



**USAID**  
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**AUDIT OF USAID/SENEGAL'S  
MONITORING OF SELECTED  
AGRICULTURE AND  
NATURAL RESOURCES  
MANAGEMENT ACTIVITIES**

AUDIT REPORT NO. 7-685-05-007-P  
August 30, 2005

DAKAR, SENEGAL



*Office of Inspector General*

August 30, 2005

**MEMORANDUM**

**TO:** USAID/Senegal Director, Olivier Carduner

**FROM:** RIG/Dakar, Lee Jewell III /s/

**SUBJECT:** Audit of USAID/Senegal's Monitoring of Selected Agriculture and Natural Resources Management Activities (Report No. 7-685-05-007-P)

This memorandum is our final report on the subject audit. In finalizing this report, we considered management's comments on our draft report and included them in Appendix II.

This report contains six recommendations to which you concurred in your response to the draft report. Based on appropriate actions taken by the Mission, management decisions have been reached, and all recommendations are considered closed upon issuance of this report. No further action is required of the Mission.

I appreciate the cooperation and courtesies extended to the members of our audit team during this audit.

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# SUMMARY OF RESULTS

The objective of this audit was to determine if USAID/Senegal monitored the performance of selected agriculture and natural resources management (AG/NRM) activities to ensure that intended objectives were achieved. (See page 2.)

We concluded that USAID/Senegal monitored the performance of selected AG/NRM activities to ensure that intended objectives were achieved, by communicating frequently with the implementing partner and performing site visits to observe activities regularly. The Cognizant Technical Officer was also proactive in dealing with problems in the program as they arose. (See page 3.)

However, there were weaknesses noted in USAID/Senegal's monitoring that 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. (See pages 3-10.)

This report contains recommendations that USAID/Senegal (1) re-evaluate the validity and relevancy of existing indicators and targets on the overall success of program activities; (2) require the implementing partner to develop procedures to conduct and document periodic supervisory visits; (3) require the implementing partner to develop procedures and assign specific responsibility, so that the monitoring and evaluation system operates as intended; (4) require the implementing partner to schedule training for the facilitators on proper completion of the different indicator data-collection forms; (5) develop procedures to require periodic verification of implementing partners to determine that they are maintaining appropriate and sufficient documentation to support reported results; and (6) develop specific procedures to 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. (See pages 5, 7, 8, and 10.)

USAID/Senegal agreed with all of the findings and recommendations. Based on appropriate actions taken by the Mission, management decisions have been reached on all six recommendations. The six recommendations are considered closed upon issuance of this report. (See pages 11-12.)

# BACKGROUND

Sustainable natural resource management is addressed as a crosscutting theme in USAID/Senegal's Country Strategic Plan (CSP) for 1998-2006. Since January 2003, USAID/Senegal has sought to improve lives and protect resources in Senegal with a new, unique program embracing the concepts of wealth, nature and power by promoting conservation, poverty reduction and good governance. The objective of Senegal's Agriculture and Natural Resources Management (AG/NRM) Program, known locally as Wula Nafaa, is to contribute to poverty reduction and sustainable local development by increasing the incomes of rural producers and local communities through the empowerment of local authorities and the promotion of integrated, decentralized, participatory resource management. The program consists of three main components:

- The Community Benefits Component is the primary vehicle for addressing the Wealth aspects of the program, focusing on the development of small and medium enterprises, increased and appropriate production of non-traditional agricultural and natural resources, and the generation of economic benefits for rural communities.
- The Rights and Responsibilities Component, addressing the Nature concept, fosters improved, community-based, decentralized management through the effective transfer of skills, rights, authorities, and other competencies that support improved local governance, more sustainable agricultural production, and NRM as a foundation for enterprise development.
- The Policy Component, addressing the concept of Power, is a crosscutting series of activities aimed at reducing barriers to sustainable NRM and, in the process, helping the other program components to ensure that rural communities benefit economically and ecologically from their involvement in local NRM decisions and activities.

The Wula Nafaa program is a 5-year, \$12 million program jointly funded by the Democracy and Governance and Private Enterprise Support strategic objectives at USAID/Senegal. The program is a partnership between USAID/Senegal and the Government of Senegal's Ministry of Environment and Nature Protection, and is being implemented by the International Resources Group. The program commenced activities in the regions of Tambacounda and Kédougou in 2003, expanded activities to Kolda in 2004, with Ziguinchor to follow in 2005.

