



**USAID**  
FROM THE AMERICAN PEOPLE

**OFFICE OF INSPECTOR GENERAL**

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**AUDIT OF USAID'S PROGRESS  
IN IMPLEMENTING THE  
PRESIDENT'S EMERGENCY  
PLAN FOR AIDS RELIEF**

AUDIT REPORT NO. 9-000-07-004-P  
DECEMBER 22, 2006

WASHINGTON, DC





**USAID**  
FROM THE AMERICAN PEOPLE

*Office of Inspector General*

December 22, 2006

**MEMORANDUM**

**TO:** GH/HIV-AIDS Director, S. Ken Yamashita

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

**SUBJECT:** Audit of USAID's Progress in Implementing the President's Emergency Plan for AIDS Relief (Report No. 9-000-07-004-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 in Appendix II.

This report includes two recommendations for the Office of HIV/AIDS Director to (1) meet with the Department of State's Office of U.S. Global AIDS Coordinator to clarify the start and cut-off dates for measuring progress and achieving outputs, and (2) request that the Department of State's Office of U.S. Global AIDS Coordinator issue guidance to all USAID missions with Emergency Plan activities to clarify these dates. In your written comments, you described actions taken to address our Recommendation Nos. 1 and 2. Accordingly, we consider final actions have been taken on both recommendations upon issuance of this report.

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



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# SUMMARY OF RESULTS

This audit, performed by the Office of Inspector General's Performance Audits Division, summarizes the results of audits conducted at four selected missions in Africa and South America. In addition to summarizing these results, this report addresses USAID-wide issues identified during the course of these audits. (See Appendix III for audit recommendations by mission audited, and Appendix IV for a list of audit reports issued.)

The objective of this audit was to determine whether USAID's Emergency Plan prevention and care activities progressed as expected towards the planned outputs in its grants, cooperative agreements, and contracts. (See page 3.) We were unable to determine whether USAID's prevention and care activities progressed as expected because the start and cut-off dates for measuring progress and achievement of outputs were not interpreted and applied uniformly by the missions audited, due to unclear guidance issued by the U.S. Global AIDS Coordinator. (See page 6.)

The report recommends that the Office of HIV/AIDS Director (1) meet with the Department of State's Office of U.S. Global AIDS Coordinator to clarify the start and cut-off dates for measuring progress and achieving outputs contained in all current and future Country Operational Plans, and (2) request that the Department of State's Office of U.S. Global AIDS Coordinator issue guidance to all USAID missions with Emergency Plan activities to clarify these dates. (See page 8.) Management described actions taken to address our Recommendation Nos. 1 and 2. Accordingly, we consider final actions have been taken on both recommendations upon issuance of this report. See page 12 for our evaluation of management's comments.

Management's comments are included in their entirety in Appendix II.

# BACKGROUND

Congress enacted legislation to fight HIV/AIDS internationally through the President's Emergency Plan for AIDS Relief (Emergency Plan). The \$15 billion, 5-year program provides \$9 billion in new funding to speed up prevention, care, and treatment services in 15 focus countries.<sup>1</sup> The Emergency Plan also devoted \$5 billion over five years to bilateral programs in more than 100 countries and increased the U.S. pledge to the Global Fund<sup>2</sup> by \$1 billion over five years. The fiscal year (FY) 2005 budget for the Emergency Plan focus countries totaled \$1.03 billion. Our audit covered USAID missions in Tanzania, Guyana, Nigeria, and South Africa. These four missions had FY 2005 funding levels totaling \$171.8 million, or 56 percent of the \$304.5 million Emergency Plan funding for the four countries.

The Emergency Plan is directed by the Department of State's Office of the U.S. Global AIDS Coordinator (AIDS Coordinator).<sup>3</sup> To ensure program and policy coordination, the AIDS Coordinator manages the activities of the U.S. Government agencies responding to the pandemic. The Emergency Plan is implemented collaboratively by in-country teams made up of staff from USAID, the Department of State, the Department of Health and Human Services, and other agencies. The Bureau for Global Health has general responsibility for USAID's participation in the Emergency Plan. More specifically, the Director of Global Health's Office of HIV/AIDS provides the technical leadership for USAID's HIV/AIDS program.

The U.S. President and Congress have set aggressive goals for addressing the worldwide HIV/AIDS pandemic. The worldwide goal over 5 years is to provide treatment to 2 million HIV-infected people, prevent 7 million HIV infections and provide care to 10 million people infected or affected by HIV/AIDS, including patients and orphans. The AIDS Coordinator divided these Emergency Plan targets among the 15 focus countries and allowed each country to determine its own methodology for achieving its portion of the assigned targets by the end of five years.

