



USAID
FROM THE AMERICAN PEOPLE

OFFICE OF INSPECTOR GENERAL

**AUDIT OF USAID'S
IMPLEMENTATION OF THE
PRESIDENT'S EMERGENCY
PLAN FOR AIDS RELIEF**

AUDIT REPORT NO. 9-000-08-008-P
June 2, 2008

WASHINGTON, DC



USAID
FROM THE AMERICAN PEOPLE

Office of Inspector General

June 2, 2008

MEMORANDUM

TO: GH/HIV-AIDS Acting Director, Denny Robertson

FROM: IG/A/PA Director, Steven H. Bernstein /s/

SUBJECT: Audit of USAID's Implementation of the President's Emergency Plan for AIDS Relief (Report No. 9-000-08-008-P)

This memorandum transmits our final report on the subject audit. We have considered your comments on the draft report and have included your response in its entirety in appendix II.

This report contains one recommendation intended to improve the implementation of the President's Emergency Plan for AIDS Relief. Based on your comments and the documentation provided, we consider that final action has been taken on the recommendation.

Again, I want to express my appreciation for the cooperation and courtesy extended to my staff during the audit.

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SUMMARY OF RESULTS

This report summarizes the results of the Office of Inspector General audits conducted at five selected missions in Africa and Asia (Cambodia, India, Malawi, Russia, and Zimbabwe). (See appendix III for audit recommendations by mission audited and appendix IV for a list of audit reports issued.)

On May 27, 2003, President Bush signed the legislative authorization for the Emergency Plan for AIDS Relief (PEPFAR). PEPFAR is the largest commitment made by any nation for an international health initiative dedicated to a single disease. It originally planned to provide \$15 billion over 5 years for the prevention, treatment, and care of individuals with HIV/AIDS. President Bush has requested that Congress reauthorized another \$30 billion for an additional 5 years. The United States leads the world in its level of support for the fight against HIV/AIDS. (See page 2).

Through PEPFAR, the U.S. Government works with international, national, and local leaders worldwide to support integrated prevention, care, and treatment programs. The Department of State's Office of the U.S. Global AIDS Coordinator¹ directs PEPFAR. The Bureau for Global Health has general responsibility for USAID's participation in PEPFAR. (See page 2).

The objective of this audit was to determine whether USAID's PEPFAR projects achieved planned results for prevention, care, and treatment activities. (See page 4.)

Three of the five missions audited achieved planned results in the applicable grants, cooperative agreements, and contracts in fiscal year 2006. In one of the five missions planned results were not met primarily because of hyperinflation. In the other country unreliable data made it difficult to determine if results had been achieved. (See page 5.)

This report addresses two issues related to performance management and data quality assurance. The first issue pertains to performance monitoring, which is explicitly specified in USAID's Automated Directives System. Mission-level audit reports have already made specific recommendations to correct identified problems. Therefore, we are not making any recommendations related to performance monitoring. (See page 8.)

The second issue pertains to data quality assurance, and we are recommending that the Office of HIV/AIDS Director request that the Department of State's Office of the U.S. Global AIDS Coordinator issue clear and explicit guidance to all missions with PEPFAR activities to ensure that data quality assessments are conducted properly and reported results are properly verified. (See page 10).

USAID's Office of HIV/AIDS agreed with the findings and recommendation in the report and final action has been taken on the recommendation. (See page 15).

¹ The U.S. Global AIDS Coordinator reports directly to the Secretary of State.

BACKGROUND

Recognizing the global HIV/AIDS pandemic as one of the greatest challenges of our time, Congress enacted legislation to fight HIV/AIDS internationally through the President's Emergency Plan for AIDS Relief (PEPFAR)—the largest international health initiative in history by one nation to address a single disease. Although PEPFAR originally planned to provide \$15 billion over 5 years for the prevention, treatment, and care of individuals with HIV/AIDS, \$18.8 billion has been committed through January 3, 2008, with 58 percent allocated to programs in 15 focus countries.² In addition, President Bush has requested that Congress reauthorize PEPFAR for \$30 billion over 5 additional years.

