



USAID
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OFFICE OF INSPECTOR GENERAL

**AUDIT OF USAID ACTIVITIES
IN LIMITED-PRESENCE
COUNTRIES IN EASTERN
AFRICA**

AUDIT REPORT NO. 4-623-06-014-P
September 21, 2006

PRETORIA, SOUTH AFRICA



Office of Inspector General

September 21, 2006

MEMORANDUM

TO: USAID/East Africa Regional Director, Cheryl Anderson

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

SUBJECT: Audit of USAID Activities in Limited-Presence Countries in Eastern Africa
(Report No. 4-623-06-014-P)

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

This report includes five recommendations that USAID/East Africa: (1) establish procedures to require that data quality assessments be completed for all indicators published in annual reports in accordance with USAID policies and procedures, (2) develop a schedule to complete data quality assessments for all assessments determined in this report to be overdue, (3) revise and approve the performance management plan for Burundi for the revised strategy in accordance with USAID policies and procedures, (4) revise one of its Djibouti indicators, and (5) establish procedures, which include a plan to make implementing partner quarterly reports more consistent with USAID/East Africa's results framework, to ensure that performance results for indicators in limited-presence countries are supported and accurately reported in accordance with USAID policies and procedures. In your written comments, you concurred with all five recommendations.

In your response to the draft report, you provided evidence that final action has already been taken on Recommendation No. 4. We therefore consider Recommendation No. 4 closed upon the issuance of this report. Additionally, you provided corrective action plans for the remaining four recommendations. Therefore, we consider that management decisions have been reached on these recommendations. Please provide the Office of Audit, Performance, and Compliance Division (M/CFO/APC) with the necessary documentation to achieve final action on these recommendations.

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

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SUMMARY OF RESULTS

The Regional Inspector General/Pretoria conducted this audit to determine whether the USAID/East Africa monitored and reported activities in Burundi, Djibouti and Somalia in accordance with USAID policies and procedures. (See page 3.)

Generally USAID/East Africa monitored and evaluated activities in Burundi, Djibouti and Somalia in accordance with USAID policies and procedures. For each country, USAID/East Africa had: (1) established performance indicators, (2) prepared performance management plans, (3) set performance baselines, (4) collected performance data, and (5) assessed data quality in some cases. As part of the performance management plan, USAID/East Africa assigned staff with required monitoring duties that included regularly conducted site visits and other activities in conjunction with its implementing partners. However, we noted certain exceptions concerning the lack of data quality assessments, a performance management plan that was not finalized, and a performance indicator that was multi-dimensional. (See page 4.)

Generally USAID/East Africa reported activities in Burundi, Djibouti and Somalia in accordance with USAID policies and procedures. For each country, USAID/East Africa published annual reports, which included indicators and results frameworks for the respective countries. These frameworks were based on integrated strategic plans with approved strategic objectives and special objectives. As a result, USAID/East Africa was not required to use the data base entitled Activities Not Managed In-Country established for activities that are not part of a country strategic plan. However, we found that performance results were not always adequately supported and not always reported accurately in the annual reports for Burundi and Djibouti for fiscal year 2005. (See page 9.)

This report contains five recommendations to improve USAID/East Africa's programs for activities in Burundi, Djibouti and Somalia. Those recommendations are that USAID/East Africa:

- Establish procedures to require that data quality assessments be completed for all indicators published in annual reports in accordance with USAID policies and procedures.
- Develop a schedule to complete data quality assessments for all assessments determined in this report to be overdue.
- Revise and approve the performance management plan for Burundi for the revised strategy in accordance with USAID policies and procedures.
- Revise one of its Djibouti indicators.
- Establish procedures, which include a plan to make implementing partner quarterly reports more consistent with USAID/East Africa's results framework, to ensure that performance results for indicators in limited-presence countries are supported and accurately reported in accordance with USAID policies and procedures. (See pages 6, 8, 9 and 13)

For Recommendation No. 4, USAID/East Africa concurred with the recommended action and has revised the indicator in question so that it is now uni-dimensional. Accordingly,

final action has been taken on this recommendation. For Recommendation Nos. 1, 2, 3, and 5, USAID/East Africa concurred and provided planned actions to address these recommendations. Therefore, we consider that a management decision has been reached on each of these recommendations. See page 14 for our evaluation of management comments.