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<sup>1</sup> Twelve countries in Africa (Botswana, Cote d'Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, and Zambia), and three other countries (Guyana, Haiti and Vietnam).

<sup>2</sup> The Global Fund is a public-private partnership that raises money to fight AIDS, tuberculosis and malaria.

<sup>3</sup> The AIDS Coordinator reports directly to the Secretary of State.



## **AUDIT OBJECTIVE**

As part of the Office of Inspector General's fiscal year 2006 annual audit plan, the Performance Audits Division directed this audit to answer the following objective:

- Did USAID's Emergency Plan prevention and care activities progress as expected towards the planned outputs in its grants, cooperative agreements, and contracts?

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

# AUDIT FINDINGS

We were unable to determine whether USAID's prevention and care activities progressed as expected. The start and cut-off dates for measuring progress and achievement of outputs were not interpreted and applied uniformly by the missions audited, due to unclear fiscal year (FY) 2005 Country Operation Plan Guidance issued by the U.S. Global AIDS Coordinator (AIDS Coordinator). See page 6 for further details.

In terms of the mission-level audits, three of four reports determined that USAID's Emergency Plan activities did not progress as expected towards planned outputs. Our conclusion on the three audits was negative because we used the ending date of FY 2005, September 30, 2005, as the cut-off date for measuring progress and achievement of outputs. However, upon further analysis and discussion, we determined that neither this day nor any other cutoff date was (a) clear enough from the guidance and (b) uniformly applied across the missions. Without such a date, we were unable to determine whether USAID's prevention and care activities progressed as expected. The fourth audit report could not make a determination because of data quality problems. All four reports included related audit findings. Specifically,

- USAID/Tanzania's activities did not progress as expected towards meeting planned outputs in its grants, cooperative agreements, and contracts due to the late receipt of fiscal year 2005 funding. Additionally, the audit noted a finding on the Mission's need to strengthen its monitoring of its partners and activities.

For the six partners reviewed, representing 81 percent of USAID/Tanzania's prevention and care funding for FY 2005, 6 of 14 key outputs (43 percent) selected for review were not met. FY 2005 funds were partially<sup>4</sup> available to the Mission in April 2005, but were not fully available until July or August 2005.

- USAID/Guyana's Emergency Plan activities did not progress as expected towards its planned outputs because the Mission did not receive FY 2005 funds until March 2005; supporting media campaigns were not launched or communications materials were underutilized; local sub-grantees were less capable than expected; and USAID and Family Health International<sup>5</sup> did not always provide needed guidance and oversight, insufficient funding, or other reasons. Also, the audit noted findings on inconsistent performance targets involving the Country Operational Plan, a contract and various workplans; inaccurate or unsupported results by an implementing

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<sup>4</sup> Funds were available at FY 2004 levels, which were approximately 50 percent of the requested amounts.

<sup>5</sup> USAID/Guyana only has Emergency Plan contracts with Family Health International (FHI) and Maurice Solomon & Company (see next footnote). FHI is the only *implementing* partner for USAID/Guyana. FHI, in collaboration with four subcontractors provides technical direction to a network of 19 local non-governmental organizations and faith-based organizations that provide services to program beneficiaries.

partner and its sub-grantees; delays in fund advances from the disbursement firm<sup>6</sup> to the local organizations; weak financial management practices by several sub-grantees; and lack of exit strategies by sub-grantees.

Of the 21 USAID-financed outputs listed in the FY 2005 Country Operational Plan, 13 (62 percent) planned outputs were not achieved, and progress toward achieving 3 (14 percent) outputs could not be fully evaluated because targets were not established or because sufficient information on actual accomplishments was not available.

- USAID/Nigeria's activities did not progress as expected towards planned outputs in its grants, cooperative agreements, and contracts due to the late receipt of FY 2005 funding. The audit found discrepancies with the data used to track partners' progress in achieving outputs.

For the five partners reviewed, representing 86 percent of USAID/Nigeria's prevention and care funding for FY 2005, 8 of 15 key outputs (53 percent) selected for review were not met as of September 30, 2005. However, partners have reported significant progress toward achieving planned outputs since September 30, 2005. For 11 of the 15 key outputs (73 percent) reviewed, partners reported achieving 90 percent or more of their planned outputs within six to twelve months of receiving FY 2005 funding.

- We were not able to answer the audit objective for USAID/South Africa because of data quality problems with outputs selected for review. The audit had findings on the Mission's need to validate<sup>7</sup> reporting data and to better document site visits.