PEPFAR also devoted \$5 billion out of the originally planned \$15 billion to other bilateral programs in more than 100 countries and increased the U.S. pledge to the Global Fund³ by \$1 billion over 5 years. To date, the United States has contributed more than \$2.5 billion to the Global Fund.

This audit covered nonfocus country missions in Cambodia, India, Malawi, Russia, and Zimbabwe. These five missions obligated a total of about \$72.4 million for PEPFAR activities in fiscal year 2006. The next five paragraphs summarize the nature of the HIV/AIDS pandemic in these five countries, and USAID's response.

Nationally, the HIV prevalence rate in Cambodia has fallen to an estimated 0.9 percent among the adult (15–49 years of age) population in 2006, down from a peak of 2 percent in 1998. Approximately 130,000 people were living with HIV/AIDS in Cambodia in 2005. Cambodia's epidemic is spread primarily through heterosexual transmission and revolves largely around the sex trade. In fiscal year 2005, USAID allocated \$14.3 million of Child Survival and Health funds and \$500,000 of Global HIV/AIDS Initiative funds for PEPFAR activities in Cambodia. As of September 30, 2006, USAID/Cambodia had obligated about \$14.7 million for activities implemented by 12 partners.

In India, according to the *2006 Report on the Global AIDS Epidemic* published by the United Nations, in 2005 approximately 5.7 million people were living with HIV/AIDS—the largest number of any country in the world. The adult prevalence rate is estimated at 0.9 percent. Sexual transmission accounts for the vast majority of HIV infections in India, and prostitution is a driving factor of the epidemic. USAID allocated \$16.1 million of Child Survival and Health funds and an additional \$4.4 million from the Global HIV/AIDS Initiative account for fiscal year 2005.

Malawi was categorized as one of PEPFAR's nonfocus countries receiving more than \$10 million yearly starting in fiscal year 2006. According to PEPFAR's country profile, approximately 940,000 people under the age of 50 were living with HIV/AIDS, and the

² Twelve countries in Africa (Botswana, Côte d'Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, and Zambia), and three other countries (Guyana, Haiti, and Vietnam).

³ The Global Fund is a public-private partnership that raises money to fight AIDS, tuberculosis, and malaria.

adult prevalence rate was 14.1 percent by the end of 2005. The primary mode of HIV transmission is unprotected heterosexual sex. The second major mode is mother-to-child transmission, accounting for approximately 83,000 pediatric HIV infections in 2005. USAID/Malawi obligated \$10.2 million in fiscal year 2006 for HIV/AIDS activities.

Russia has experienced one of the fastest growing HIV/AIDS epidemics in the world over the past decade. Russia identified its first case of HIV in 1987, and until 1995 the prevalence rate remained low. In 1996, however, the infection rate exploded, with 1,515 new cases. After reaching its highest level to date in 2001, the annual number of newly diagnosed HIV/AIDS cases in Russia has remained relatively steady. At the end of 2005, there were approximately 350,000 registered cases of HIV/AIDS in Russia. These figures, however, are not accurate, as many cases are not officially reported. During fiscal year 2006, USAID/Russia obligated \$15.5 million to HIV/AIDS activities implemented by 10 prime implementing partners.

USAID/Zimbabwe's 5-year strategy presents information on the social and economic situation in Zimbabwe and the fight against AIDS. With an HIV prevalence rate as high as 20.1 percent, 180,000 new infections each year, and 185,000 deaths each year from AIDS, Zimbabwe is at the epicenter of the HIV/AIDS pandemic. Exacerbating the current pandemic is Zimbabwe's political and economic climate. Zimbabwe continues to suffer a severe socioeconomic and political crisis, including unprecedented rates of inflation and severe loss of Zimbabwe's health professionals. Elements of a previously well-maintained health care infrastructure are crumbling. Food insecurity is a contributing factor to suboptimal nutrition, which increases the vulnerability of individuals with compromised immune systems to life-threatening opportunistic infections, such as tuberculosis. USAID/Zimbabwe's program was implemented by four partners and received a total contribution of \$11.5 million from the U.S. Government.

