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OFFICE OF INSPECTOR GENERAL

FOLLOW-UP AUDIT OF USAID/SENEGAL'S MONITORING OF SELECTED AGRICULTURE AND NATURAL RESOURCES MANAGEMENT ACTIVITIES

AUDIT REPORT NO. 7-685-08-003-P
NOVEMBER 29, 2007

Dakar, Senegal



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Office of Inspector General

November 29, 2007

MEMORANDUM

TO: USAID/Senegal Mission Director, Kevin Mullally

FROM: Acting Regional Inspector General/Dakar, Abdoulaye Gueye /s/

SUBJECT: Follow-up Audit of USAID/Senegal's Monitoring of Selected Agriculture and Natural Resources Management Activities (Audit Report No. 7-685-08-003-P)

This memorandum transmits our final report on the subject audit. This report does not contain any recommendations for your action and does not include your comments as none were provided to us.

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

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SUMMARY OF RESULTS

The Regional Inspector General/Dakar (RIG/Dakar) conducted this follow-up audit to determine whether USAID/Senegal took appropriate actions to implement six recommendations previously reported in the *Audit of USAID/Senegal's Monitoring of Selected Agriculture and Natural Resources Management Activities*, Audit Report No. 7-685-05-007-P, issued August 30, 2005. (See page 2.)

USAID/Senegal has fully implemented all six audit recommendations reported in the original audit report. This conclusion is based on audit work that showed the following:

- The Agriculture and Natural Resources Management (AG/NRM) staff revised several program indicators as recommended, and those revisions were incorporated into key program documents such as the partner's contract and annual work plan.
- The AG/NRM staff monitored and provided adequate oversight of the partner efforts in response to the original recommendations.
- The partner hired a monitoring and evaluation (M&E) specialist who has conducted periodic supervisory visits, and who has developed procedures for an M&E system.
- The partner has conducted four training sessions to provide instructions on accurate completion of field data collection forms and to provide guidance on other data quality issues.
- The AG/NRM staff conducted two data quality assessments and data verifications in the two years following the original audit, surpassing the requirements contained in the Mission Order, and assessed the adequacy of the partner's documentation to support its reported results.
- The AG/NRM staff maintained sufficient documentation to support results reported in the most recent Annual Report. (See pages 3–4.)

USAID/Senegal indicated its appreciation for the audit through informal correspondence. Since no recommendations were made and no further actions were needed, the Mission did not submit formal comments on the draft report.

BACKGROUND

In 2005, the Regional Inspector General/Dakar (RIG/Dakar) conducted an audit of USAID/Senegal's monitoring of selected agriculture and natural resources management activities to determine whether the Mission monitored the activities to ensure that intended results were achieved. The results of the audit were reported in the *Audit of USAID/Senegal's Monitoring of Selected Agriculture and Natural Resources Management Activities*, Audit Report No. 7-685-05-007-P, issued August 30, 2005.

In its 2005 report, RIG/Dakar concluded that USAID/Senegal monitored the performance of selected Agriculture and Natural Resources Management (AG/NRM) activities to ensure that intended results were achieved. However, the auditors noted some weaknesses in the monitoring process related to inconsistent results with expected targets, a lack of oversight by the implementing partner, a lack of supporting documentation for reported results by the implementing partner, and a lack of verification and documentation of the data reported in the Mission's Annual Report. RIG/Dakar made six recommendations to address these weaknesses. The Mission concurred with the recommendations and took final action, and the recommendations were closed upon issuance of the report.

AUDIT OBJECTIVE

RIG/Dakar conducted this audit to answer the following question:

- Did USAID/Senegal implement the recommendations from Audit Report No. 7-685-05-007-P, *Audit of USAID/Senegal's Monitoring of Selected Agriculture and Natural Resources Management Activities*?

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

AUDIT FINDINGS

USAID/Senegal has taken appropriate actions to fully implement all six audit recommendations reported in the *Audit of USAID/Senegal's Monitoring of Selected Agriculture and Natural Resources Management Activities* (Report No. 7-685-05-007-P) issued August 30, 2005.

Recommendation No. 1 recommended that USAID/Senegal reevaluate the validity and relevancy of existing indicators and targets of the overall success of program activities. The Mission agreed to revise one indicator that was ambiguous and to adjust the targets for four indicators. During this follow-up audit, the audit team found that the changes had been made and were now reflected in key program documents. For example, the revised description of the ambiguous indicator and adjusted targets for four indicators were incorporated into the partner's fiscal year 2006 annual report and contract.

Recommendations Nos. 2, 3, and 4 recommended that USAID/Senegal require the implementing partner, International Resource Group (IRG), to do the following:

- Develop procedures to conduct and document periodic supervisory visits (Recommendation No. 2).
- Develop procedures and assign specific responsibility so that the monitoring and evaluation system operates as intended (Recommendation No. 3).
- Schedule training for the facilitators on proper completion of the different indicator data collection forms (Recommendation No. 4).

On July 11, 2005, the Mission issued technical instructions directing IRG to take the actions specified in the recommendations. Issuance of these instructions was considered final action, and the recommendations were closed when the final report was issued.

