code states that although the President is authorized to use foreign assistance funding for carrying out programs that will encourage or promote increased adherence to civil and political rights, none of those funding may be used to influence the outcome of any election in any country. Despite this prohibition, USAID has not promulgated standard provisions for inclusion in its agreements with partners that would communicate and enforce this prohibition.

According to Office of Management and Budget Circular A-123, paragraph 3, Agency management is responsible for establishing and maintaining internal control to achieve—among other things—compliance with applicable laws and regulations. The use of standard provisions is one such internal control. USAID incorporates standard provisions in its agreements to communicate and enforce key aspects of laws and regulations. For example, standard provisions in USAID agreements with foreign governments, as well as those with U.S. and foreign nongovernmental organizations, prohibit assistance to drug traffickers. (Such assistance is prohibited by Section 2291f of Title 22 of the United States Code). Other USAID standard provisions prohibit the provision of resources and support to individuals and entities, countries, or the governments of any countries associated with terrorism, as stipulated in Executive Order No. 13224 and Sections 2371 and 2377 of Title 22 of the United States Code.

The Office of Inspector General (OIG) does not know why USAID has not promulgated standard provisions to prohibit the use of USAID funds to influence the outcome of foreign or domestic elections, however, it is important to do so. Standard provisions communicating this prohibition would help guard against the damage that could be done to the credibility of USAID's programs, should its foreign assistance funding be used to influence the outcome of elections. However, since this issue impacts USAID as a whole and this report is directed specifically at USAID/Angola, this audit will refer this issue to OIG's Performance Audits Division for inclusion in its report summarizing the results of this and the other mission-level audits. Accordingly, this audit report is not making a recommendation in this report regarding this issue.

Reported Results Were Not Always Reliable

Summary: Reported results for four indicators were not reliable, contrary to USAID guidance. The principal cause was the lack of adequate record-keeping and reporting systems, which resulted from a lack of training. A contributory cause was weak internal control. Consequently, USAID/Angola did not have reasonable assurance that intended results were being achieved, which could negatively affect performance-based decisions.

USAID's results-oriented management approach relies on its managers considering performance information when making their decisions. Sound decisions require accurate, current, and reliable information, and the benefits of USAID's results-oriented approach depend substantially on the quality of the performance information available.³

A key element in an indicator's reliability is that the indicator actually reflects what it purports to measure. This is recognized by both the Automated Directives System (ADS), which states that performance indicators selected for inclusion in the performance management plan should measure changes that are clearly and reasonably attributable, at least in part, to USAID efforts (ADS 203.3.4.2), and the *Guidelines for Indicator and Data Quality*, which states that one of the critical requirements for an indicator is the degree to which the indicator and the related data accurately reflect the process it is being used to measure. It is also important that performance information be documented. The Government Accountability Office's

³ USAID's *Guidelines for Indicator and Data Quality* (TIPS No. 12)

Standards for Internal Control in the Federal Government states that all transactions and significant events need to be clearly documented and that the documentation should be readily available.



Photograph of Community forum from Huambo Province, Tchicala Tcholoanga Municipality in the Sambo district where the community has come together to debate priorities for local development. (Photograph taken by staff member of Save the Children for the Municipal Development Program.)

The sample identified several data quality problems for four fiscal year 2007 democracy and governance indicators, which raised questions concerning the reliability of the reported results. These problems included (1) results that may not have been attributable to the USAID-funded program, (2) the lack of supporting documentation for results, and (3) unreconciled differences between the records of implementing partners and those of service providers. These problems were found in the following indicators that were included in the mission's fiscal 2007 performance narrative.

“Number of Domestic Election Observers Trained with USG Assistance” – The mission's implementing partner did not have complete support that the reported 473 observers were in fact trained with U.S. Government assistance. The partner simply used the number of accredited observers provided by the national election commission, and had no support for whether they received training at all or whether that training, if any, was from USAID assistance or from some other donor. If the current methodology is used to report results, the mission needs to clearly separate USAID-trained individuals from those trained by other development partners.

“Number of People Reached by USG Assisted Voter Education” – The audit team was unable to obtain adequate support for the reported 134,000 people reached in fiscal year 2007. Although available records at the partner indicated that 132,588 people were reached during this period, the partner’s quarterly documentation supporting this number did not reconcile with the numbers coming from the service providers in the two provinces sampled during the audit. For example, in one province for the first quarter, the partner reported 16,976 people, as compared to the service provider’s records of 10,377 people. For the third quarter, the partner reported 6,339 people, whereas the provider’s records indicated only 4,013 people. In addition, the service providers did not maintain any attendance records to support the reported results, but instead used visual head counts. Since the provider reported only one site visit from the partner and no visits from USAID, there is little validation for the accuracy of this methodology. Therefore, it should be examined to determine whether it is a reliable method for recording attendance.