BACKGROUND

USAID's traditional management model is an in-country mission with resident U.S. direct hire and foreign national employees, as well as personal service contractors filling a variety of program and administrative positions. However, USAID also funds new and continuing activities through regional and pillar bureaus in countries where it does not maintain a resident mission. These countries are referred to as limited-presence countries.

Activities managed under an in-country mission are normally part of an integrated strategic plan, with the performance results reported through USAID's annual report process for the respective country. However, for activities in countries that are not included in a strategic plan and reported through the annual report process, which are sometimes referred to as ANMIC (Activities Not Managed In-Country), USAID has established a database to capture data associated with these activities. Activity managers must use activity information sheets to record activity information in this database. The purpose of these procedures is to ensure that information on all activities undertaken in a given country is readily available for management and reporting purposes.

USAID's Automated Directives System (ADS) 203 states that operating units are responsible for establishing systems to measure activity progress towards intended results. The tools of assessing, learning, and sharing are interrelated through the concept of performance management. This is defined as the systematic process of monitoring the results of activities; collecting and analyzing performance information to track progress toward planned results; using performance information to influence program decision making and resource allocation; and communicating results achieved, or not attained, to advance organizational learning and tell USAID's story.

During fiscal year 2005, the USAID/East Africa located in Nairobi, Kenya managed activities in three principal limited-presence countries—Burundi, Djibouti and Somalia. For these three countries during fiscal year 2005, USAID/East Africa reported \$14.4 million in authorized program funding.

AUDIT OBJECTIVES

This audit was conducted as part of the Regional Inspector General/Pretoria's annual audit plan. The audit was designed to answer the following questions:

- Has USAID/East Africa monitored activities in Burundi, Djibouti and Somalia in accordance with USAID policies and procedures?
- Has USAID/East Africa reported activities in Burundi, Djibouti and Somalia in accordance with USAID policies and procedures?

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

AUDIT FINDINGS

Has USAID/East Africa monitored activities in Burundi, Djibouti and Somalia in accordance with USAID policies and Procedures?

Generally USAID/East Africa monitored activities in Burundi, Djibouti and Somalia in accordance with USAID policies and procedures. However, there were certain exceptions in these three limited-presence countries (LPC) concerning the lack of data quality assessments, a performance management plan that was not approved, and a performance indicator that was multi-dimensional.

Nevertheless, in monitoring the performance of its activities in the subject LPCs, USAID/East Africa had generally established the basic controls for monitoring activities as required by USAID policies and procedures. For the three countries in question, USAID/East Africa had: 1) established performance indicators, (2) prepared performance management plans, (3) set performance baselines, (4) collected performance data, and (5) assessed data quality, in some cases. As part of the performance management plan, USAID/East Africa assigned staff with required monitoring duties that included regularly conducted site visits and other activities in conjunction with its implementing partners.

However, there are certain areas in which the performance monitoring system could be improved. Data quality assessments were not always done, and in some cases were not as complete as guidance required; one performance management plan was not approved; and one performance indicator was multi-dimensional. These areas for improvement are discussed below.

Data Quality Assessments Were Not Always Completed

Summary: Due to weak internal control, as well as country access restrictions resulting from security concerns, data quality assessments were not always completed for performance indicators reported in two of the three limited-presence country annual reports as required by USAID policy. Without data quality assessments, USAID/East Africa did not have reasonable assurance that data quality met validity, timeliness, and reliability standards, the lack of which could negatively affect decision making.

Results-oriented management decisions require valid, current and reliable information, and the benefits of this approach depend substantially on the quality of the performance information. Data quality assessments provide management with reasonable assurance that data quality is sufficient for sound management decisions. The Automated Directives System (ADS) 203 states that operating units shall, at regular intervals, critically assess the data they are using to monitor performance to insure they are of reasonable quality and accurately reflect the process or phenomenon they are being used to measure. Data quality will be assessed as part of the process of establishing performance indicators and choosing data collection sources and methods. The

guidance goes on to say that reassessments will be done as necessary, but at intervals of no greater than three years; and that whenever possible, reasonable standards of statistical reliability and validity should be applied.