PEPFAR is directed by the Department of State's Office of the U.S. Global AIDS Coordinator (AIDS Coordinator). To ensure program and policy coordination, the AIDS Coordinator manages the activities of the U.S. Government agencies responding to the pandemic. PEPFAR is implemented collaboratively by in-country teams made up of staff from USAID, the Department of State, the Department of Health and Human Services, and other agencies. The Bureau for Global Health has general responsibility for USAID's participation in PEPFAR. The director of Global Health's Office of HIV/AIDS provides the technical leadership for USAID's program.

The U.S. President and Congress have set aggressive goals for addressing the worldwide HIV/AIDS pandemic. The worldwide goal over 5 years is to provide treatment to 2 million HIV-infected people, prevent 7 million HIV infections, and provide care to 10 million people infected or affected by HIV/AIDS, including orphans and vulnerable children.

AUDIT OBJECTIVE

As part of the Office of Inspector General's fiscal year 2007 annual audit plan, the Performance Audits Division directed this audit to answer the following question:

- Did USAID's prevention, care, and treatment activities in the President's Emergency Plan for AIDS Relief achieve planned results in its grants, cooperative agreements, and contracts?

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

AUDIT FINDINGS

Three of the five missions audited achieved planned results in their grants, cooperative agreements, and contracts in fiscal year 2006 for the President's Emergency Plan for AIDS Relief (PEPFAR). In one of the five missions planned results were not met primarily because of hyperinflation. In the other country unreliable data made it difficult to determine if results had been achieved. Specifically,

- USAID/Russia's, USAID/Cambodia's, and USAID/India's PEPFAR activities achieved the planned results in their grants, cooperative agreements, and contracts.
- USAID/Zimbabwe's PEPFAR activities did not achieve planned results in their grants, cooperative agreements, and contracts. Twenty-eight of 48 planned outputs were achieved. Hyperinflation in Zimbabwe, which eroded purchasing power daily, contributed to the low achievement rate because implementing partners' professional staff fled the country to escape the rising cost of living.
- USAID/Malawi's PEPFAR activities did not achieve planned results in their grants, cooperative agreements, and contracts. Five of seven planned outputs were achieved. For the remaining two planned results, the audit team could not determine whether the intended results were achieved because of unreliable data.

The results achieved, however, are particularly noteworthy and have had an impact, given the challenging operating environment of some missions. However, despite these notable achievements, the audits conducted at the five missions reported internal control weaknesses related to performance management and data quality of outputs. Addressing these weaknesses will improve program management.

The following subsections discuss some of the noteworthy accomplishments and some internal control weaknesses noted at the missions.

Some Programs Achieved Measureable Results

All five of the missions audited reported achievements in several areas of the program, despite the challenging operating environment in some of these countries.

USAID/Russia completed several significant projects, including the following:

1. Assistance to Russian orphans project – This project conducted numerous training activities related to preventing child abandonment, provided assistance for special needs children and their families, and offered case management approaches.



Photograph of a mother/child hospital room, part of an effort to reduce the number of babies abandoned by HIV-infected mothers, at a USAID-supported hospital in St. Petersburg, Russia (June 2007).

2. Prevent AIDS Project – Despite budgetary reductions and delays, the project was still able to (1) achieve most of its programmatic objectives for the year for activities in the two focal cities of St. Petersburg and Samara; (2) initiate activities in a third focal city (Orenburg) by the end of FY 2006; and (3) successfully implement case management and outreach efforts in St. Petersburg, Saratov, and Samara during the fiscal year.



Photographs of a mobile outreach bus that provides care and counseling to intravenous drug users, one of the many activities being implemented as part of the USAID-supported Prevent AIDS project in St. Petersburg, Russia (June 2007).

USAID/Cambodia – Although Cambodia is one of the poorest countries in the world, extraordinary HIV prevention and control efforts exerted by the Government of Cambodia and its partners have helped to reduce the spread of HIV. Between 2003 and 2005, the estimated HIV prevalence among adults ages 15 to 49 declined from 2.0 percent to 1.6 percent. Through PEPFAR, the U.S. Government and its partners work in partnership with the Government of Cambodia to implement Cambodia’s National Strategic Plan for HIV. This was accomplished through cooperation among partner governments, nongovernmental, community-based, and faith-based organizations, and people living with HIV/AIDS. Given the limited health care resources and capacity in many communities, PEPFAR provides integrated HIV/AIDS prevention, care, and treatment services that maximize the effectiveness of available services.