## AUDIT OBJECTIVE

In accordance with its fiscal year 2005 audit plan, the Regional Inspector General/Dakar performed this audit to answer the following audit objective:

- Did USAID/Senegal monitor the performance of selected agriculture and natural resources management (AG/NRM) activities to ensure that intended objectives were achieved?

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

# AUDIT FINDINGS

USAID/Senegal monitored the performance of selected agriculture and natural resources management (AG/NRM) activities to ensure that intended objectives were achieved, with some noted exceptions.

The AG/NRM team at USAID/Senegal was actively involved in, and had thorough knowledge of the program activities. They maintained ongoing communication with the implementing partner, International Resources Group (IRG). For example, members of the AG/NRM team made regular visits not only to the implementing partner office in Tambacounda (about 7 hours from Dakar), but also to rural sites where activities were implemented. Additionally, the Cognizant Technical Officer (CTO) was proactive and responsive in addressing problems within the program as they were brought to his attention. For example, when performance problems and management issues plagued the program during 2004, the CTO conferred with IRG headquarters management, which ultimately led to a change in Chief of Party. The CTO also took action when he found problems with the Small Grants component of the program. During one of his regular reviews of partner activities, he found that grants were being awarded that would not forward or assist the program in meeting its intended objectives. He instructed the partner to suspend the small grants until further instructions and guidance could be disseminated through the program staff. He was also proactive in addressing problems with the partner's reports when their periodic progress reports did not meet the requirements and standards included in the contract.

Although these efforts were significant in monitoring AG/NRM activities, we noted several weaknesses. For example, the program was in need of a re-evaluation of its indicators and targets as the implementing partner results were inconsistent with expected results. Also, at the implementing partner level, there was a lack of oversight, and reported results were not always supported with adequate documentation. Finally, USAID/Senegal did not verify or maintain documentation to support the results it reported in the Mission's Annual Report. These issues are discussed in detail below.

## **Re-Evaluation of Program Indicators and Targets Needed**

Summary: The implementing partner, International Resources Group (IRG), reported results for 12 of 17 indicators that were significantly higher or lower than the established targets. According to the implementing partner, for some of the indicators, less progress was achieved than expected due to delays in the program's implementation. Although some modifications were made to the indicators and targets after the first year of the program, second-year results indicate that further evaluation is needed, in accordance with USAID guidance and the partner's contract. Without such an assessment, the Mission cannot fully manage the program toward realistically achievable results and accurately evaluate the impact of the program.

In its annual report for fiscal year 2004, IRG reported results on 17 program indicators. However, many of the results reported were significantly higher or lower than the indicators' targets, suggesting that perhaps the performance targets were not realistic. For 3 of the 17 indicators, IRG's reported results greatly exceeded the expected targets. For example, in the Community Benefits component, one indicator reflected the number of community groups that successfully negotiated and entered into commercial ventures. The target established for the second year of the program was 25 communities, but the partner reported 123 communities--representing an almost 500 percent achievement rate.

For 9 of the 17 indicators, IRG's reported results fell short of the expected performance established by the targets. For example, for four results, IRG reported no achievement towards the targets, with only a 10 and 11 percent achievement for another two indicators. The results for another three indicators were less than 70 percent of the targets, with achievement rates of 50 percent, 67 percent and 68 percent.

Both the implementing partner and USAID/Senegal have responsibility to review and assess the relevancy of indicators and established targets. According to the contract, IRG is expected to ensure that indicators are adequately defined, to allow for measurement and to assess, as necessary, the baselines and targets for the program indicators. Additionally, Automated Directives System (ADS) 203.3 states that operating units should use performance information to assess progress in achieving results and in making management decisions. Moreover, ADS 200.2 states that teams are responsible for managing the achievement of programs, which includes modifying approaches when necessary.

According to the CTO and implementing partner, some program targets were behind schedule due to delays with the start-up of the program. Although multi-year targets were set out for the program in the first program proposal in May 2002, the contract did not commence until January 2003, and the program had a longer-than-expected start-up period. Consequently, results for the first year were based on 6 months of activities, but were compared to a 12-month target. Also, as a result of the delay, some activities began too late to take advantage of the rainy season--a key external factor that affects progress and results in an agricultural program.

To their credit, the Mission did raise questions about some of the indicators in February 2003, one month after the signing of the contract. For example, the CTO questioned whether the targets were too high for the key indicators related to the number of natural resources and the number of non-traditional agriculture-based enterprises showing increased revenues. In March 2004, the contract was changed to reflect lower and presumably more realistic targets.