“Number of Individuals Who Received USG-Assisted Training Including Management Skills and Fiscal Management to Strengthen Local Government and/or Decentralization” – The major implementing partner did not have complete support for the 981 individuals reported as having received training, nor did the partner’s internal records reconcile with the number reported to USAID. Although the mission reported 922 for the major partner, internal partner records indicated that the number should have been 1,257. The service provider records tested in the two sampled provinces did not reconcile with the partner’s records and were not always complete. For example, in one province, the providers’ records indicated that 796 individuals were trained over an 8-month period, whereas the partner’s records were missing 4 of the 8 months of data and had records for only 328 individuals in 4 months. Additionally, in one province the provider did not have records for a 5-month period. Finally, the results reporting systems between the providers and the implementing partner were neither documented nor consistent, employing various reporting methods that included the telephone, the postal mail, fax, and e-mail.

“Number of Election Officials Trained with USG Assistance” – The reported results were not completely supported with source documents. For the first several training sessions, which included 62 out of the reported 96 trainees, the partner did not obtain participant lists to support the number of officials trained. However, as a result of a data quality assessment, the mission identified the problem and notified the partner, which subsequently established procedures to maintain adequate source documentation for future training sessions.

The data problems described above occurred because of a lack of training for the service providers and the implementing partners. A contributory cause was a weak internal control associated with data quality assessments and site visits, which are discussed later in this report. The service providers, which consisted of several types of local organizations, were not always aware of record-keeping and reporting systems requirements. In addition to a lack of source documents, the audit team found a variety of reporting mechanisms, including the telephone, fax machine, postal mail, and e-mail. With these inadequate records and inconsistent and undocumented reporting systems, internal control for results reporting was not sufficiently reliable to ensure that reported service provider results were attributable to the mission’s program, were accurate and supported, and were accurately summarized before being reported to the mission.

Without accurately reported results, USAID/Angola did not have reasonable assurance that data quality met validity, timeliness, and reliability standards.⁴ A lack of these standards could negatively affect performance-based decision making. For these reasons, the audit makes the following recommendations to strengthen the results reporting system under the mission's democracy and governance program:

Recommendation No. 1: We recommend that USAID/Angola develop a plan, with milestones, to provide training to all implementing partners and service providers on how to (a) properly record and report on program results, (b) maintain source documents, and (c) avoid mathematical errors.

Recommendation No. 2: We recommend that USAID/Angola assess its indicator for the number of domestic election observers trained to confirm that the results are clearly and reasonably attributable to USAID efforts, and redefine the indicator if the results are found to be not attributable to USAID efforts.

Old Unliquidated Obligations May No Longer Be Needed

Summary: USAID/Angola has not been completing unliquidated obligation reviews for its democracy and governance obligations as required by USAID guidance. As a result, unliquidated balances that may no longer be needed were not deobligated. Mission officials stated that those obligations were not deobligated because of problems with Phoenix, USAID's new accounting system. Staffing constraints were also cited as a cause. Consequently, democracy and governance funds that were no longer needed were not identified and deobligated so that they could be made available for other uses.

ADS 621.3.17 states that unexpended obligated balances must be monitored to ensure that they are deobligated when no longer needed for the purposes for which they were initially obligated. A careful review of unexpended obligated balances strengthens internal control by deleting from the accounting system balances that are no longer required for future payments. This helps to identify funds that can be reprogrammed for current requirements. In addition, the review supports USAID's formal year-end certification to the Department of Treasury that reported balances are valid.

USAID/Angola has not been completing unliquidated obligation reviews by deobligating unneeded balances for its democracy and governance obligations. A total of 20 democracy and governance award documents, as set forth in appendix IV, had unliquidated balances totaling approximately \$452,000 with performance end dates of 2005 and earlier, some dating as far back as fiscal year 2002. These obligations consisted of a variety of documents that included numerous expired personal services contracts, a memorandum of agreement, a purchase order, and various other contracts, grants, and cooperative agreements.