USAID/India – The mission achieved planned targets for its grants, cooperative agreements, and contracts for fiscal year 2005. Most notable, the mission achieved 132 percent of its target for the number of people living with HIV/AIDS accessing services provided (achieved 4,605, exceeding its target of 3,482).

USAID/Zimbabwe – Despite problems with hyperinflation as discussed earlier, the mission managed to achieve some impressive results, including the following:



In conjunction with widely distributing condoms to the highest-risk areas, USAID/Zimbabwe’s road shows have proven to be an effective way to convey important prevention information by engaging the community interactively to dispel misinformation about HIV/AIDS. In this photo, the facilitator is demonstrating the strength and capacity of a condom to counter the misconception that condoms break too easily and therefore are not worth using. Photo taken by a RIG/Dakar auditor in Chendambuya, Zimbabwe, in May 2007.

As a key condom distributor in Zimbabwe, the mission’s condom out-of-stock rate in public facilities was less than 5 percent for fiscal year 2006. In addition, the mission’s

social marketing program was successful, with high condom sales per capita. The mission's outreach activities, estimated to have reached more than 93,000 individuals (mission's expectations were to reach 10,000 individuals), included road shows that promoted HIV prevention and other behavior changes beyond abstinence or being faithful.

USAID/Malawi – The mission significantly exceeded its targets for (1) the number of pregnant women who received HIV counseling and testing for prevention of mother-to-child transmission and received their test results, (2) the number of individuals trained to promote HIV/AIDS prevention through abstinence and/or being faithful, and (3) the number of individuals who received counseling and testing for HIV and received their test results.

USAID Should Strengthen Performance Management

According to Automated Directives System 203.3.3, operating units are responsible for establishing performance management systems to measure progress toward intended objectives. However, at three missions audited, performance monitoring needed improvement. According to the missions, this was primarily due to a shortage of staff and other competing priorities at the missions. Consequently, the ability to monitor and track PEPFAR's achievement of intended results was limited.

According to Automated Directives System (ADS) 203.3.3, operating units are responsible for establishing performance management systems to measure progress toward intended objectives. The ADS defines performance management as “the systematic process of monitoring the results of activities; collecting and analyzing performance information to track progress toward planned results; and using performance information to influence program decisions.” This systematic analysis of the progress of a strategic objective determines whether USAID-supported activities are leading to the results outlined in the approved results framework. The ADS suggests that during the portfolio review, the mission review outputs—defined as “a tangible, immediate, and intended product for consequence of an activity within USAID's control”—to specifically address two questions: (1) Are the planned outputs being completed on schedule? (2) Are the planned results leading to the achievement of the desired results as anticipated?

We encountered different situations in which performance management at the missions should be strengthened. For example,

- In Zimbabwe, the mission did not review its activities at the output level, which resulted in erroneous or inconsistent reporting. Some indicator results had not been monitored, the percentage of planned output achieved was not calculated correctly, and some planned targets were not documented. For example, the mission was responsible for monitoring 48 outputs identified in its cooperative agreements with four implementing partners. However, for three of the four partners, the audit team was unable to compare the planned outputs with the yearend results reported by the partners, as follows: (1) one partner listed 15 planned outputs, but reported on only 1 output; (2) a second partner received

funding from two donors but did not use a consistent attribution methodology for calculating results achieved for each donor; and (3) a third partner's work plan did not include any planned outputs.