However, even with the revised targets, the program results for these indicators suggest that further re-validation is necessary. In the second year, IRG reported that 674 natural resource-based enterprises showed increased revenue--a 225 percent achievement rate when compared to the target of 300 enterprises. However, only 32 non-traditional agriculture-based enterprises were reported to have increased revenue for the same time period, representing an achievement rate of only 11 percent when compared to the target.

Use of indicators and targets that are unrealistic or not relevant will not assist in

achieving overall program objectives. While the staff at the implementing partner and USAID/Senegal have taken some action in the past to review and modify the indicators and targets, further review is needed based on the results reported for the second year of the program. Without such re-validation of the expected results, it will be difficult for the Mission to manage the AG/NRM program toward realistically achievable results and to accurately evaluate the performance and impact of the program. Therefore, to address this weakness, we make the following recommendation.

*Recommendation No. 1: We recommend that USAID/Senegal re-evaluate the validity and relevancy of existing indicators and targets on the overall success of program activities.*

## **Oversight by Implementing Partner Needs Improvement**

Summary: The implementing partner did not provide sufficient oversight of program activities. Supervisory visits to facilitators in the field were made infrequently. Additionally, the program's monitoring and evaluation procedures were not consistently followed, which resulted in inconsistencies in the data collected from the field. Adequate supervision was not provided due to constraints on the implementing partner's time and confusion over who was responsible for verifying field data. The partner's contract requires regular oversight of activities, as does USAID guidance and the Government Accountability Office's *Standards for Internal Control in the Federal Government*. Without proper oversight by the implementing partner, neither the partner nor the Mission can be assured that activities are going as planned and that accurate data is reported.

There were several situations where sufficient oversight by the implementing partner of program activities was lacking; these situations specifically related to supervision of facilitators and adherence to monitoring and evaluation system procedures.

Essential to the AG/NRM program, the facilitators reside in the program intervention zones and are responsible for facilitating community mobilization and organization, training and capacity-building, securing NR rights, improving NRM planning, and developing business and expanding product marketing. The facilitators spend most of their time in the field, and although they are expected to work independently, general supervision should be provided by facilitator coordinators and the managers of the Community Benefits and Rights and Responsibilities components.

However, direct supervision of the program's facilitators occurred infrequently and was inadequate. For example, some facilitator coordinators made only supervisory visits to one or two facilitators in their zones in a month, even though they were responsible for providing such supervision to as many as nine facilitators. Similarly, the manager of the Community Benefits component rarely went out into the field to oversee facilitators and program activities. Although the manager of the Rights and Responsibilities component traveled to the field frequently, he spent the majority of his time directly implementing program activities. In addition, the prior Chief of Party rarely went out into the field. One facilitator indicated that he had been visited by IRG supervisory staff only once, at the



beginning of the program.

Facilitator coordinators indicated that it was difficult to sufficiently supervise the facilitators in their zones. They cited the long distances between the villages, the arduous travel conditions, and budget constraints as factors affecting their ability to provide more frequent direct supervision. According to the implementing partner staff, during 2004 the supervisory staff's attention was consumed by other significant program issues, which severely limited the amount of time available to travel into the rural areas to perform direct supervision and monitoring.

Non-adherence to procedures established within the internal monitoring and evaluation (M&E) system also indicated a lack of sufficient oversight by partner staff. An internal M&E system was developed by IRG for collecting, processing and verifying program indicator data. For example, forms were developed to record indicator data collected in the field and contained built-in controls such as requiring supervisory signatures and verification of the data recorded on the forms. However, only the forms recording data for one indicator showed any evidence of the required supervisory review, although not every form for that indicator had the supervisor's signature. The forms to collect data for the other indicators, however, did not contain any evidence of supervisory review. Furthermore, none of the forms for any of the indicators showed evidence that the data was verified as required by the M&E system.

This lack of supervisory review and verification occurred due to a misunderstanding as to who should be verifying the data and to the lack of procedures assigning specific responsibility for verification of data. The manager for the Communities Benefit component indicated he relied on the facilitator coordinators to verify data reported by the facilitators, but the facilitator coordinators told us that they did not verify the data as that was the responsibility of the component manager.