⁴ USAID's *Guidelines for Indicator and Data Quality* (TIPS No. 12) provides data quality standards. Validity refers to data that clearly and directly measure the result they are intended to measure. Reliability refers to data that have a stable or consistent measuring process. Timeliness refers to data that are sufficiently up to date to be useful in decision making.

USAID/Angola staff stated that the principal reason that the deobligations were not completed was the absence of a bilateral agreement, which complicated the deobligation process in the Phoenix accounting system. Since the mission did not operate under a bilateral agreement, additional procedures were necessary to complete the deobligation. A contributory cause, according to the mission, was staffing constraints resulting from vacant staff positions.

The result of the failure to complete the liquidations of unneeded balances was that the funds were not made available for other uses. To correct the weakness in the system for reviewing democracy and governance unliquidated obligations, this audit makes the following recommendation:

Recommendation No. 3: We recommend that USAID/Angola (a) complete a review of the 20 democracy and governance documents identified in this report with performance end dates of 2005 and prior totaling \$452,000, (b) confirm what procedures are necessary to deobligate funds in Phoenix, and (c) deobligate the balances that are no longer needed.

Performance Management Plan Not Approved by Management

Summary: Contrary to applicable guidance, the performance management plan for the fiscal year 2007 democracy and governance program was not approved by senior management. This occurred because the mission did not have procedures requiring a final review and approval of the plan. Without senior management review and approval, the plan never became an official completed mission document. Therefore, management lost an important opportunity for review and possible revision. In the absence of a completed and approved plan, USAID/Angola did not have reasonable assurance that it was maintaining the elements that are essential to the operation of a credible and useful performance-based management system.

USAID's ADS emphasizes that operating units must prepare a performance management plan for each strategic objective.⁵ Information included shall enable comparable performance data to be collected over time, even in the event of staff turnover, and shall clearly articulate expectations in terms of scheduling and responsibility. Specifically, performance management plans shall provide a detailed definition of the performance indicators that will be tracked; specify the source, method of collection and schedule of collection for all required data; and assign responsibility for collection to a specific office, team, or individual.⁶ In addition, the Government Accountability Office's *Standards for Internal Control in the Federal Government* states that control activities are an integral part of achieving effective results and that such activities include approvals and authorizations.

⁵ ADS 203.3.3

⁶ ADS 203.3.3.1

Despite the importance of approvals and authorizations, the performance management plan for the fiscal year 2007 democracy and governance program was not approved by USAID/Angola management. Mission procedures simply called for posting the final version of the plan on the mission's public drive without management approval. As a result, certain key elements of the plan were omitted.

For example, two indicators in the plan, "Number of USG-Assisted Courts with Improved Case Management" and "Number of Executive Office Operations Supported with USG Assistance," did not include indicator reference sheets, which specify basic components of the monitoring and evaluating procedures for each indicator.

These significant omissions might have been discovered during a review by mission management before approving the performance management plan. However, such a review did not occur because the mission did not require that performance management plans be reviewed and approved by mission management before posting to the mission's public drive. A contributory cause cited by the democracy and governance team was a shortage of staff because two positions were vacant during the fiscal year.

Without a complete and approved performance management plan, USAID/Angola has been without the critical tool for planning, managing, and documenting data collection as called for in the ADS. Complete and approved performance management plans contribute to the effectiveness of the performance monitoring system by ensuring that comparable data will be collected on a regular and timely basis. Without such a plan, the mission did not have the intended level of assurance that it was maintaining the essential elements of a credible and useful performance-based management system. To address this situation, this audit makes the following recommendation:

Recommendation No. 4: We recommend that USAID/Angola (a) establish procedures requiring senior mission management review and approval of final performance management plans and (b) review and approve the performance management plan for the democracy and governance program.

Data Quality Assessments Were Not Thoroughly Completed

Summary: Data quality assessments were not always thoroughly completed in fiscal year 2007 for the democracy and governance program, contrary to USAID guidance. This problem arose as a result of weak internal control and reported staffing constraints. Without complete data quality assessments, data quality problems resulted and USAID/Angola did not have reasonable assurance that data quality for its indicators met validity, timeliness, and reliability standards, the lack of which could negatively affect performance-based management decisions.

ADS 203.3.5.2 states that the purpose of data quality assessments is to ensure that operating units are aware of (1) the strengths and weaknesses of the data as determined by applying applicable quality standards and (2) the extent to which the data integrity can be trusted to influence management decisions. The ADS continues by stating that data reported to USAID/Washington for Government Performance and Results Act reporting purposes or for reporting externally on USAID performance must

have had a data quality assessment within the 3 years before submission. To implement these requirements, USAID/Angola published Mission Order no. 203, "Assessing and Learning," in March 2007. This order states that one of the responsibilities of program teams is to monitor and verify the accuracy of reported results by conducting regular site and field visits to review data collection and documentation at its source.