USAID has challenges concerning the lack of uniformity regarding the start and cut-off dates on measuring progress and achievement of outputs, as well as on the data quality of outputs. These issues are discussed in the following subsections.

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<sup>6</sup> Maurice Solomon & Company is a local accounting firm that advances USAID funds to the local organizations, obtains liquidations that show how the funds were used, and provides financial and administrative management assistance to the organizations.

<sup>7</sup> Mission and recipient officials stated that two of the nine provincial governments would not allow their reported data to be validated. They stated that the provincial governments (1) believed that the data belonged to the government and not the USAID recipient, and (2) expressed concerns about protecting patient identities. (The issue is already being discussed by the U.S. Government Mission in South Africa.)

## USAID Should Clarify Guidance on Measuring Output Progress and Achievement

Summary: We noted inconsistencies among the missions audited regarding the start and end date for measuring progress and achievement of outputs for FY 2005 Country Operation Plan activities. This occurred because the guidance issued by the AIDS Coordinator on the performance period for measuring progress and achievement of outputs was not sufficiently clear. According to Automated Directives System 203.3.5, data reliability is a key dimension of data quality. Reliable data from one reporting period to the next allows for the comparison of reporting results over time. As a result, performance data across USAID missions, and from one reporting period to the next for the same mission, are at risk of not being comparable and reliable.

There were inconsistencies among the USAID missions audited regarding the start and cut-off dates for measuring progress and achievement of outputs for the FY 2005 Country Operation Plan activities. The start and cut-off dates for achieving FY 2005 results were not interpreted and applied uniformly by the missions audited. For management as well as audit purposes, a consistent cut-off date is needed for FY 2005 and for future years' activities so that progress can be measured for each mission from year to year and uniformly across missions. We encountered different situations regarding the start and cut-off dates for the missions audited. For example,

- Although USAID/Tanzania received its FY 2005 funds extremely late, the audit team measured progress using a September 30, 2005 cut-off date. The late availability of funds was the primary reason cited for the lack of progress in achieving outputs by the Mission.
- USAID/Guyana believed that since FY 2005 funding was not received until March 25, 2005, the Mission did not have to achieve its outputs until March 31, 2006,<sup>8</sup> not September 30, 2005. The auditors' response to the Mission's proposed cut-off date was that the FY 2005 Annual Program Results guidance states that results between October 1, 2004 and September 30, 2005 are to be reported against the FY 2005 targets, and that results are to be reported regardless of whether they were achieved with FY 2004 or FY 2005 funding.
- USAID/Nigeria believed that FY 2005 results were to be achieved in the 12-month period following the receipt of FY 2005 funds by *headquarters* agencies. Although the Mission stated it did not know, nor could it predict, the exact date by which FY 2005 funds would be received by headquarters agencies, the Mission defined its 12-month period to be from April 1, 2005 to March 31, 2006. The Mission also stated that the cut-off date for each partner should be 12 months from the date of receipt of funds by the *partners*. For example, in its management comments, the Mission showed one partner receiving its FY 2005

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<sup>8</sup> Please note that this date is after the auditors completed their fieldwork in Guyana on February 17, 2006.

funding in June 2005 and having until June 2006 to achieve its outputs, while another partner received its FY 2005 funding in July 2005 and had until July 2006 to achieve its outputs.

- The cut-off date did not surface as an issue at USAID/South Africa.

The different interpretations by the missions audited occurred because the guidance issued by the AIDS Coordinator was not clear as to the start and cut-off dates for measuring progress and achievement of outputs for FY 2005 Country Operational Plans activities. The guidance issued for the FY 2006 and 2007 Country Operational Plans is also not clear as to start and cut-off dates for measuring progress and achievement of outputs, and is also problematic because the period of performance for measuring progress and achievement of outputs may be extended to 24 months in future years. The following table summarizes the FY 2005, 2006 and 2007 Country Operational Plan guidance:

**Comparison of Table 2 and Table 3 of the FY 2005, 2006, and 2007 Country Operational Plan guidance**

	<b>FY 2005 Guidance</b>	<b>FY 2006 Guidance</b>	<b>FY 2007 Guidance</b>
<b>Table 2</b> <sup>9</sup>	Targets are to be met during FY 2005. (October 1, 2004 to September 30, 2005) <sup>10</sup>	Targets are to be met during FY 2006. (October 1, 2005 to September 30, 2006) <sup>11</sup>	Targets are to be met during FY 2007. (October 1, 2006 to September 30, 2007)
<b>Table 3</b> <sup>12</sup>	FY 2005 funds should be expended, and associated results produced, within 12 months of receipt of funds by headquarters agencies.	The FY 2006 timeframe includes fiscal year 2007, ending in September 30, 2007 <sup>13</sup>	The FY 2007 timeframe is the fiscal year that ends in September 30, 2008.