The Government Accountability Office's *Standards for Internal Control in the Federal Government* states that internal control should generally be designed to ensure that ongoing monitoring occurs in the course of normal operations, which include regular management and supervisory activities. According to the contract, IRG is to perform routine monitoring of program activities. Furthermore, USAID's Automated Directives System (ADS) 303.5.13 incorporates by reference the regulations contained in Title 22, Volume 1 of Code of Federal Regulations (CFR), Part 226. CFR 226.51 states that recipients of USAID funding are responsible for managing and monitoring each project, program, sub-award, function or activity supported by the award. Accordingly, we believe that the implementing partner is responsible for providing oversight of all of its activities and interventions to ensure maximum impact of the AG/NRM program, including continuous supervision and field visits by supervisory staff.

Without adequate oversight, neither the Mission nor its partner can be assured that activities are being implemented as planned or that sufficient data is being collected. For example, the form to collect information on the volume of products marketed was used infrequently. As a result, the partner's results for this indicator had to be based on estimations rather than on concrete data from the field. Similarly, there were inconsistencies in the manner in which the data for various indicators were recorded by the different facilitators, indicating they may be uniquely interpreting the type of information and results to be recorded. Although the facilitators had received training related to the general use and completion of the forms, that training did not address the

specific requirements for the individual indicator forms. We believe that these irregularities and inconsistencies in the use of the data collection forms could have been avoided with adequate oversight by the IRG staff.

Therefore, to address the weaknesses related to the lack of sufficient oversight, we make the following recommendations.

*Recommendation No. 2: We recommend that USAID/Senegal require the implementing partner to develop procedures to conduct and document periodic supervisory visits.*

*Recommendation No. 3: We recommend that USAID/Senegal require the implementing partner to develop procedures and assign specific responsibility, so that the monitoring and evaluation system operates as intended.*

*Recommendation No. 4: We recommend that USAID/Senegal require the implementing partner to schedule training for the facilitators on proper completion of the different indicator data collection forms.*

## **Reported Results Need to Be Supported With Adequate Documentation**

Summary: The implementing partner did not have adequate documentation to substantiate results reported to USAID/Senegal, a situation caused by the lack of understanding by the implementing partner as to what support was needed as well as a lack of periodic checks on the part of the Mission. USAID and the Government Accountability Office's guidance emphasize the importance of accurate and reliable data and documentation for reported results. Without such data and documentation, the Mission is subject to receiving inaccurate, unsupported information that could be used in making decisions.

As part of the audit, documentation to support the results reported for 17 indicators in the IRG fiscal year 2004 annual report was reviewed. Because IRG reported no results for 4 of the indicators, documentation for the remaining 13 indicators was examined. For one of the indicators, there was a material discrepancy and lack of adequate supporting documentation.

In its fiscal year 2004 annual report, IRG reported that 396 communities/community-based organizations had undertaken community-led activities to increase productivity of NR in a sustainable manner. To support this result, IRG staff provided a listing, comprised of several documents, of all the communities considered for that result. However, this list showed a total of 478 communities, representing a 23 percent difference between the supporting documentation and the reported results. Furthermore, based on dates associated with some of the communities listed, we questioned whether they all should be included on the list or if some should be counted for a different time period. IRG staff could not reconcile the difference between the reported number and the supporting documentation, nor could they clarify which

communities should be included in the count.

USAID guidance emphasizes the importance of high quality, accurate and reliable results reporting information in order to properly measure results. According to the Automated Directives System (ADS) 203.3.5.1, data quality standards include validity, integrity, precision, reliability, and timeliness. Valid data should clearly and adequately represent the intended result. Data should also be reliable in the fact that it should reflect stable and consistent data collection processes and analysis methods over time. In addition, the Government Accountability Office's *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 for examination.

The lack of adequate documentation was caused by a lack of understanding on the part of the implementing partner staff as to what documentary support for results needs to be maintained. Additionally, even though the Mission did a spot check of data in August 2004 for the June 2004 progress report, a lack of systematic periodic checks of the data also contributed to the problem.

Without proper supporting documentation, the data being reported to USAID/Senegal could either be under- or over-reported. This erroneous data could be used to make inappropriate programmatic decisions for future activities and could be passed on to USAID/Washington in the Annual Report. The following recommendation is made to address the lack of supporting documentation.