- The Malawi mission's performance management plan did not fully reflect all of the relevant activities. For example, although some of the indicators listed were similar to those in PEPFAR, some indicator definitions in the performance management plan differed from those of PEPFAR. Furthermore, even though targets were set for PEPFAR indicators—including targets reported in USAID's Performance and Accountability Report—starting in fiscal year 2006 and beyond, the available baselines in the performance management plan for setting targets were at least 2 years old. As a result, the performance management plan lacked a complete set of relevant indicators that reflect PEPFAR activities and serve as useful baselines for setting targets.
- In Cambodia, mission staff did not conduct regular contact and site visits for one partner. Site visits that were conducted on another partner were not documented. In addition, the targets were set too low for the indicators. All of the indicators exceeded their targets by at least 30 percent, including two that exceeded the target by more than 60 percent.

According to mission management at the three missions, these issues occurred primarily because of a shortage of staff, especially in Zimbabwe, where political and economic conditions were challenging.

In Cambodia, other competing work requirements also contributed to the problem. Concerning the problem of setting targets too low in Cambodia, the mission did not factor in the Government of Cambodia's expanded voluntary counseling and testing sites for HIV, which contributed to more results reported than planned. Also, the mission was unfamiliar with PEPFAR's new target-setting process and was unaware that the PEPFAR targets could be adjusted.

Consequently, USAID was limited in its ability to monitor and track PEPFAR's achievement of intended results. A more thorough review of the activities would allow the missions to ensure that outputs identified in its agreements are effectively monitored, which would provide the basis for sound performance management.

Given that the ADS already specifies the importance of monitoring and measuring progress and achieving outputs, and the three mission-level audit reports have already made specific recommendations to correct the problems identified, we are not making a recommendation related to this issue.

USAID Should Improve Data Quality

According to Agency guidance, measuring performance effectively means that missions must ensure that quality data are collected and available to make management decisions. However, four of the five mission audit reports showed that reported results were not verified. Also, a data quality assessment was not properly conducted at one mission. According to the missions, the causes for these data quality weaknesses included (1) other competing priorities for the mission, (2) lack of staff, (3) misinterpretation of USAID guidance, and (4) lack of detailed guidance at one mission. Relying on inaccurate data could result in inappropriate management decisions or in understated or overstated reporting results.

According to Agency guidance, measuring performance effectively means that missions should ensure that quality data are collected and available to make management decisions. ADS 203.3.5.1 states that data reliability is a key dimension of data quality. Only by using reliable data collected over time can program managers evaluate the effectiveness of their program and determine its direction and relative efficiency. Also, according to ADS 203.3.5.2, a data quality assessment is used to ensure that the operating unit is aware of the strengths and weaknesses of the data and of the extent to which the data integrity can be trusted to influence management decisions.

As discussed in more detail below, four of the five mission audit reports identified issues related to data quality of outputs.

- In India, the cognizant technical officers' site visits were not designed to determine if partners were properly monitoring the data quality of results reported by the partners or by their subrecipients. In addition, USAID/India did not conduct a data quality assessment for one of its largest implementing partners and performed a data quality assessment only by phone with another of its largest implementing partners. Mission staff misinterpreted USAID guidance, and the cognizant technical officers did not know that it was their responsibility to monitor data quality results during site visits.
- In Zimbabwe, for three of the four partners reviewed, problems were found with the data collection system and the accuracy of data reported to USAID, affecting 6 of the 12 outputs tested. According to the mission, other competing priorities and a lack of staff at the mission contributed to these problems.
- In Malawi, the mission's reported data contained numerous errors. For example, the mission reported that targets were reached for all seven results indicators in PEPFAR. However, the data for two of the results included information that predated fiscal year 2006. In addition, the data supporting these two results included data collected from both PEPFAR and non-PEPFAR activities. Furthermore, one subrecipient used two sets of data to report on palliative care because it assumed that the same data definition applied to both. In summary, the mission did not verify the reported data to ensure their reliability and accuracy. The mission was not aware of the additional requirements for

assessments of data provided by the implementing partner. Also, mission staff did not conduct site visits, which could have included data verification.

- In Russia, the mission was not performing the level of review necessary for data quality purposes. Testing of the reported results revealed that some information reported by a subrecipient could not be supported. In addition, in several instances the mission-aggregated results data differed significantly from the supporting monthly reports submitted by the partner. Also, the audit revealed at least in one case in which data reported may not have been appropriate and consistent with what the indicator was intended to measure. Although existing policies and program guidance indicate that U.S. Government country teams are responsible for ensuring that reported data are of good quality assurance, the policy guidance does not outline specific procedures for achieving data quality assurance.