<sup>9</sup> Table 2 relates to country-level targets, and cites targets to be met regardless of when funding is received, as explained to us by staff working for the AIDS Coordinator.

<sup>10</sup> The guidance states that “it will be against these targets that the progress reports results will be evaluated.”

<sup>11</sup> The guidance states that “it will be against these targets that the Annual Program Results (APR) will be evaluated.”

<sup>12</sup> Table 3 is considered a planning tool and relates to partners’ funding, as explained to us by staff working for the AIDS Coordinator.

<sup>13</sup> The guidance is not clear regarding the beginning of the FY 2006 performance period.

While acknowledging that funds will not likely be immediately available at the start of any fiscal year, we believe that up to two years to achieve results (see bottom row of the above table) appears to be excessive and makes it more difficult for managers to observe trends in performance data and make necessary adjustments to its Emergency Plan activities.

USAID's Automated Directives System 203.3.5.1 states that data reliability is a key dimension of data quality. Only by using reliable data over time can program managers evaluate the effectiveness, and determine the direction and efficiency of their program. The availability of reliable data from one reporting period to the next allows for the comparability of reporting results over time. Data comparisons across time can quickly alert Emergency Plan managers and other stakeholders of changes in performance, programmatic gaps to be filled, and whether targets are being met. Similarly, data comparisons across missions can lead to refined strategic planning and can be an important tool for policy development.

As a result of the lack of clarity in the guidance issued for the FY 2005 Country Operational Plan, missions did not have a consistent understanding as to the start and cut-off dates for measuring progress and achievement of outputs, and used different ending dates to measure progress and achievement of outputs. Unless the progress and achievement of outputs (targets) are compared using consistent cut-off dates, managers will not be able to evaluate the effectiveness, and determine the direction and efficiency of their programs.

Given the importance of having clear start and cutoff dates for measuring progress and achieving outputs, we believe the USAID's Office of HIV/AIDS should meet with the Department of State's Office of the U.S. Global AIDS Coordinator to clarify start and cut-off dates, and request the Department of State's Office of the U.S. Global AIDS Coordinator to issue clear and explicit guidance to all missions with Emergency Plan activities, as stated below.

*Recommendation No. 1: We recommend that the Office of HIV/AIDS Director meet with the Department of State's Office of the U.S. Global AIDS Coordinator to clarify the start and cut-off dates for measuring progress and achieving outputs contained in all current and future Country Operational Plans.*

*Recommendation No. 2: We recommend that the Office of HIV/AIDS Director request that the Department of State's Office of the U.S. Global AIDS Coordinator issue guidance to all USAID missions with Emergency Plan activities to clarify the start and cut-off dates for measuring progress and achieving outputs contained in all current and future Country Operational Plans.*

## USAID Should Emphasize Data Quality of Outputs

Summary: All four missions audited noted issues directly or indirectly related to the quality of data due to lack of adequate guidance, training, or procedures on the part of the missions, prime partners, or both. USAID's policies and procedures and other guidance emphasize the importance of data quality of outputs produced by implementing partners. Unreliable data can impact on the appropriateness of management decisions, and the ability of managers to evaluate the effectiveness and efficiency of their programs.

As discussed in more detail below, all four mission audit reports brought up issues related to data quality of outputs. For example,

- In Tanzania, CARE reported 1,047 orphans had been assisted by its sub-grantee as of September 30, 2005. Although the sub-grantee's internal records showed 1,118 orphans, our examination of the records showed that 1,077 orphans received support as of August 15, 2005. Officials were not able to explain why the register did not list any names of participants that signed up past August 15, 2005. The net effect of these two mistakes was minimal (the total count reported to USAID was 1,047, while the actual count was 1,077,<sup>14</sup> or less than a 3% difference), but without an independent verification, larger discrepancies could go undetected.
- In Guyana, one planned output was to provide 560 orphans and vulnerable children with care and support. The program, and the Second Annual Report to Congress, stated that the program served 5,209 orphans and vulnerable children. However, our review of supporting documentation indicated that the program assisted only 289 children, few of whom were directly affected by HIV/AIDS.
- USAID/Nigeria and its partners' records had various data discrepancies, which were not always discovered during the Mission's portfolio review or when entering data into the Mission's spreadsheet used to track partners' progress. For example, Safe Blood for Africa Foundation (the Foundation) had a planned output of training 40 individuals in blood safety procedures. During a portfolio review of the Foundation, the Mission used the output achievement of 3,682 individuals trained as of September 2005, the same figure reported in the Foundation's progress report—a figure that reflected the results achieved from activities funded by both USAID and the Centers for Disease Control and Prevention (CDC). At another point in time, the partner submitted data indicating the number trained as 3,075, and the Mission entered this figure into its internal tracking spreadsheet known as the Annual Report Tables. Regardless of which figure is used, the figures included training funded by CDC. This error should have been noticed when conducting the portfolio review or when entering the