*Recommendation No. 5: We recommend that USAID/Senegal develop procedures to require periodic verification of implementing partners to determine that they are maintaining appropriate and sufficient documentation to support reported results.*

## **Annual Report Results Need To Be Documented and Verified**

Summary: The AG/NRM team at USAID/Senegal did not maintain sufficient documentation to verify the accuracy of some of the results reported included in the Mission's FY 2005 Annual Report. Of the 10 reported program results, discrepancies were found between the report and the support provided for two results, and a mathematical error for a third result. The Mission did not maintain adequate supporting documentation in the program files as required by USAID guidance due to a lack of understanding of the extent to which supporting data should be included in the program files. Additionally, math errors occurred because mathematical calculations were not reviewed or cross-checked, a practice recommended in USAID guidance to easily avoid such errors. As a result, the Mission increased its vulnerability of reporting inaccurate data to USAID/Washington.

As part of our audit, we reviewed the adequacy of documentation maintained by USAID/Senegal to support 10 program results included in the Mission's FY 2005 Annual Report. Instances of missing or inadequate documentation were found for two of the results and math errors for a third result.

USAID/Senegal reported that local communities had established partnerships with several companies as part of the AG/NRM program and listed those companies in its FY 2005 Annual Report. IRG provided a listing of all active partnerships for the FY 2004 time period. We compared the names of the companies on the IRG list to those included in the Annual Report and found that the Annual Report had cited a company that was not included in the list of active partnerships. When asked about this possible erroneous inclusion, the CTO acknowledged that the company had been involved in a past partnership, bringing into question whether this company should have been included in the Annual Report.

The Mission reported that Wula Nafaa had engaged 470 communities and provided training to increase the productivity and regeneration coming from their forests. Initially, the CTO could not provide documentation to support this result. As mentioned on page 7 of this report, the partner's report showed 396 communities engaged; a figure that could not be supported by documentation. The CTO did provide an email from the partner late in the audit to support the 470 communities cited in the Annual Report. While the numerical value of the email supports the 470 communities, the narrative description of the activities shows 358 communities, creating another discrepancy.

The Mission reported that four businesses boosted their total income by \$700 on average, based on calculations using figures from the partner's annual report and converting the local currency to U.S. dollars. However, when re-calculating the data, a math error was found that resulted in an under-reporting of that data--the correct figure should have been \$1,500.

According to Automated Directives System 203.3.8.1, the Annual Report is the Agency's principal tool for assessing program performance on an annual basis and for communicating the information to higher management levels.

USAID/Senegal's Mission Order MO203-1 states that the Monitoring and Evaluation Specialist is responsible for assuring that data in the Annual Report meets quality standards such as validity, reliability, timeliness, precision/accuracy, integrity, completeness, and consistency. USAID guidance contained in TIPS Number 12 indicates that while some errors in collecting data that focuses on social and economic change are to be expected, transcription errors and other discrepancies can be easily avoided by careful cross-checking of the data to the source document. To further ensure data accuracy, it would be prudent to recalculate mathematical calculations used in reporting program results.

The Government Accountability Office's *Standards for Internal Control in the Federal Government* states that all transactions and other significant events need to be clearly documented and that the documentation needs to be readily available for examination. TIPS Number 12 also emphasizes the importance of documentation, stating that proper documentation is a process that facilitates the maintenance of quality performance indicators and data, and should provide an opportunity for independent checks concerning the quality of the performance-measurement system. According to TIPS Number 12, documentation includes recording important considerations and assumptions related to performance indicators, as well as the detailed specifications for each indicator and its measurement, and stresses the importance of proper documentation due to considerable staff turnover within USAID.

The errors occurred because USAID/Senegal had not followed procedures in their Mission Order to ensure that data was reviewed for validity or cross-checked as part of the reporting process. And although the team performed a spot check to verify selected data in the June 2004 quarterly report, the data for the last quarter of the year was not necessarily verified. According to the CTO, data reported in the Annual Report was not verified because of the lack of time between the partner's report submission and the deadline for the Mission's report submission. Even though the Mission Order requires for data-quality standards in the Annual Report, there were no procedures in place requiring maintenance of documentation to support data reported in the Annual Report. The lack of sufficient documentation occurred because the team members did not realize the extent to which reported data and calculations should be documented.

Without verifying and cross-checking data included in the Annual Report and without maintaining supporting documentation for information included in the Annual Report, USAID/Senegal increased its vulnerability to reporting inaccurate or mis-attributed data to USAID/Washington. Therefore, to address this weakness, we make the following recommendation.

*Recommendation No. 6: We recommend that USAID/Senegal develop specific procedures to require that the agriculture and natural resources management team maintain supporting documentation for results and other data included in the Annual Report and document the cross-checking and verification of reported data.*

# EVALUATION OF MANAGEMENT COMMENTS

In response to the draft report, USAID/Senegal agreed with all of the findings and recommendations in the draft audit report. Based on appropriate actions taken by the Mission, management decisions have been reached on all six recommendations. The six recommendations are considered closed upon issuance of this report.