Relying on inaccurate data could result in inappropriate management decisions or in results being understated or overstated. Therefore, a mission cannot reliably determine if its program is achieving planned results, and the mission may report inaccurate information to the AIDS Coordinator and other decision makers.

Since PEPFAR activities in four of the five missions audited had data quality issues, we are concerned about the risk that PEPFAR activities in other missions might also have data quality issues. Given the importance of data quality assurance, we believe that all missions with PEPFAR activities should be provided with clear and explicit guidance. Therefore, we are making the following recommendation.

Recommendation No. 1: We recommend that the USAID Director for the Office of HIV/AIDS request that the Department of State's Office of the U.S. Global AIDS Coordinator issue clear and explicit guidance to all missions with the President's Emergency Plan for AIDS Relief activities to ensure that (a) data quality assessments are conducted properly and (b) reported results are properly verified.

EVALUATION OF MANAGEMENT COMMENTS

USAID's Office of HIV/AIDS comments to the draft report are included in their entirety in appendix II.

In its comments to the draft report, USAID's Office of HIV/AIDS agreed with the recommendation in the report. USAID noted that the Department of State's Office of the Global AIDS Coordinator also agreed with the recommendation. A data quality assurance tool has been developed and will be included within the fiscal year 2009 country operational plan guidance to be sent out to PEPFAR countries in early June 2008. This tool will assist country programs in assessing and improving data quality. In addition, the Department of State's Office of Global AIDS Coordinator and its implementing partners (USAID and the Centers for Disease Control and Prevention) will hold a series of regional training in calendar year 2008. USAID's Office of HIV/AIDS will continue to provide technical assistance on data quality at the request of our missions. Therefore, we consider that final action has been taken on the recommendation.

SCOPE AND METHODOLOGY

Scope

The Office of Inspector General conducted audits at five missions in accordance with generally accepted Government auditing standards. These audits were designed to answer the following question: Did USAID's prevention, care, and treatment activities in its President's Emergency Plan for AIDS Relief (PEPFAR) achieve planned results in its grants, cooperative agreements, and contracts? This report summarizes the results of audit work conducted both at USAID offices in Washington, DC, and at selected overseas missions.⁴ The audit fieldwork was conducted from December 13, 2006, through March 4, 2007, as follows:

- Washington, DC—December 13, 2006 through March 4, 2007.
- India—at the mission and various sites from January 29 through February 17, 2007.
- Zimbabwe—at the mission and various sites from May 7 through May 24, 2007.
- Malawi—at the mission and various sites from May 8 through June 18, 2007.
- Russia—at the mission and various sites from May 29 through June 21, 2007.
- Cambodia—at the mission and various sites from June 5 to June 29, 2007 and in Thailand on July 2, 2007.

In conducting these audits, we assessed the effectiveness of USAID's internal controls related to PEPFAR. The management controls identified included the missions' annual reports, data quality assessments, and annual self-assessments of management controls as required by the Federal Managers' Financial Integrity Act; trip reports to document field visits by cognizant technical officers; program progress reports; and day-to-day interaction between mission staff and implementers.

The cutoff date for measuring achievement of selected outputs was September 30, 2006.

Methodology

We reviewed relevant documentation related to PEPFAR, including but not limited to missions' performance management plans, annual reports, cooperative agreements and contracts, implementing partners' quarterly and annual progress reports, and field trip reports to determine progress toward outputs. We interviewed officials, including mission staff working under PEPFAR, implementing partners, and subpartners, and conducted visits to various sites. We judgmentally selected key outputs for each selected partner and compared those output percentages against the audit threshold criteria to determine if planned outputs were achieved.

⁴ See appendix IV for a list of audit reports issued during this worldwide audit.