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<sup>14</sup> Of course, the actual total might have increased for any new participants that joined during the August 15 to September 30, 2005 timeframe.

data into the spreadsheet, as either figure resulted in a very high achievement rate of between 7,000 to 9,000 percent. While visiting the Foundation's office, partner staff provided a breakout of training data between USAID and CDC that showed only seven individuals' could be attributable to USAID, an achievement level of 17.5 percent (7 divided by 40).

- In South Africa, three of five recipients tested had some data problems with their own or sub-recipient data. For example, a sub-recipient clinic could not produce documentary support for 88 patients that had been reported to the USAID recipient for a month of activity under "Positive Women Given Nevirapine." The sub-recipient's staff member produced a manual register with 85 names, and a second register with an additional 6 names. However, a staff member was not sure if the second register listed persons that had received Nevirapine during the month. The USAID recipient monitoring and evaluation specialist said that they had never validated the data from this clinic. In another case, a recipient had reported 3,334 individuals trained in the provision of general and related palliative care, but a register showed only 2,133 individuals trained. The recipient's files had not documented the basis for the compilation of the numbers.

The causes for these data quality weaknesses included (1) missions (or a prime partner) did not always provide effective guidance or training to grantees or sub-grantees, (2) missions did not have sufficient procedures to ensure the recipient's monitoring of the validity of their own and their sub-recipient's data, and (3) missions (or a prime partner) did not periodically validate reported results.

USAID guidance emphasizes the importance of data quality when that data is used to make management decisions. Automated Directives System 203.3.5 states that Operating Units should ensure that the data used are of sufficiently high quality to support the appropriate level of management decisions. Automated Directives System 203.3.5.2 also requires data quality assessments on Agency data that is reported externally. Additionally, USAID's Center of Development Information and Evaluation Performance Monitoring and Evaluation Tips Number 12 explains how USAID uses performance data in managing for results. Sound decisions require accurate, current, and reliable information, and the benefits of this results-oriented approach substantially depend on the quality of the performance information available. In addition, the Office of Management and Budget's Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies (January 3, 2002) states that agencies are directed to develop information resources management procedures for reviewing and substantiating the quality (including the objectivity, utility, and integrity) of information before its dissemination.

Relying on inaccurate data could result in making management decisions that are inappropriate or in reporting results that are understated or overstated. Therefore, a mission cannot reliably determine if the program was achieving planned outputs and the mission can report inaccurate information to the AIDS Coordinator and the Congress.



Since Emergency Plan activities in the four missions audited had data quality issues, we believe that Emergency Plan activities in other missions may also have data quality issues. However, this report is not making a recommendation on data quality since:

- (1) All four mission-level audit reports have already made specific recommendations to correct problems identified on the mission-level audits,
- (2) Specific data quality issues in Emergency Plan activities at other missions may differ from those found at the four mission-level audits, and
- (3) The USAID Office of Inspector General's "Report on the Audit of USAID's Financial Statements for Fiscal Years 2006 and 2005" (Audit Report No. 0-000-07-001-C), issued November 15, 2006, included a recommendation on the quality of performance data. Specifically, audit recommendation number 5 states "We recommend that USAID require all bureaus and missions to certify that performance data submitted for publication are accurate, adequately supported, and that the required data quality assessments have been performed."

# EVALUATION OF MANAGEMENT COMMENTS

Management described actions taken to address Recommendation Nos. 1 and 2. Specifically, the Office of HIV/AIDS staff met with the Office of U.S. Global AIDS Coordinator staff on November 27, 2006 and discussed the need to clarify the start and cut-off dates for measuring progress and achieving outputs. According to USAID, the Office of U.S. Global AIDS Coordinator has agreed to update the FY 2008 Country Operational Plan guidance to clarify these dates. The FY 2008 Country Operational Plan guidance will be issued to all Emergency Plan countries in the spring of FY 2007. Accordingly, we consider that final actions have been taken on both recommendations upon issuance of this report.

Management comments are included in their entirety in Appendix II.