Photograph taken by a RIG/Pretoria auditor in March 2006 of a live radio transmission of USAID-supported radio programming, Radio Isanganiro, under the “Good Governance Enhanced” Strategic Objective. (Bujumbura, Burundi)

For Burundi, no data quality assessments had been done for seven of the performance indicators that we tested that were included in the Burundi annual report. For Somalia, no data quality assessments had been done for the three performance indicators that we examined that were in the Somalia annual report.

The lack of data quality assessments was the result of weak internal control—the Mission did not require assessments to be completed prior to the publication of annual reports. A contributory cause was country access restrictions due to security concerns. In Somalia, ongoing civil unrest has severely limited access for USAID employees making it difficult to complete the required assessments. In Burundi, travel has also been severely restricted as a result of civil unrest. USAID/East Africa reported on some of the indicators that were in the draft performance management plan in their fiscal year 2005 Burundi annual report, but they associated the data quality assessments with the completion of the performance management plan and not the annual report. As a result, the data quality assessments were not begun until February 2006. Although security has been a problem, USAID/East Africa staff could still have scheduled sufficient assessment activities to complete the required data quality assessments with the access that was available.

A results-oriented management approach relies on USAID/Washington and field managers using performance information to make their decisions. Specifically, quality

performance indicators and data help (1) ensure that USAID program and budget decisions are as well-informed as practically possible, (2) support efficient use of USAID resources, (3) meet requirements of Federal legislation, and (4) address the information needs of USAID’s internal and external users, which includes senior management, Office of Management and Budget (OMB), and Congress. However, sound decisions require valid, current, and reliable information, and the benefits of this results-oriented approach depend substantially on the quality of the performance information available. Without data quality assessments, USAID/East Africa did not have reasonable assurance that data quality met validity, timeliness, and reliability standards, the lack of which could negatively affect decision making.

To ensure that future data quality meets the required standards, we are making the following recommendations:

Recommendation No. 1: We recommend that USAID/East Africa establish procedures to require that data quality assessments be completed for all indicators published in annual reports in accordance with USAID policies and procedures.

Recommendation No. 2: We recommend that USAID/East Africa develop a schedule to complete data quality assessments for all assessments determined in this report to be overdue.



Photograph taken by a USAID/East Africa implementing partner in September 2005 of USAID-supported oral polio vaccinations under the “Expanded Coverage of Essential Health Services” Special Objective. (Medeho Health Post, Djibouti)

One Performance Management Plan Was Not Approved

Summary: The performance management plan for Burundi had never been approved since the development of the strategic plan, contrary to USAID guidance. This occurred primarily because of restricted access into Burundi due to security concerns. Without a proper performance management plan, however, USAID/East Africa was without a critical tool for planning, managing, and documenting data collection. Additionally, the Mission did not have assurance that it was maintaining the elements that are essential to the operation of a credible and useful performance-based management system.

ADS 203 states that performance management plans shall be prepared for each operating unit's strategic plan. Information included shall enable comparable performance data to be collected over time, even in the event of staff turnover, and shall clearly articulate expectations in terms of scheduling and responsibility. Specifically, performance management plans shall provide a detailed definition of the performance indicators that will be tracked; specify the source, method of collection and schedule of collection for all required data; and assign responsibility for collection to a specific office, team or individual.

TIPS No. 7, entitled *Preparing a Performance Monitoring Plan*¹, states that a strategic plan will have identified preliminary performance indicators, adding that the performance management plan builds on this initial information. The definition of each indicator and the unit of measure should be detailed enough to ensure that different people at different times would collect identical types of data. The source for each indicator must also be identified.

Comparable data must be gathered periodically to measure performance, with the frequency of collection depending on the type of data. Performance management plans can usefully provide the schedules and dates for data collection. The schedules should consider management's need for timely information for decision making. For each performance indicator, the responsibility of the Mission for the timely collection of data from their source should be clearly assigned to a particular office, team or individual.