Recommendation No. 1 states that USAID/Senegal re-evaluate the validity and relevancy of existing indicators and targets on the overall success of program activities. The Mission agreed with this recommendation, and on July 7, 2005, a meeting was held between the Mission's Agriculture and Natural Resources Management (AG/NRM) team, the implementing partner, International Resources Group (IRG), and the Senegalese National Coordinator to re-evaluate existing targets and indicators. As a result of this re-evaluation, one indicator and four targets were modified.

USAID/Senegal agreed with recommendation Nos. 2, 3, and 4 which recommend that USAID/Senegal require the implementing partner to:

- Develop procedures to conduct and document periodic supervisory visits;
- Develop procedures and assign specific responsibility, so that the monitoring and evaluation system operates as intended; and
- Schedule training for the facilitators on proper completion of the different indicator data collection forms.

To address these recommendations, on July 11, 2005, the Mission issued technical instructions to the implementing partner, IRG, requiring them to develop procedures and assign specific responsibility as described in the recommendations, and that they will follow-up, through spot checks and data quality assessments, that these procedures have been implemented. Also, in response to these recommendations, on July 14, 2005, the implementing partner requested approval from the Mission for the recruitment of a Monitoring and Evaluation Advisor.

Recommendation No. 5 recommends that USAID/Senegal develop procedures to require periodic verification of implementing partners to determine that they are maintaining appropriate and sufficient documentation to support reported results. The Mission agreed with this recommendation and took several actions to address it. On July 11, 2005, the Mission reminded the implementing partner in a memo, that USAID guidance emphasizes the importance of high quality, accurate and reliable results reporting information in order to properly measure results. Also, on this date the AG/NRM team was reminded by the Program Office of its responsibilities for spot checks and data quality assessments, and specifically, that spot checks must include monitoring the adequacy of supporting documentation that the implementing partner maintains. In addition, the USAID/Senegal amended its Mission Order 203-1 on August 3, 2005, to include a requirement that Strategic Objective (SO) teams conduct a data spot check at

least once a year to verify data being submitted by contractors and grantees. The Mission also developed a form that is to be filled out during spot checks.

Recommendation No. 6 states that USAID/Senegal develop specific procedures to 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. The Mission agreed with this recommendation and noted that Mission Order MO203-1 provides some procedures regarding this recommendation; however, USAID/Senegal amended the Mission Order on August 3, 2005, to provide greater specificity about the supporting documentation required in SO files to document cross-checking and verification of reported data. The revised Mission Order also assigns this responsibility to the SO team leaders.

USAID/Senegal also stated they were unable to comply with existing procedures due to the lack of time available to verify data between the November 15 annual report submission deadline of the implementing partner and the December deadline for the Mission's Annual Report. To resolve this issue, the Mission has requested, through a contract amendment, that the implementing partner, submit their annual report by November 1.

Management's Comments are included in their entirety (without attachments) in Appendix II.

# SCOPE AND METHODOLOGY

## Scope

The Regional Inspector General/Dakar conducted this audit in accordance with generally accepted government auditing standards to determine if USAID/Senegal monitored the performance of selected agriculture and natural resources management (AG/NRM) activities to ensure that intended objectives were achieved. The audit was conducted at USAID/Senegal in Dakar and the office of the implementing partner, International Resources Group (IRG), in Tambacounda from April 25 to May 23, 2005. Site visits were also made to recipient villages in the Tambacounda and Kédougou regions.

The 5-year, \$12 million contract awarded to IRG which began in January 2003 consists of three main components: (1) Community Benefits, (2) Rights & Responsibilities, and (3) Policy. The audit scope entailed FY 2004 activities within the Community Benefits and Rights & Responsibilities components.

In planning and performing the audit we assessed the effectiveness of internal control related to monitoring and reporting the activities of the AG/NRM program. We identified pertinent internal control such as (1) records of the AG/NRM team's contact with the implementing partner as well as the AG/NRM team members' monitoring trip reports, (2) the AG/NRM team's review of the implementing partners' quarterly progress reports, and (3) maintenance of documentation that is readily available to support reported results.