# SCOPE AND METHODOLOGY

## Scope

The Office of Inspector General conducted audits at four USAID missions in accordance with U.S. generally accepted government auditing standards. These audits were designed to answer the following question: Did USAID's Emergency Plan prevention and care activities progress as expected towards planned outputs in its grants, cooperative agreements, and contracts. This report summarizes the results of audit work conducted both at USAID offices in Washington, D. C. and at selected overseas USAID missions.<sup>15</sup> The audit fieldwork was conducted from October 2005 through June 2006 in:

- Washington, D.C, intermittently from October 2005 through June 2006.
- Tanzania—at the USAID Mission and various Emergency Plan sites, and in Washington, DC—from November 30, 2005 through January 25, 2006.
- Guyana—at the USAID Mission and various Emergency Plan sites from January 31 through February 17, 2006.
- South Africa—at the USAID Mission and various Emergency Plan sites from March 9 through May 10, 2006.
- Nigeria—at the USAID Mission and various Emergency Plan sites from April 10 through April 27, 2006.

In conducting these audits, we assessed the effectiveness of USAID's internal controls related to the Emergency Plan. We identified internal controls such as:

- USAID's process for monitoring its partners' progress and reporting; and
- USAID's partners' process for compiling regional data to its country-level reports.

## Methodology

We reviewed Country Operational Plans, interviewed responsible mission officials and in-country partners, and reviewed quarterly progress reports to determine progress towards outputs and other pertinent documentation. We conducted site visits to partners and beneficiaries involved in prevention and care activities, and observed facilities and operations. We judgmentally selected key outputs for each selected partner and compared those output percentages against the audit threshold criteria to determine if planned outputs were achieved.

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<sup>15</sup> See Appendix IV for a list of audit reports issued during this worldwide audit.

The audit threshold criteria were as follows:

- 1) If at least 90 percent of the selected key outputs have been achieved,<sup>16</sup> the answer to the audit objective would be positive.
- 2) If at least 80 percent but less than 90 percent of the selected key outputs have been achieved, the answer to the audit objective would be qualified.
- 3) If less than 80 percent of the selected key outputs have been achieved, the answer to the audit objective would be negative.

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<sup>16</sup> The audit team considered an output to be achieved if the partner completed at least 90 percent of the expected (planned) output.

# MANAGEMENT COMMENTS



## MEMORANDUM

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

FROM: GH/OHA, S. Ken Yamashita, Director /s/

SUBJECT: Management Comments on the draft Audit of USAID's Progress in Implementing the President's Emergency Plan for AIDS Relief (Report No. 9-000-07-00X-P)

This memorandum transmits the Office of HIV/AIDS' response to the draft audit report titled "Audit of USAID's Progress in Implementing the President's Emergency Plan for AIDS Relief" (Report No. 9-000-07-00X-P), dated November 14, 2006.

### Background

During FY 2005 and FY 2006, USAID/OIG performed audits of USAID missions in 10 of the 15 PEPFAR focus countries. The FY 2005 audit involved 6 focus countries and the capping report was issued on September 30, 2005. The FY 2006 audit was performed in 4 focus countries and the audit objective was to determine if USAID's Emergency Plan prevention and care activities were progressing as expected towards the planned outputs in its grants, cooperative agreements and contracts?

### **Two Problem Areas**

The OIG capping reports notes two primary problem areas: 1) measuring output progress and achievements; and 2) data quality of outputs.

These issues should be viewed in the full context of the evolving President's Emergency Plan for AIDS Relief (PEPFAR), implementation of which is led by the Department of State's Office of the US Global AIDS Coordinator (OGAC). The PEPFAR effort arose very rapidly into one of the world's largest and most complicated development programs within just a few years. This accelerated rate of growth has required tremendous innovation in both programmatic and management terms, in addition to ongoing adaptation to new environments and lessons learned. Change of this nature will continue for the foreseeable future, and as it reflects input from country programs, USG agencies, and external sources, PEPFAR will continue to improve its processes for performance and quality.

### **1. USAID Should Clarify Guidance on Measuring Output Progress and Achievement**

“The different interpretations by the missions audited occurred because the guidance issued by the Office of the Global AIDS Coordinator was not clear as to the start and cut-off dates for measuring progress and achievement of outputs for FY 2005 Country Operation Plan activities. The guidance issued for the FY 2006 and 2007 Country Operation Plans is also not clear as to start and cut-off dates for measuring progress and achievement of outputs..... Given the importance of having clear start and cutoff dates.....USAID's Office of HIV/AIDS should meet with the Department of State's Office of the Global AIDS Coordinator to clarify start and cut-off dates, and request.....clear and explicit guidance to all missions with Emergency Plan activities.”