A performance management plan for Burundi had never been approved since the initial development of the strategic plan in fiscal year 2003. The reason for this delay was primarily the result of security restrictions. Since 2003, Burundi has been recovering from a civil war, and, as a result, travel was severely restricted. It was not until February 2005 that USAID/East Africa was able to gather all implementers and relevant USAID personnel for a workshop in Burundi, which resulted in the current draft performance management plan, which was dated May 2005. In the mean time, however, Burundi has been included in a group of countries described as "fragile states." Due to these and other changes in development focus, a new strategic plan was completed in late fiscal year 2005 and presented to USAID/Washington for approval. At the time of our audit, approval had not yet been obtained. USAID/East Africa is planning to develop a new performance management plan for the new strategic plan after it is approved.

¹ The original title referred to the "performance monitoring plan," which has since been revised to "performance management plan."

Without an approved performance management plan, USAID/East Africa lacked a critical tool for planning, managing, and documenting data collection. The performance management plan contributes to the effectiveness of the performance monitoring system by assuring that comparable data will be collected on a regular and timely basis. Without an approved plan, the Mission did not have assurance that it was maintaining the elements that are essential to the operation of a credible and useful performance-based management system. The absence of an approved performance management plan may have also contributed to the data quality problems discussed in the next section.

In order to provide the assurances afforded by a performance management plan, we are making the following recommendation:

Recommendation No. 3: We recommend that *USAID/East Africa revise and approve the performance management plan for Burundi for its revised strategic plan in accordance USAID policies and procedures.*

One Performance Indicator Was Multi-Dimensional

Summary: One performance indicator was multi-dimensional contrary to USAID guidance. This occurred because the initial data quality assessment was not completed as thoroughly as it should have been. Consequently, the reported result was incorrect and did not report the performance result that was defined for the indicator, which could negatively affect both comparability from year to year and subsequent results-oriented management decisions.

ADS 203.3.4.2, entitled *Characteristics of Good Performance Indicators*, states that performance indicators should be unambiguous about what is being measured. In addition to being precisely defined in the Performance Management Plan (PMP), performance indicators should also be uni-dimensional, which means that they should measure only one aspect of the program at a time. The ADS further states that results-oriented management decisions require valid, current and reliable information, and the benefits of this approach depend substantially on the quality of the performance information.

One of the indicators in the Djibouti results framework, “Percentage Increases in Enrollment and Attendance in Rehabilitated Schools,” was not uni-dimensional. As it states, this indicator was measuring two aspects of the program—enrollment and attendance—making it multi-dimensional contrary to USAID guidance. Enrollment and attendance are two different and distinct aspects of the program. Enrollment can be high while attendance could be low, as well as the opposite case with low enrollment and high attendance. As far as what was actually measured, the reported results were for enrollment only, and did not measure attendance.

This situation occurred because the initial data quality assessment was not completed as thoroughly as it should have been. Although there was a data quality checklist in place, it was not always completed before the annual report was prepared. Additionally, the methodology of performing the data quality assessment was not documented in the data quality checklist. As a result, there was a lack of reasonable assurance that data

quality is sufficient to report the performance result that was defined for the indicator, negatively affecting both comparability from year to year and subsequent results-oriented management decisions.

In order to ensure that the desired aspect of the program is accurately reported in the Djibouti results framework, we are making the following recommendation:

Recommendation No. 4: We recommend that USAID/East Africa revise the indicator for “Percentage Increases in Enrollment and Attendance in Rehabilitated Schools” in the Djibouti results framework so that it is unidimensional and complies with USAID policies and procedures.

Has USAID/East Africa reported activities in Burundi, Djibouti and Somalia in accordance with USAID policies and procedures?

Generally USAID/East Africa reported activities in Burundi, Djibouti and Somalia in accordance with USAID policies and procedures. However, there were several exceptions in data accuracy for the indicators tested.

Nevertheless, in reporting activities in Burundi, Djibouti and Somalia, USAID/East Africa generally complied with USAID policies and procedures. For the three countries in question, USAID/East Africa published annual reports, which included indicators and results frameworks for the respective countries. These frameworks were based on integrated strategic plans with approved strategic objectives and special objectives. As a result, USAID/East Africa was not required to use the data base entitled Activities Not Managed In-Country established for activities that are not part of a country strategic plan.

However, performance results were not always supported and reported accurately in the annual reports for Burundi and Djibouti for fiscal year 2005. This issue is discussed in detail below.