Additionally, we used USAID guidance, including the Automated Directives System, mission reports, and other internal policies and procedures as the basis to assess how well Mission management was monitoring activities, assessing the indicators used, evaluating the impact of its AG/NRM activities against intended targets, learning from the results, and providing timely feedback for corrective action or modification of focus to its partner. Finally, we reviewed the latest Federal Managers Financial Integrity Act certification submitted by the Mission for any material control weaknesses relating to the AG/NRM program.

## Methodology

The audit entailed reviewing the monitoring and reporting of selected AG/NRM activities to determine if the activities were performed in accordance with USAID guidelines and to determine if intended objectives were achieved.

The audit focused on examining the procedures used by the Mission and the implementing partner to monitor AG/NRM program activities. In performing the audit, we performed tests of compliance with USAID procedures regarding results reporting and program monitoring at the Mission and implementing partner levels. To verify the accuracy of performance results reported to USAID/Washington in the FY 2005 Annual Report (for activities conducted in FY 2004), we traced reported data back to source documentation provided by the implementing partner to the Mission, such as progress reports. We traced the partner's data back to their supporting documentation for results of indicators reported



in their progress reports to determine the accuracy of reported data. Our verification included examining source documents, including both manual and electronic records. In addition, we assessed the extent to which the program met its intended results and identified any factors that impacted the achievement.

We also interviewed responsible personnel at the USAID Mission in Senegal, implementing partner staff, and Government of Senegal officials concerning program activities, monitoring efforts and data-accuracy issues. In addition, we conducted field visits to talk to recipients and observe and assess activities.

In assessing data quality and verifying and validating the performance data to source documentation, we used a materiality threshold of 1 percent for transcription accuracy and 5 percent for computation accuracy. Each instance of non-compliance was considered on a case-by-case basis to determine those reportable.

# MANAGEMENT COMMENTS



**USAID**  
FROM THE AMERICAN PEOPLE

**SENEGAL**

## U.S.A.I.D. / SENEGAL Memorandum

**DATE:** August 18, 2005

**FROM:** Erin Soto, Acting USAID/Senegal Director /s/

**SUBJECT:** Audit of USAID/Senegal's Monitoring of Selected Agriculture and Natural Resources Management Activities (Report No. 7-685-05-xxx-P)

**TO:** Lee Jewell III, RIG/Dakar

**REF:** RIG Memo, June 17, 2005  
Mission Response dated July 15, 2005

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USAID/Senegal acknowledges receipt of the draft Audit Report and provides this document in response to the audit, its recommendations and our plan for corrective action as appropriate.

We thank the Regional Office of the Inspector General team that conducted this assessment for their openness and willingness to learn the complexities of a program such as the USAID/Senegal Agriculture and Nature Resources Management Program (Ag/NRM). The audit was timely as it occurred halfway through the contract of our main implementing partner, International Resources Groups (IRG). In addition, the new Chief of Party for IRG has just taken up post and it will allow IRG and USAID to make any necessary corrective actions in time to further increase the good results the program is showing.

In general, USAID/Senegal agrees with the six recommendations made by the auditors. These recommendations have already been discussed with IRG and appropriate USAID staff who agree that they will enhance the responsiveness of USAID and the contractor to

USAID policies and regulations. The following narrative details how the mission already took specific actions to address these recommendations.

### Re-Evaluation of Program Indicators and Targets Needed

*Recommendation No. 1: We recommend that USAID/Senegal re-evaluate the validity and relevancy of existing indicators and targets on the overall success of program activities.*

USAID/Senegal agrees with this recommendation and has re-evaluated the validity and relevancy of existing indicators and targets on the overall success of program activities. A meeting was held on July 7<sup>th</sup>, 2005 between the Ag/NRM team, IRG staff and the Senegalese National Coordinator to re-evaluate existing indicators and targets.

We found that all the indicators were valid and relevant with the exception of one indicator under the Community Benefit component of the IRG contract: “Increase in volume/number of products marketed by assisted group enterprises.” This indicator was ambiguous as it measures two separate items. Since volume is the appropriate measure, it was recommended that the indicator be changed to “Increase in volume of products marketed by assisted group enterprises.”

As the audit observes, some targets have been greatly over achieved while others have been underachieved. Targets were set at the beginning of the contract and now that it is halfway completed, it is worthwhile to re-assess targets based on realities found in the field. The following adjustments to the targets were recommended. It should be noted that in all cases these adjustments do not affect the scope of the contract – rather they are shifting emphasis among work areas or tasks that will most likely achieve the overall goals of the program.