Although USAID/Angola had been completing data quality assessments for its democracy and governance indicators, the reliability of the data in two of those assessments was not adequately tested. The mission's assessments found data reliability problems with two performance indicators, in contrast with this audit, which found data reliability problems with four of the performance indicators. The mission's data quality assessment did not include an analysis of data reliability for the indicators, "Number of Domestic Election Observers Trained with USG Assistance," and "Number of People Reached by USG Assisted Voter Education." As a result, the data reliability problems were not identified before the mission reported results for these two indicators.

The mission cited the facts that the program was new for fiscal year 2007 and that staffing constraints contributed to the incomplete data quality assessments. Without adequate data reliability testing, the mission did not have reasonable assurance that data used for performance-based decision making and reporting were accurate and reliable. Procedures for addressing data integrity problems identified in data quality assessments could easily have corrected the data reliability problems for the indicators identified in this report. To address the need to thoroughly complete the data quality assessments for the democracy and governance program, this audit makes the following recommendation:

Recommendation No. 5: We recommend that USAID/Angola strengthen its procedures to ensure that all of its data quality assessments include a thorough review of data reliability.

Data Quality Assessment Recommendation Was Not Implemented

Summary: Contrary to USAID guidance, a recommendation from a data quality assessment to improve the validity of reported results was not implemented because of weak monitoring and evaluating controls. As a result, USAID/Angola did not have reasonable assurance that data quality for its indicators met validity, timeliness, and reliability standards, the lack of which could negatively affect performance-based management decisions.

ADS 203.3.5.2 states that the purpose of data quality assessments is to ensure that operating units are aware of the strengths and weaknesses of the data by applying applicable quality standards and also aware of the extent to which the data integrity can be trusted to influence management decisions. The ADS continues by stating that data reported to USAID/Washington for Government Performance and Results Act reporting purposes or for reporting externally on agency performance must have had a data quality assessment within the 3 years before submission.

As required by the ADS, USAID/Angola completed a data quality assessment for the indicator “Number of Individuals Who Received USG-Assisted Training, Including Management Skills and Fiscal Management, to Strengthen Local Government and/or Decentralization.” As intended, the assessment identified a lack of documentation for this indicator, similar to that identified previously in this report, and recommended that the data be reassessed before final numbers were reported to Washington. However, the reassessment was not completed and the original results were subsequently reported to Washington.

This oversight occurred because the mission’s monitoring and evaluation procedures did not include followup to ensure that all recommendations in data quality assessments were addressed. Mission staff also cited staffing constraints and the fact that much of the program had only recently been implemented.

Without adequate followup of recommendations from data quality assessments, the mission did not have reasonable assurance that data used for performance-based decision making and reporting were accurate and reliable. Procedures for addressing data integrity problems identified in data quality assessments could easily have corrected the data reliability problem for the indicator mentioned above. Therefore, this audit makes the following recommendation:

Recommendation No. 6: We recommend that USAID/Angola strengthen its monitoring and evaluation procedures by including followup to help ensure that data integrity problems and recommendations noted in data quality assessments are adequately addressed.

Site Visits Were Not Thoroughly Conducted

Summary: USAID/Angola did not thoroughly conduct site visits at its implementing partners and service providers contrary to USAID guidance. The mission attributed this problem to the fact that a major portion of the program was new and also to the lack of available staff. Without active monitoring with thorough site visits, the mission did not have reasonable assurance that data used for performance-based decision making and reporting were accurate and reliable. Additionally, many of the data integrity problems identified in this report might have been avoided through adequate site visits.

ADS 202.3.4.6 states that strategic objective teams must ensure that they have adequate official documentation on agreements used to implement USAID-funded projects, resources expended, issues identified, and corrective actions taken. Moreover, ADS 202.3.6 states that monitoring the quality and timeliness of implementing partners’ outputs is a major task of cognizant technical officers and strategic objective teams. It specifies that problems in output quality provide an early warning that results may not be achieved as planned and that early action in response to problems is essential in managing for results.

This is recognized in USAID/Angola’s Mission Order no. 203, “Assessing and Learning.” This mission order states that one of the responsibilities of program teams is to monitor

and verify the accuracy of reported results by conducting regular site and field visits to review data collection and documentation at its source. The mission's field trip report sheet includes a monitoring section to verify that records, data collection and reporting tools are complete, well designed, administered and maintained.