Performance Results Were Not Always Reported Accurately

Summary: Performance results were not always reported accurately or properly supported contrary to USAID and Federal guidance. The principal cause for this was the lack of adequate control and record keeping systems to ensure that sufficient data quality was maintained and reported. Consequently, USAID/East Africa did not have reasonable assurance that activities were either achieving or not achieving intended results, which could negatively affect decision making.

Government Accountability Office’s (GAO) *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. Additionally, USAID’s *Guidelines for Indicator and Data Quality*, Tips No. 12, which summarizes the key references on performance measurement quality found in various parts of USAID’s

Automated Directives System, states that an indicator's validity, is affected by measurement error, sampling error, and transcription error. Tips No. 12 further states that USAID's results-oriented management approach relies on both field and Washington managers to inform their decisions with performance information. Sound decisions require accurate, current, and reliable information, and the benefits of this results-oriented approach depend substantially on the quality of the performance information available.

For the results reported for fiscal year 2005 in the Burundi annual report, five out of seven indicators tested did not have supporting documentation and one indicator (DP3 Coverage Rate) was incomplete. For results reported for fiscal year 2005 in the Djibouti annual report, five out of the six indicators tested were either not adequately supported or not accurately reported as measured against the indicator definitions.



Photograph taken by a USAID staff member in May 2005 of a USAID-supported improved water source under the "Critical Needs Met for Vulnerable Groups" Strategic Objective. (Garowe, Somalia)

Burundi

- *Hectares Under Improved Land Management.* The reported results for this indicator were neither adequately supported nor was the methodology for computing results properly documented. The two implementing partners had not retained the original source documents used to compile results from the participating farmer associations. Additionally, one partner could not identify where one of its farmer associations was located during one of our site visits. For another site the kilometers of terracing reported by an association was different from what the partner had reported.

Regarding methodology, the implementing partners had not documented how they estimated intervals of terraces².

- *Number of Households Using Improved Agriculture Techniques:* The reported results for this indicator were not adequately supported. The two implementing partners had not documented how the results were compiled nor did they retain supporting work papers for the reported results.
- *DPT3³ Coverage Rate:* The reported results for this indicator were not accurate. The implementing partner did not include both of the two provinces in which it was operating. The partner only reported results in one province, forgetting to include DPT3 coverage in the Muyinga Province in its results. The reported percentage coverage was 43 percent. With the inclusion of the Muyinga Province, it would have been over 50 percent.
- *Democracy and Governance indicators:* For the three indicators under this strategic objective, the implementing partner did not document how the results for the indicators were compiled. The partner did not retain supporting work papers.

Djibouti

- *Percentage Increase in Enrollment and Attendance in Rehabilitated Schools:* For this indicator the methodology used to compute the results was not clearly defined. The reported result was 27 percent, which was calculated on the previous year's amount. However, the definition of the indicator does not state whether it was designed to be calculated as an increase over the prior year or on the 2003 baseline data. Since the targets are progressive (5, 10, and 30 percent for years 2004, 2005 and 2006), a methodology calculated on the previous year would result in targets that would grow exponentially. Also, if based on the prior years' amounts, the targets could not be estimated as accurately as those using the baseline year because the previous years' actual amounts would not be known at the time of the target setting. Had the computation been made against the baseline data, the result would have been higher than reported. (Additionally, the result for fiscal year 2004 was miscalculated and misreported. Although it was computed off of the baseline data, it was misreported at 19.6 percent when it should have been 12 percent.)
- *Enhanced Local Capacity to Sustain Health Services:* For this indicator, the reported result was not accurate. The reported amount was the whole number 11; however, the indicator is defined as a percentage of health posts, not a whole number. The reported result should have been 5 posts out of 27, or 18.5 percent.
- *Number of Training Modules Implemented:* For this indicator, the reported result was not accurate as measured against the indicator definition. The reported amount was 11 modules; however, only 5 modules were actually implemented in the reporting period. There were 12 modules that were *developed* for the targeted areas, which were incorrectly reported as 11 by the implementing partner. However, seven of the

² The distance or intervals between terraces are estimated in order to compute the number of hectares under management.