The following changes in the targets are recommended:

| Component                 | Contract Results  | Contract Total | Proposed Total | Change |
|---------------------------|---|----------------|----------------|--------|
| Community Benefits        | Number of new or existing NR or NTA based enterprises in areas targeted by the AG/NRM program that show increased, measurable revenues AND have applied training to develop business plans and marketing strategies, adopted improved production, harvesting and/or value-added processing techniques, and negotiated joint ventures with external partners | 400            | 150            | -250   |
|                           | Increase in level of revenues by assisted group enterprises   | 50%            | 250%           | 200    |
| Rights & Responsibilities | Increased number of communities (CR) that have engaged in formal co-management relationships (joint ventures, etc.) with actors and institutions external to the community to increase productivity of NR sustainably   | 30             | 22             | -8     |
| Policy                    | Number of verifiable, sustained processes of consultation between and among Senegalese communities and sub-national / national governmental offices and the private sector  | 108            | 89             | -19    |

## **Oversight by Implementing Partner Needs Improvement**

*Recommendation No. 2: We recommend that USAID/Senegal require the implementing partner to develop procedures to conduct and document periodic supervisory visits.*

*Recommendation No. 3: We recommend that USAID/Senegal require the implementing partner to develop procedures and assign specific responsibility, so that the monitoring and evaluation system operates as intended.*

*Recommendation No. 4: We recommend that USAID/Senegal require the implementing partner to schedule training for the facilitators on proper completion of the different indicator data collection forms.*

USAID/Senegal agrees with these recommendations and has issued technical instructions on July 11, 2005 requiring the implementing partner to develop procedures and assign specific responsibility to: 1) conduct and document periodic supervisory visits; 2) ensure the monitoring and evaluation system operates as intended; and 3) schedule training for the facilitators on proper completion of the different indicator data collection forms. In addition, we informed them that we will check to see if they implement these requirements through our spot checks and data quality assessments.

## **Reported Results Need to Be Supported With Adequate Documentation**

*Recommendation No. 5: We recommend that USAID/Senegal develop procedures to require periodic verification of implementing partners to determine that they are maintaining appropriate and sufficient documentation to support reported results.*

USAID/Senegal agrees with this recommendation. USAID/Senegal's Mission Order MO203-1, dated April 10, 2003, describes procedures for requiring this verification through data quality assessments (DQA). A DQA exists for the Ag/NRM program and a data assessment is scheduled to be conducted in July, 2005. We acknowledge that DQA procedures have not been followed in every case. To address this, we reaffirmed with the contractor that USAID guidance emphasizes the importance of high quality, accurate and reliable results reporting information in order to properly measure results in a memo dated July 11, 2005. In addition, the Ag/NRM team, in an email dated July 11, 2005, was reminded of its responsibilities and standards for spot checks and data quality assessments as required by both the above Mission Order and ADS 203.3.5.1 that stipulates that data quality standards include validity, integrity, precision, reliability, and timeliness. Specifically, the team was informed that spot checks must include monitoring the adequacy of supporting documentation that the implementing partner maintains.

In addition, although not required by the ADS, the Mission will amend the Mission Order to include a requirement that SO Teams conduct a data spot check at least once a year to verify data being submitted by contractors and grantees. A form for this spot check is attached.

### ***Annual Report Results Need To Be Documented and Verified***

*Recommendation No. 6: We recommend that USAID/Senegal develop specific procedures to 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.*

USAID/Senegal agrees with this recommendation. While USAID/Senegal's Mission Order MO203-1, dated April 10, 2003 provides some specific procedures to require the Ag/NRM team to maintain supporting documentation for results and other data included in the Annual Report, the Mission Order will be amended to provide greater specificity about the supporting documentation required in SO files to document the cross-checking and verification of reported data. In addition, the revised Mission Order will place the responsibility of ensuring that such document exists squarely on the shoulders of SO Team Leaders.

USAID/Senegal also believes a part of the issue is compliance with existing procedures during the 2004 reporting period. The contract for our implementing partner stipulates that their annual report be submitted by November 15 each year which normally gives enough time to verify data before the Mission develops its report. In 2004, the due date to Washington for the submission of the mission annual report was brought forward to December, which did not give enough time to verify data before the annual report was completed. However, data from the three previous quarters were verified through spot checks.

To ensure future compliance with this requirement we have requested the contractor to submit their annual report by November 1<sup>st</sup>. The implementing partner's contract was amended accordingly by the RCO in contract amendment No. 5 dated July 7, 2005. Additionally, we have shared with the Ag/NRM team a copy of the above Mission Order as a reminder of this requirement.

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