The audit threshold criteria were as follows for the audits conducted of USAID/India, USAID/Zimbabwe, USAID/Malawi, and USAID/Cambodia:

- 1) If at least 90 percent of the selected key outputs have been achieved,⁵ the answer to the audit objective would be positive.
- 2) If at least 80 percent but less than 90 percent of the selected key outputs have been achieved, the answer to the audit objective would be qualified.
- 3) If less than 80 percent of the selected key outputs have been achieved, the answer to the audit objective would be negative.

The audit threshold criteria for the audit conducted of USAID/Russia was set at 75 percent.⁶ That is, if the activities contained in the project work plans were consistent with the project's overall goals and the implementing partners had achieved at least 75 percent of planned outputs for the fiscal year, the program was judged either to have achieved or to be making acceptable progress toward achieving its planned results.

For purposes of this summary audit report, we did not establish a materiality threshold to answer the audit objective, but instead report on the actual results of the five missions.

⁵ The audit team considered an output to be achieved if the partner completed at least 90 percent of the expected (planned) output.

⁶ Each Regional Inspector General office was able to establish its own materiality threshold for this audit.

MANAGEMENT COMMENTS



MEMORANDUM

TO: IG/A/PA, Steven H. Bernstein, Director

FROM: GH/OHA, Denny Robertson, Acting Director /s/

SUBJECT: Audit of USAID's Implementation of the President's Emergency Plan for AIDS Relief (Report No. 9-000-08-00X-P)

This memorandum transmits the Office of HIV/AIDS' response to the draft audit report titled "Audit of USAID's Implementation of the President's Emergency Plan for AIDS Relief (Report No. 9-000-08-00X-P).

This report recommends the Office of HIV/AIDS Director request that the Department of State's Office of the U.S. Global AIDS Coordinator issue clear and explicit guidance to all missions with Emergency Plan activities to ensure that data quality assessments are conducted properly and reported results are properly verified.

Both USAID/OHA and the Department of State/Office of the Global AIDS Coordinator fully agree with your recommendation. A Data Quality Assurance Tool has been developed and will be included within the FY 2009 Country Operational Plan (COP) guidance that will be sent out to all PEPFAR countries in early June 2008. This tool will assist country programs in assessing and improving data quality.

The Data Quality Assurance Tool ensures:

- The completeness, accuracy and consistency of the data;

- The upstream (indirect) and downstream (direct) framework for target setting and results reporting; and,
- The identification and resolution of double-counting.

This tool consists of diagnostics, guidance, worksheets, and text boxes that emphasize preventing and managing data quality challenges and documenting process so that reporting systems are auditable. Its overall goal is to provide clear and practical guidance so that each PEPFAR country program understands the constraints to good results reporting and addresses them in the same way.

USAID/OHA continues to provide technical assistance on data quality at the request of our missions. In addition, OGAC and its implementing partners (USAID and CDC) will hold a series of regional trainings in calendar year 2008 and 2009.

In closing, the Office of HIV/AIDS would again like to express its appreciation for the manner in which these audits were conducted and the usefulness of the findings contained therein.

Audit Recommendations by Mission Audited⁷

Mission	Audit Recommendations	Recommendation Status
India	1. Conduct data quality assessments on data reported by AIDS Prevention and Control and Avert Society.	Final Action
	2. Develop mission-specific procedures to ensure that future data quality assessments are conducted on a timely basis, in accordance with USAID policy, and include recipients with significant PEPFAR funding.	Final Action
	3. Develop mission-specific procedures and include, in the trip reporting format, a requirement that cognizant technical officers review documentation during their site visits to prime recipients to determine if the prime recipient is properly monitoring data quality.	Final Action
	4. Require Family Health International to develop procedures that provide consistent data accumulation and reporting for all its subrecipients, and require testing of output source documents to reported data during site visits to its subrecipients.	Final Action
	5. Require Avert Society and AIDS Prevention and Control to document their testing of output source documents to reported data during site visits to subrecipients.	Final Action
Zimbabwe	1. Revise its Mission Order on semiannual portfolio reviews to include reviewing output level data to ensure that outputs in grants, cooperative agreements and contracts continue to be monitored in addition to higher-level results.	Management Decision

⁷ The audit recommendation status was obtained from the Consolidated Audit Tracking System, a database managed by USAID's Audit, Performance and Compliance Division, on April 8, 2008. A management decision is made when the Office of the Inspector General (OIG) agrees with the USAID audit action officer on the appropriateness of corrective action, or when the OIG acknowledges that a contract, grant, or agreement officer has made a management decision. For performance audits such as the above mentioned mission-level audits, the OIG must agree that the proposed action will correct the adverse situation that necessitated the recommendation. Final action occurs when action has been taken to correct or improve the problem, or when management has demonstrated that action is not necessary.