³ DPT3 is the acronym for three doses of immunizations for diphtheria, pertussis (whooping cough) and tetanus.

12 modules were not implemented until January 2006, subsequent to the end of the reporting period.

- *Percentage of Teachers Using New Teaching Strategies:* For this indicator, we were unable to obtain adequate support. The reported result was 71 percent. However, the initial support provided by the monitoring and evaluation specialist for this amount indicated that this figure was derived from a survey taken in 2004, the previous reporting period. Although management believed that a 2005 survey was used for the reported result, this survey has not yet been located at either the implementing partner or USAID.
- *Percentage of Schools with Active School Community Partnership:* For this indicator the reported result was either unsupported or inaccurate. The reported amount was 57 percent, based on the reported 56 action plan proposals submitted by the 98 communities in question. This amount, however, is not consistent with the definition of the indicator. The indicator is defined as the percentage of action plans that were developed and implemented. These 56 proposals, only 30 of which were eventually approved for implementation, were not actually implemented during the reporting period. In fact, none of the proposals had been implemented at the time of our field work.

There were various causes for the reporting problems noted above. The principal cause for unsupported data was the lack of control systems and record keeping systems at the implementing partner level. USAID/East Africa did not clearly require its partners to retain supporting documentation for reported results, and therefore the partners did not have consistent and complete record keeping systems. Concerning inaccurate results, USAID/East Africa did not have an adequate control system to check the completeness and accuracy of reported results from implementing partners, as well as confirm the consistency of reported data with indicator definitions. A contributory cause was the inconsistency between the reported data in quarterly reports by the implementing partners and the annual reports published by USAID/East Africa. Although the partners provided quarterly reports, these reports did not always contain the data required for the results frameworks in the country annual reports. For one of the limited-presence countries a USAID/East Africa staff member was required to make additional data requests from the partners in order to complete its annual report. A final contributory cause was the lack of data quality assessments as noted under the prior audit objective, which may have helped to identify weakness in data quality had they been completed.

As stated previously, a results-oriented management approach relies on Washington and field managers to use performance information to make their decisions. Specifically, accurate performance indicators and data will help (1) ensure that USAID program and budget decisions are as well-informed as practically possible, (2) support efficient use of USAID resources, (3) meet requirements of Federal legislation, and (4) address the information needs of USAID's internal and external users, which includes senior management, OMB, and Congress. However, sound decisions require accurate and reliable information, and the benefits of this results-oriented approach depend substantially on both the quality and the accuracy of the performance information available. Without accurately reported results, USAID/East Africa did not have reasonable assurance that activities were either achieving or not achieving intended results, which could negatively affect decision making.

To ensure that future performance results are supported and accurately reported, we are making the following recommendation:

Recommendation No. 5: We recommend that USAID/East Africa establish procedures, which include a plan to make implementing partner quarterly reports more consistent with USAID/East Africa's results framework, to ensure that performance results for indicators in limited-presence countries are supported and accurately reported in accordance with USAID policies and procedures.

EVALUATION OF MANAGEMENT COMMENTS

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

In response to Recommendation Nos. 1, 2, and 3, concerning data quality assessments and performance management plans, USAID/East Africa concurred with the recommendations and proposed planned actions, but was not able to establish target completion dates at this time. Due to uncertainty regarding whether there will be an annual report this year and the Agency's intervening strategic framework reformulations, USAID/East Africa proposed that it await further guidance from the Africa Bureau before setting target dates and taking specific action. Based on the uncertainty surrounding the reorganization, we agree that it would prudent to await guidance on the new results framework and annual report prior to establishing target dates. Consequently, we consider that a management decision has been reached on these recommendations.

In response to Recommendation No. 4, USAID/East Africa concurred with the recommendation and provided evidence that it had revised the subject indicator so that it now measures only enrollment, which is uni-dimensional. Consequently, we consider final action to have been taken on Recommendation No. 4, and therefore consider it closed upon the issuance of this report.