Although the democracy and governance team conducted some site visits, the audit team did not find documentation supporting that data was verified during those visits. This was a particularly crucial omission for the partners that were experiencing data reliability and reporting problems. This resulted, at least in part, from the fact that fiscal year 2007 was the first year of implementation for a large portion of the program and, consequently, the mission's team and partners were new to the program. Additionally, the mission reported that it had two vacant positions on its democracy and governance team during fiscal year 2007. According to the mission, this staffing constraint affected the democracy and governance team's ability to properly complete monitoring and evaluation activities. These vacant positions have since been filled.

Without active monitoring through regular site visits and data verification, the mission did not have reasonable assurance that data used for performance-based decision making and for reporting was accurate and reliable. An active monitoring program with regular site visits for monitoring project progress and verifying data could easily have identified documentation and reporting issues and avoided many of the data reliability problems identified in this report. Therefore, this audit makes the following recommendation:

Recommendation No. 7: We recommend that USAID/Angola establish procedures, including a revision to the trip report sheet in Mission Order no. 203, that require the regular validation of data and reporting systems for results during site visits at all implementing partners and service providers.

EVALUATION OF MANAGEMENT COMMENTS

In its response to our draft report, USAID/Angola concurred with all seven recommendations. The mission described the actions taken and planned to be taken to address our concerns. The mission's comments and our evaluation of those comments are summarized below.

In response to recommendation no. 1, concerning training for all implementing partners and service providers, USAID/Angola concurred with the recommendation. The mission has provided evidence that it has already completed a workshop for its partners and providers covering the required material. Since the training has already taken place, we consider that final action has been completed on this recommendation.

In response to recommendation no. 2, concerning the assessment of the indicator for the number of domestic election observers trained, USAID/Angola concurred with the recommendation. The data quality assessment on this indicator will be carried out in the first quarter of fiscal year 2009 and any necessary redefinition will be completed by December 31, 2008. As a result of these planned actions, we consider that a management decision has been reached on this recommendation. Documentation supporting the completed actions should be sent to M/CFO/APC for final action.

In response to recommendation no. 3, concerning the review and potential deobligation of democracy and governance unliquidated obligations, USAID/Angola concurred with the recommendation and reported that it is in the process of reviewing the relevant documents. The mission reported that it had already completed deobligation of \$365,649 and plans to complete the review by March 31, 2009. With these completed and proposed actions, we consider that a management decision has been reached on this recommendation. Documentation supporting the completed actions should be sent to M/CFO/APC for final action.

In response to recommendation no. 4 concerning procedures for the review and approval of performance management plans, USAID/Angola concurred with this recommendation. The mission is revising its mission order on performance management to address this issue, with a targeted completion date of December 31, 2008. We consider that a management decision has been reached on this recommendation. Documentation supporting the completed actions should be sent to M/CFO/APC for final action.

In response to recommendation nos. 5 and 6, concerning the review of data reliability in data quality assessments and implementing subsequent recommendations on data integrity arising from data quality assessments, USAID/Angola concurred with these recommendations. The mission has recently hired a new monitoring and evaluation specialist and implemented a new comprehensive mission order on performance management. As a result of these actions, we consider that final action has been completed on these recommendations.

In response to recommendation no. 7, concerning the establishment of procedures requiring data validation during site visits, USAID/Angola concurred with the recommendation. The mission recently hired a new monitoring and evaluation specialist and implemented a new comprehensive mission order on performance management. As a result of these actions, we consider that final action has been completed on this recommendation.

SCOPE AND METHODOLOGY

Scope

The Office of Inspector General 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, which was to determine whether USAID/Angola's democracy and governance activities achieved their intended results and what the impact of its program has been. Audit fieldwork was conducted at USAID/Angola from March 4, to March 27, 2008. The audit covered the period of fiscal year 2007.

In planning and performing the audit, we assessed management controls related to management review, proper execution of transactions and events, and review of performance measures and indicators. Specifically, we obtained an understanding of and evaluated (1) the fiscal year 2007 operational plan (new requirement for fiscal year 2007), (2) the fiscal year 2007 performance monitoring plan, (3) the Federal Managers Financial Integrity Act of 1982, (4) implementing partner agreements, (5) the award oversight performed by cognizant technical officers, (6) performance measures, (7) actual performance results, (8) fiscal year 2007 data quality assessments, and (9) financial reports. We also interviewed key USAID/Angola personnel and implementing partners. We conducted the audit at USAID/Angola and in three provinces.