During this follow-up audit, the audit team found that IRG had taken the necessary actions as instructed by the Mission. In addition, the Mission was proactive in its monitoring and oversight of the partner to ensure that these actions were completed. For example, the AG/NRM staff provided copies of procedures developed by IRG addressing periodic supervisory visits that would be conducted by its monitoring and evaluation (M&E) specialist, who was hired after the original audit. In addition, field trip reports were prepared to document that the visits were occurring.

The AG/NRM staff also provided documentation of IRG's M&E system procedures that its M&E specialist developed. The procedures emphasized the importance of verifying data and accurately reporting information collected in the field. The AG/NRM staff stated that they have noticed improvements in the data and reporting from the partner, indicating that the procedures were effective and being followed.

The AG/NRM staff also provided documentation showing that IRG had conducted training sessions for its program facilitators in four project areas, in accordance with the recommendations. This training provided guidance on completing the data collection forms and covered the methodology for data verification and reporting standards, as well as the procedures for evaluating indicator data and activity progress during site visits

with program participants. In addition, the IRG M&E specialist was reviewing the forms as part of his supervisory visits and providing feedback to the facilitators when any errors were found.

Recommendations Nos. 5 and 6 recommended that USAID/Senegal develop procedures to do the following:

- Require periodic verification of implementing partners to determine whether they are maintaining appropriate and sufficient documentation to support reported results (Recommendation No. 5).
- Require that the AG/NRM team maintain supporting documentation for results and other data included in the Annual Report and document the cross-checking and verification of reported data (Recommendation No. 6).

The Mission concurred with the recommendations, and on July 11, 2005, the Mission's Program Office sent an e-mail reminding the AG/NRM staff of their responsibilities and standards for spot checks and data quality assessments (DQAs), as well as the need to assess the adequacy of the partners' supporting documentation. On August 3, 2005, the Mission updated its Mission Order (MO) 203-1 to require annual spot checking of data submitted by contractors and grantees, and included a new form to document the spot checks performed. These were considered final actions sufficient to close the recommendations upon issuance of the final report.

At the time of this follow-up audit, the audit team found that the AG/NRM staff were complying with the requirements in the Mission order for performing spot checks and DQAs. In September 2005, the AG/NRM reported the results of a DQA performed in July 2005. IRG data were also verified during another extensive DQA conducted in December 2006. Conducting two DQAs in the two years following the original audit fulfills and surpasses the Mission order and USAID's Automated Directives System requirements for DQAs and spot checking data. During those assessments, AG/NRM staff also assessed the adequacy of the partner's documentation to support its reported results. The follow-up audit compared information included in the partner's annual reports to supporting documentation for fiscal years 2005 and 2006, and found that the results of all three indicators selected were supported and accurate.

The revision to the Mission order also incorporated language specifying that the strategic objective team leaders were responsible for ensuring that adequate documentation is on file each year for data included in the Annual Report, and that the data should be sufficiently disaggregated for verification purposes. The follow-up audit selected three results reported in the Mission's Annual Report for fiscal year 2005 and the Performance Management Plan for fiscal year 2006, and obtained the supporting documentation. The follow-up audit found that the results of all three indicators selected were supported and accurate.

SCOPE AND METHODOLOGY

Scope

The office of the Regional Inspector General/Dakar conducted this audit in accordance with generally accepted government auditing standards. The purpose of the follow-up audit was to determine whether USAID/Senegal took corrective actions and implemented all six recommendations of the audit report entitled *USAID/Senegal's Monitoring of Selected Agriculture and Natural Resources Management Activities*, Report No. 7-685-05-007-P dated August 30, 2005. The audit covered actions taken by the Mission from August 2005 to September 2007.

This program is being implemented by the International Resources Group (IRG). In planning and performing the follow-up audit, the audit team reviewed relevant documentation pertaining to actions taken by the Mission and the partner to close and implement the recommendations. We tested on a limited basis the effectiveness of the new procedures related to monitoring and reporting the activities of the program such as field trip reports, annual reports from the Mission and the partner and documentation to support reported results. We assessed whether the procedures were working as intended and whether the weaknesses identified in the original audit had been addressed. The audit was conducted in the office of USAID/Senegal from September 4 through 28, 2007.

Methodology

In performing this audit, we reviewed the Mission's written response to the audit, which outlined the specific steps taken to correct the identified deficiencies.

For each of the six audit recommendations, we obtained documentation that reflected the Mission's and partner's actions taken in response to each recommendation. The partner's documents included performance indicators and targets, activity monitoring trip reports, annual reports, and training documents. We selected three indicators from the partner's annual reports for verification. In addition, we reviewed Mission's data quality assessments, contract amendments, the Performance Management Plan and Annual Reports, and also interviewed Mission officials.

To validate the accuracy and reliability of results reported by the partner and by USAID/Senegal we evaluated the following performance indicators: (1) amount and percentage increase in net income; (2) number of community groups that successfully negotiate joint ventures with partners; and (3) number of individuals (male and female) trained.

To verify selected reports, we reviewed documentation supporting the reported data and traced the data to source documents maintained by USAID and the partner. Our testing procedures involved tracing USAID information to the partner's system database, the partner's Annual Reports for fiscal years 2005 and 2006 and other relevant source documents. In judging the significance of our observations, we considered errors or variances of five percent or more to be significant and reportable.

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Ave, NW
Washington, DC 20523
Tel: (202) 712-1150
Fax: (202) 216-3047
www.usaid.gov/oig