#### **USAID Response**

This first issue cited by USAID/OIG is associated with two different facets of results reporting: 1) definition of targets and results; and 2) the flow of funding linked to specific fiscal years.

Addressing the issue of program outputs has its origins in an early GAO report regarding USAID-specific programming: **March 2001 GAO Report – US Agency for International Development Fights AIDS in Africa, but Better Data Needed to Measure Impact. GAO-01-449**. This report noted that USAID should “*select standard indicators to measure the progress of their HIV/AIDS programs, gather performance data on a regular basis, and report performance data to a unit for analysis.*” In addition to the deficiencies cited in the GAO report,

each USG agency working abroad used different indicators, methods, and timeframes for measuring their HIV/AIDS performance.

Since the beginning of the President's Emergency Plan, GH/OHA has been an active participant with OGAC and other USG agencies participating in the Emergency Plan in creating one PEPFAR performance system with one standard set of indicators used to measure targets and results as well as methods and timeframes. The monitoring framework is based on three output level indicators: (1) sites, (2) people reached, and (3) people trained. As a result, starting in 2004 with the authorization and funding of The Emergency Plan the following actions were taken:

- **Mandated Results Reporting** –The USG was the first international partner to mandate annual performance reporting for all funded activities using standard indicators. This made USAID work especially challenging as no international partner had previously mandated annual reporting based on one set of indicators. The US remains the only international HIV program to require annual reporting on standardized indicators from all of its funded partners.
- **USG PEPFAR Indicator Definitions** – For the first time, all USG agencies participating in the Emergency Plan use a standard set of indicators, as defined in The President's Emergency Plan for AIDS Relief Indicators, Reporting Requirements, and Guidelines. This guidance defined one set of standard output, outcome, and impact indicators and timelines for submitting performance data by all USG agencies participating in PEPFAR – USAID, HHS including CDC and HRSA, DOD, and Peace Corps. This standard indicator set and guidance promotes increased data quality.
- **Annual Planning Targets and Results Reporting** – USG offices (including USAID) submit one annual USG plan of proposed HIV/AIDS targets that the USG will achieve in coordination with the national government and other donors. The Fiscal Year 2006 COP Guidance defined targets in Table 2 – which is the summary results for PMTCT, treatment, and care (including OVCs and counseling and testing), for the fiscal year. These targets should be achieved during the fiscal year –

beginning October 1 and ending on September 30 – using available funds from both the current and previous fiscal years. Semi- and annual results are always reported on the fiscal year timeline. USG headquarters agencies use these results to show progress towards achieving the congressionally mandated 2-7-10 goals.

- **Partner and Program Service Area Targets and Results Reporting** – In the same COP Guidance, directions for Table 3 focus on partner-level targets in the 14 program service areas and answer the question: what will be accomplished with one fiscal year’s budgetary allocation? These targets are tied to a specific amount of funding, as opposed to Table 2, which is tied to a specific timeframe. Because a fiscal year’s funding is obligated at different points in time in different countries, the COP guidance requires that the targets, activities and funds be tied to a 12 month period. The date for counting this 12 month period starts when partner dollars are obligated. Therefore, Table 3 targets cannot be compared to Table 3 results.
- **Downstream and Upstream Targets** – PEPFAR has adopted an innovative approach of dividing both targets and results into two categories – downstream and upstream. Downstream targets support the number of individuals receiving services that are directly supported by USG interventions/activities (commodities, drugs, supplies, supervision, training, quality assurance, etc.) at the point of service delivery. Upstream targets and results project and count the number of individuals receiving services beyond those counted under downstream as a result of the USG’s contribution to system strengthening or capacity-building of the national HIV/AIDS program as a whole. Development of national HIV/AIDS clinical standards and guidelines and development and maintenance of national commodity and drug procurement and logistics systems are two examples of indirect support.

The second concern in this area is related to the actual flow of funding. The flow of funds to agencies, countries, and then to partners is dependent



on the date of Congressional passage of the annual PEPFAR appropriations. This date varies each year, which then impacts on partner award dates. The variability of these Congressional approvals provides the rationale for the variable dates in Table 3.

We acknowledge that the guidance for establishing timeframes for targets (start and cut-off dates) is complex. Each year USAID works with OGAC and other participating USG agencies to improve definitions and processes used by countries to set targets related to the appropriate time periods. GH/OHA staff met with OGAC staff on November 27, 2006 and discussed the need to clarify the start and cut-off dates for measuring progress and achieving outputs. OGAC has agreed to update the FY 2008 Country Operational Plan Guidance to clarify these dates. The FY 2008 COP will be issued to all Emergency Plan countries in the Spring of FY 2007.