As of September 30, 2007, USAID/Angola's democracy and governance program had 11 major agreements with total obligations of \$36.4 million, against which \$22.6 has been expended. We focused primarily on the four newer agreements, which totaled \$24 million in obligations, or 66 percent of total obligations.

Methodology

To answer the audit objective, we reviewed the fiscal year 2007 operational plan's planned and actual results. At USAID/Angola, the democracy and governance program reported on 13 of the 15 standard indicators in its operational plan. In addition, the mission had several custom indicators in its performance management plan.

For 11 of the standard indicators, we validated performance results and compared reported information to documented results for a judgmentally selected sample of results submitted by implementing partners for fiscal year 2007. For the implementing partners and service providers that contributed results to the 11 indicators that we tested, we reviewed the partners' agreements, progress reports, and work plans.

We also reviewed applicable laws and regulations, as well as USAID policies and procedures pertaining to USAID/Angola's democracy and governance program, including the following: (1) Federal Managers Financial Integrity Act of 1982; (2) Foreign Assistance Act of 1961 section 116(e); and (3) Automated Directives System chapters 201, 203, 253, 324, 350, and 621.

We also reviewed obligating and budget reports as of September 30, 2007, and current reports for which the fieldwork took place. In the process of testing the results of the 11 selected indicators, we conducted 11 site visits in three provinces. These visits included interviews with USAID/Angola's democracy and governance team members, implementing partners, service providers, and beneficiaries, as well as the review of relevant documentation.

MANAGEMENT COMMENTS



USAID | **ANGOLA**
FROM THE AMERICAN PEOPLE

TO: Regional Inspector General/Pretoria, Nathan Lokos

CC: Carlene Dei, Director, USAID/Southern Africa

FROM: Susan K. Brems, Ph.D., Director, USAID/Angola /s/

DATE: August 20, 2008

SUBJECT: Management Comments on the Draft Audit Report of USAID/Angola's Democracy and Governance Activities (Report No. 4-654-08-00X-P)

This memorandum transmits USAID/Angola's management comments on the referenced RIG/Pretoria Draft Audit Report. Thank you for sharing the draft report with the Mission and for providing us the opportunity to make clarifications. We welcome the report and your continuing guidance on measures to improve implementation of democracy and governance activities. Below we provide additional information to address the draft findings and some of the report's language. In addition, we have outlined a number of management actions that we believe will fully address the audit recommendations. We very much appreciate the thoroughness and professionalism with which this audit was conducted. On the whole, we consider that the team has presented a balanced report with recommendations useful to the program and the Mission.

Recommendation No. 1: *We recommend that USAID/Angola develop a plan, with milestones, to provide training to all implementing partners and service providers on how to (a) properly record and report on program results, (b) maintain source documents, and (c) avoid mathematical errors.*

Comment/response: We agree with the recommendation. In the period between the audit visit and the issuance of the draft report, USAID/Angola addressed this recommendation with all our partners and service providers through a week-long training workshop held April 14-18, 2008. The workshop was conducted by Management Systems International, affirm well known for its monitoring and evaluation expertise. The Mission proposes to follow up with this extensive training with refresher training at least one a year. Thus, the Mission believes this recommendation can be closed.

Recommendation No. 2: *We recommend that USAID/Angola assess its indicator for the number of domestic election observers trained to confirm that the results are clearly and reasonably attributable to USAID efforts, and redefine the indicator if the results are found to be not attributable to USAID efforts.*

Comment/response: We agree with the recommendation. At the time the audit took place, the Mission's monitoring expert was in the process of conducting data quality assessments on a number of Mission indicators. The data quality assessment on this indicator will be carried out in the first quarter of FY 2009 (after Angola's legislative elections in September). The data quality assessment and any necessary redefinition for this indicator will be completed by December 31, 2008.

Recommendation No. 3: *We recommend that USAID/Angola (a) complete a review of the 20 democracy and governance documents identified in this report with performance end dates of 2005 and prior totaling \$452,000, (b) confirm what procedures are necessary to de-obligate funds in Phoenix, and (c) de-obligate the balances that are no longer needed.*

Comment/response: We agree with this recommendation. De-obligations are partially complete or in-process; this work is being carried out in collaboration with the Regional Controller's Office in USAID/South Africa. The major action for USAID/Angola is to obtain a revised final Form 269 from the America's Development Foundation (654-CA-690-A-00-04-00304-1). The balance under this agreement, at \$158,254, is the largest amount outstanding. Although the Mission has received a final Form 269 to initiate close-out, that form contained a provisional indirect rate. The Mission has requested a final version.