Mission	Audit Recommendations	Recommendation Status
	<p>2. Develop procedures that define the roles and responsibilities of mission and partner staff in assuring the quality of PEPFAR activity data. At a minimum, this would include procedures related to verifying reported data with source documentation, 12 documenting key assumptions and calculations, and maintaining documentation to support reported results.</p>	Management Decision
Malawi	<p>1. Update its performance management plan to fully reflect the relevant activities being carried out under PEPFAR and establish new baselines for its indicators.</p> <p>2. Develop formal procedures for (a) reviewing and providing prompt feedback concerning quarterly reports and (b) following up with partners to ensure that corrective actions are taken related to data quality.</p> <p>3. Establish a plan to conduct regular site visits of partners' activities and validate PEPFAR partners' data during those site visits.</p> <p>4. Conduct data quality assessments for its PEPFAR indicators, including verification of partners' field data.</p> <p>5. Review the data-collecting methodology of its PEPFAR partners, recalculate the actual data for fiscal year 2006, as necessary, and restate these amounts in its fiscal year 2007 PEPFAR Annual Report.</p> <p>6. Request a decision from USAID's Office of Acquisition and Assistance Policy Division as to whether agreements predating the June 2006 change to ADS should be amended to include the mandatory standard provision addressing equal protection of law for faith-based and community organizations and, as necessary, amend all agreements to include this mandatory standard provision.</p>	<p>Management Decision</p> <p>Management Decision</p> <p>Management Decision</p> <p>Management Decision</p> <p>Management Decision</p> <p>Management Decision</p>

Mission	Audit Recommendations	Recommendation Status
Russia	<ol style="list-style-type: none"> 1. Develop specific procedures for its PEPFAR program activities that clearly define the roles and responsibilities of activity managers and partners for data quality assurance of the reported program results. At a minimum, these procedures should include the following: (a) spot checks of reported data to supporting records to verify accuracy and (b) a review of data and data sources to ensure that results reported to the mission are appropriate and consistent with the prescribed indicator definitions. 	Management Decision
Cambodia	<ol style="list-style-type: none"> 1. Establish mission-specific procedures to revise its performance targets for PEPFAR activities when there are significant program changes. 2. Develop mission-specific procedures requiring that site visits of PEPFAR activities be documented and maintained in the official award file. 3. Coordinate with the Regional Development Mission/Asia to formally redelegate cognizant technical officer duties to in-country activity managers by using a designation letter from the agreement officer that authorizes and clearly outlines such redelegated duties. 	<p>Management Decision</p> <p>Final Action</p> <p>Management Decision</p>

Audit Reports Issued

The following reports were issued as part of this PEPFAR (nonfocus countries) audit. The reports are available on USAID/OIG's Web site at <http://www.usaid.gov/oig/public/fy07rpts/fy07rpts1.html>

Report No. 9-910-07-006-P, *Audit of USAID/India's Implementation of the President's Emergency Plan for AIDS Relief*, May 30, 2007

Report No. 7-613-08-001-P, *Audit of USAID/Zimbabwe's Implementation of the President's Emergency Plan for AIDS Relief*, October 24, 2007

Report No. 4-612-07-011-P, *Audit of USAID/Malawi's Implementation of the President's Emergency Plan for AIDS Relief*, September 21, 2007

Report No. 8-118-07-004-P, *Audit of USAID/Russia's Implementation of the President's Emergency Plan for AIDS Relief*, August 10, 2007

Report No. 5-442-07-010-P, *Audit of USAID/Cambodia's Implementation of the President's Emergency Plan for AIDS Relief*, September 18, 2007

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