For Recommendation No. 5, USAID/East Africa concurred with the recommendation and proposed establishing procedures as recommended for ensuring that reported results are accurate and adequately supported. Although the Mission provided planned actions, it was not able to furnish target completion dates due to a pending USAID reorganization of its strategic framework. Based on the uncertainty surrounding the reorganization, we agree that it would prudent to await guidance on the new results framework and annual report prior to establishing target dates. Consequently, we consider that a management decision has been reached on these recommendations.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Pretoria conducted this audit in accordance with generally accepted government auditing standards. The fieldwork was conducted at USAID/East Africa in Nairobi, Kenya and USAID offices and implementing partners in Djibouti and Burundi from January 31, 2006 to March 22, 2006. The scope was limited to fiscal year 2005 activities reported in the 2006 annual reports for the three subject countries—Burundi, Djibouti and Somalia.

For the two audit objectives, we examined contract, grant and cooperative agreements with selected implementing partners in the subject countries. From these agreements, we selected a judgmental sample of indicators that were included in the respective country 2006 annual reports.

We examined the significant internal controls associated with the implementation of performance management plans and the reporting of results. This examination included monitoring and evaluating controls such as agreement requirements for reporting results, implementing partner reports, activity site visits, and periodic data quality assessments. We examined specific procedures for collecting, recording, and summarizing results from the service provider level through the entire system to the annual report. Our examination included determining whether policy and procedures were followed in determining the quality of reported data and whether the reported data/results were accurate. The types of evidence included reviewing strategic plans and special objectives, annual reports, performance management plans, data quality assessments, trip reports, interviews with service providers, interviews with implementing partners, interviews with USAID officials, primary and secondary source documents, implementing partner reports, and various record-keeping systems.

Due to security reasons, we were unable to conduct site visits of implementing partners and service providers in Somalia.

In conducting our fieldwork, we did not rely on, and therefore did not test, the validity of any computer generated data. Additionally, we found no significant prior audit findings affecting the areas examined during this audit.

Methodology

To accomplish our audit objectives, we interviewed cognizant officials from USAID and implementing partners, reviewed applicable USAID and USAID/East Africa policies and procedures, examined original primary and secondary source documents, and assessed significant management controls and risk exposure relating to the monitoring and evaluating activities, as well as reporting results. Management controls included the execution of performance management plans, in addition to the periodic assessment of the quality reported data. Additional controls included those for collecting, recording, and summarizing results data from implementing partners and services providers, and reporting those results through the annual report process.

Due to the extensive variety of types of indicators and associated data, as well as the complexity of performance monitoring plans, we did not set a materiality threshold for answering the audit objectives.

From the indicator tables in the 2006 annual reports (for activities during fiscal year 2005) for the three subject countries, we examined seven of the nine indicators for Burundi, six of the seven indicators for Djibouti, and three out of the seven indicators for Somalia. Although the results are significant enough to establish the fact that there are systemic problems, the results of our samples cannot be projected to the entire universe of activity indicators.

MANAGEMENT COMMENTS



Memorandum

To: James Gaughran, Acting Regional Inspector General, Pretoria

From: Cheryl Anderson, Regional Director, USAID/East Africa /s/

Subject: USAID/East Africa Response to Regional Inspector General/ Pretoria draft report on the Audit of USAID Activities in Limited Presence Countries in Eastern African

Date: July 12, 2006

This memo provides USAID/East Africa's response to the subject draft report dated June 14, 2006. The Mission concurs with the five recommendations and has taken corrective action for recommendation 4, and made determination for recommendations 1, 2, 3, and 5.

USAID/EA is confident that the recommendations identified in the report, and the corrective actions we will continue to undertake, will serve to both substantiate the important accomplishments and impact we are achieving in this unique portfolio, and further establish our limited presence country portfolio as a considered model for the Agency. Responses are detailed below:

RIG/P Recommendation No. 1: We recommend that USAID/REDSO/ESA establish procedures to require that data quality assessments be completed for all indicators published in annual reports in accordance with USAID policies and procedures.

USAID/EA concurs with this recommendation.

At present we have been advised to put all data quality assessments on hold during the Agency reorganization (See Attachment 1: Guidance from Wade Warren). It is not clear if there will be an annual report this year and, if so, what form it will take. The Mission is committed to ensuring that data quality is high for our results reporting. Once the new procedures are shared with us, and Washington provides the new guidance and the go ahead to proceed, USAID/EA

will develop procedures that will guide the Limited Presence Country teams on data quality assessments in accordance with USAID policies and procedures.