De-obligations for Administrative Expenses (Item 10- 654-MOA4-SO6-ADMIN-EXP-1 for \$7454) and Multipress (Item 11 654-PO-654-O-00-05-00002-1 for \$50,000) have cleared, and we therefore request that these activities be removed from the table in Appendix IV. Also, with regards to 654-IAA-654-P-00-00-000076-3 for \$165,484, PHOENIX reports that it has cleared \$149,941.50, so we request that the amount for 654-IAA-654-P-00-00-000076-3 be corrected to \$15,542.68.

In cooperation with USAID/South Africa, USAID/Angola will target March 31, 2009 for closing this recommendation.

Recommendation No. 4: *We recommend that USAID/Angola (a) establish procedures requiring senior mission management review and approval of final performance management plans and (b) review and approve the performance management plan for the democracy and governance program.*

Comment/response: We agree with this recommendation. USAID/Angola's Mission Order on Performance Management is being revised to include clearer procedures on the review and official approval of Performance Management Plans. Therefore, USAID/Angola targets December 31, 2008 for closing this recommendation.

Recommendation No. 5: *We recommend that USAID/Angola strengthen its procedures to ensure that all of its data quality assessments include a thorough review of data reliability.*

Recommendation No. 6: *We recommend that USAID/Angola strengthen its monitoring and evaluation procedures by including follow up to help ensure that data integrity problems and recommendations noted in data quality assessments are adequately addressed.*

Comment/response: We agree with these recommendations but believe they can be combined. In its April workshop with partners, the Mission dedicated one whole day (Wednesday) to issues of data quality. The Mission's monitoring and evaluation efforts, including data quality assessments, are being led by an FSN-11 monitoring and evaluation specialist who was hired at the end of January 2008. This person, holder of a PhD in community development, is well trained in both quantitative and qualitative research. Over the past nine months he has become well acquainted with USAID systems and regulations. The monitoring and evaluation specialist couples with cognizant technical officers to undertake data quality assessments according to a schedule he develops with technical staff. USAID/Angola's Mission Order on Performance Management provides guidance on maintaining data quality; with the key monitoring and evaluation position filled, this guidance is being fully adhered to. The Mission is poised to address any deficiencies. Therefore, USAID/Angola believes these recommendations can be closed.

Recommendation No. 7: *We recommend that USAID/Angola establish procedures, including a revision to the trip report sheet in mission order no. 203, that require the regular validation of data and reporting systems for results during site visits at all implementing partners and service providers.*

Comment/response: USAID/Angola agrees with this recommendation. The Mission Order on Performance Management provides guidance on trip reports. With the monitoring and evaluation specialist working with all cognizant technical officers, the full spirit of the Mission Order can be strictly adhered to. One of the monitoring and evaluation specialist's duties is to check the trip reports of cognizant technical officers, to ensure that trip reports are complete and properly filed. Therefore, USAID/Angola believes this recommendation can be closed.

Additional Comments

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Appendix 1: Scope and Methodology

This audit could have considered staffing levels and experience in a worldwide comparative analysis of vulnerabilities. In the future, it might be useful to collect and analyze data on the following:

- Number of USDHs/Democracy & Governance portfolio value (total amount of DG awards and contracts)
- Number of USDHs/Number of Democracy and Governance contracts and agreements
- Avg. length of service of USDHs managing Democracy and Governance contracts and agreements
- Avg. length of service of FSNs supporting Democracy and Governance contracts and agreements
- Number of FSNs/Democracy and Governance portfolio value (total amount of DG awards and contracts)
- Number of FSNs/Number of Democracy and Governance contracts and agreements

- Percentage of Certified CTOs supporting Democracy and Governance contracts and agreements
- Average Number of Years since CTO certification

Page 6

No Standard Provision to Prohibit the Influence of Elections

USAID/Angola concurs that this issue has to be addressed by USAID/Washington, which can then systematically require that such a provision be inserted into future agreements.

Page 7

Reported Results Were Not Always Reliable

The second sentence in the box states, "The principal cause was a lack of adequate record keeping and reporting systems, which resulted from a lack of training." Please clarify by inserting "**among implementing partners**" at the end of this sentence.

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Appendix IV: Unliquidated Obligations for Awards with Performance End Dates Prior to January 1, 2006

Please number the awards to be de-obligated so these can be easily referred to.

As mentioned above, the de-obligations for Administrative Expenses (Item 10- 654-MOA4-SO6-ADMIN-EXP-1, for \$7,454) and Multipress (Item 11 654-PO-654-O-00-05-00002-1for \$50,000) have cleared, so these may be removed from the list.

Attachments:

- 1) April 2008 Monitoring and Evaluation Workshop Agenda
- 2) April 2008 Monitoring and Evaluation Workshop Participant List

USAID/Angola Democracy and Governance Indicators for Fiscal Year 2007

| Indicator Title | FY 2007 Target | FY 2007 Actual |
|--|-------------------|----------------------|
| 1. Number of Justice Sector Personnel That Received USG Training | 30 | 16 ⁷ |
| 2. Number of USG-Assisted Courts With Improved Case Management | 4 | 5 ⁷ |
| 3. Number of Curricula Created or Modified to Include Focus or Human Rights with USG Assistance | - | _ ⁸ |
| 4. Number of Public Advocacy Campaigns on Human Rights Supported by USG | - | _ ⁸ |
| 5. Number of Executive Branch Personnel Trained with USG Assistance | 36 | 23 |
| 6. Number of Executive Office Operations Supported with USG Assistance | 2 | 2 |
| 7. Number of Individuals Who Received USG-Assisted Training, Including Management Skills and Fiscal Management, to Strengthen Local Government and/or Decentralization | 117 | 981 ⁹ |
| 8. Number of Local Mechanisms Supported with USG Assistance for Citizens to Engage Their Sub | 15 | 18 |
| 9. Number of Domestic Election Observers Trained with USG Assistance | 150 | 473 ⁹ |
| 10. Number of Election Officials Trained with USG Assistance | 25 | 96 ⁹ |
| 11. Number of People Reached by USG-Assisted Voter Education | 100,000 | 134,000 ⁹ |
| 12. Number of Individuals who Receive USG-Assisted Political Party Training | 1,030 | 1,263 |
| 13. Number of Political Parties and Political Groupings Receiving USG Assistance to Articulate Platform | 14 | 14 |
| 14. Number of Civil Society Organizations Using USG Assistance to Improve Internal Organizational | 25 | 21 ¹⁰ |
| 15. Number of Civil Society Organization Advocacy Campaigns Supported by USG | 1 | 1 |

⁷ Not audited.

⁸ No activities planned until fiscal year 2008.

⁹ The audit team was unable to confirm the reliability of these results.

¹⁰ The audit team concluded that the mission met its planned results in this indicator because it achieved at least 80 percent of its planned results.

Unliquidated Obligations for Awards With Performance End Dates Prior to January 1, 2006

| Document Number | Unliquidated Balance |
|------------------------------|----------------------|
| 654-654-P-00-00-00076-00-3 | \$ 921.00 |
| 654-CA-654-A-00-05-00080-1 | 32,417.92 |
| 654-CA-690-A-00-04-00304-1 | 158,254.26 |
| 654-CO-654-C-00-01-00064-1 | 1,543.00 |
| 654-CO-AEP-I-812-99-00041-1 | 2,415.00 |
| 654-GA-654-G-00-03-00013-1 | 6,030.05 |
| 654-IAA-654-P-00-00-00076-3 | 165,484.18 |
| 654-IAA-654-P-00-00-00076-5 | 17,540.06 |
| 654-LAG-I-00-98-00031-00-1 | 1,712.00 |
| 654-MOA4-SO6-ADMIN-EXP-1 | 7,454.89 |
| 654-PO-654-O-00-05-00002-1 | 50,000.00 |
| 654-PSC-654-0011-S-00-9136-7 | 1,314.28 |
| 654-PSC-654-0011-S-00-9136-9 | 212.22 |
| 654-PSC-654-S-00-00-00109-5 | 113.98 |
| 654-PSC-654-S-00-00-00109-7 | 412.15 |
| 654-PSC-654-S-00-00-00109-9 | 3,557.79 |
| 654-PSC-654-S-00-01-00048-1 | 296.18 |
| 654-PSC-654-S-00-01-00048-5 | 335.48 |
| 654-PSC-654-S-00-01-00048-7 | 2,054.64 |
| 654-PSC-674-0011-S-00-9136-1 | 99.61 |
| Total | \$452,168.69 |

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