RIG/P Recommendation No. 2: We recommend that USAID/REDSO/ESA develop a schedule to complete data quality assessments for all assessments determined in this report to be overdue.

USAID/EA concurs with this recommendation.

To the fullest extent possible and accounting for applicable security and access constraints, USAID/EA/LPC units responsible for program management in Somalia, Djibouti, and Burundi will ensure that overdue data quality assessments necessary to substantiate indicators published in the 2006 Annual Report will be completed by October 31, 2006.

RIG/P Recommendation No. 3: We recommend that USAID/REDSO/ESA revise and approve the performance management plan for Burundi for its revised strategic plan in accordance USAID policies and procedures.

USAID/EA concurs with this recommendation.

As noted in the audit report and accounting mainly for security concerns and the Agency's intervening strategic framework reformulations, the performance monitoring plan for Burundi has not been approved since the initial development of the strategic plan in fiscal year 2003. Since the audit was conducted, USAID has once again significantly transformed its strategic framework and Burundi has already been re-categorized (from a "fragile state" to a "developing country").

USAID staff has been advised, rather than undertaking new PMPs at this time, to focus on a few selected indicators (See Attachment 2: Wade Warren Notes to the Field, May 27, 2006). USAID Burundi has selected indicators both in the results matrices and in the common program component indicators, and set targets for these indicators in the spring of 2006. Subject to the Agency's forthcoming guidance including programmatic and performance monitoring parameters at the inter-agency level, USAID/Burundi will also prepare a new performance monitoring plan within the time-frame that will later be specified by USAID Washington.

RIG/P Recommendation No. 4: We recommend that USAID/REDSO/ESA revise the indicator for "Percentage Increases in Enrollment and Attendance in Rehabilitated Schools" in the Djibouti results framework so that it is uni-dimensional and complies with USAID policies and procedures.

USAID/EA concurs with this recommendation.

"USAID/Djibouti has already revised the indicator identified in the audit report to conform to the ADS 203.3.4.2 uni-dimensional requirement. The indicator is now **"Percentage Increases in Enrollment in Rehabilitated Schools."**

This refined indicator accounts for our understanding that **enrollment** is the most closely traceable and attributable result to school rehabilitation efforts.

While rehabilitation contributes to **attendance**, other factors such as teacher supply, teaching methods, teaching materials, school management/administration, community participation, etc. are key contributing factors to increased attendance. Cognizant of the relevance of attendance to improved access to quality basic education, USAID has initiated dialogue with the Government of Djibouti to include attendance in the Ministry of Education's Statistical Yearbook in order to monitor sustained access. In accordance with anticipated, new guidance from USAID with regard to performance monitoring systems under its new strategic framework and in the context of referenced dialogue with the GORD, USAID/Djibouti will monitor attendance through the GORD statistics. Under the scope of the current activities, USAID has no control over attendance and therefore cannot include attendance as an annual report indicator.

RIG/P Recommendation No. 5: We recommend that USAID/REDSO/ESA establish procedures, which include a plan to make implementing partner quarterly reports more consistent with USAID/REDSO/ESA's results framework, to ensure that performance results for indicators in limited-presence countries are supported and accurately reported in accordance with USAID policies and procedures.

USAID/EA concurs with this recommendation.

This is an important area that requires work by Strategic Objective Teams, Cognizant Technical Officers and the Regional Acquisition and Assistance Office when articulating the responsibilities of partners in the agreements, when outlining the expectations with regard to quarterly reports and when overseeing at the activity level. USAID/EA, through the Program Development and Implementation Office (PDI), will continue to provide monitoring and evaluation guidance and services to LPC teams, and will assist teams to redesign results frameworks in accordance with the new procedures once we receive the new guidance from Washington. USAID/EA will also establish procedures, which include a plan to make implementing partner quarterly reports more consistent with USAID/EA's results framework upon receiving the new guidelines.

USAID/EA Recommendation:

Based on the above, USAID/EA requests closure of recommendation 4 upon issuance of the report since corrective action has been taken.

I greatly appreciate the cooperation and courtesy extended to my staff by the RIG/P team and look forward to the final report.

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