## 2. USAID Should Emphasize Data Quality of Outputs

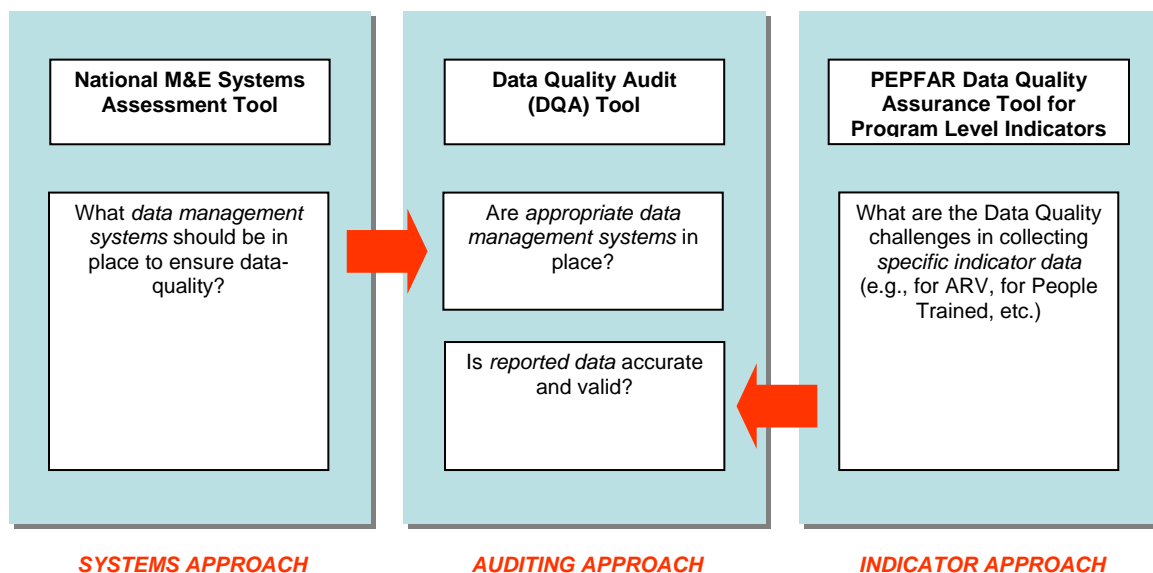
All four audit reports noted issues directly or indirectly related to the quality of the data due to lack of adequate guidance, training, or procedures on the part of the USAID missions, prime partners or both.

### USAID Response

Both USAID/OHA and OGAC agree that data quality is a top priority and have collaborated with other USG agencies participating in the Emergency Plan and international organizations on a series of initiatives to improve and strengthen data quality within country programs.

- **Data Quality Assessment Tools.** In 2005 PEPFAR with the Global Fund and the Health Metrics Network agreed to join together to develop three complementary tools to improve partner and country data quality reporting:
  - A **Data Quality Assurance Tool** which is PEPFAR specific
  - A protocol for **Data Quality Audits**
  - A protocol for **National M&E Assessments**

The following data quality framework was developed for these tools:



From June to August, 2005, assessments of existing USG and national data collection and reporting systems were conducted in South Africa, Kenya, Botswana, and Zambia.

Following these visits the team developed the Data Quality Assessment Tool which was reviewed by additional USG country teams, edited and then finalized in the Spring, 2006. The Data Quality Assurance Tool addresses three important issues in assessing and improving the quality of data:

- The completeness, accuracy and consistency of the data
- The upstream (indirect) and downstream (indirect) framework for target setting and results reporting
- How to identify and resolve double-counting

The National M&E Systems Assessment Tool, which has been endorsed by the Emergency Plan, the Global Fund, UNAIDS, WHO, the World Bank, Health Metrics Network, and Roll Back Malaria is being published in December 2006. The tool was pilot tested in eight countries: Rwanda, Russia, Niger, Congo, Chile, Bangladesh, and China.

The developed tools consist of diagnostics, guidance, worksheets, and text boxes that emphasize preventing and managing data quality challenges and documenting process so that reporting systems are auditable. Their overall goal is to provide clear and practical guidance so that each PEPFAR country program (among other international partner HIV/AIDS programs)

understands the constraints to good results reporting and addresses them in the same way.

- **USG Country Strategic Information Support.** Each of the 15 focus countries along with 16 additional countries receiving over \$5 million annually in USG bi-lateral HIV/AIDS funding now has at least one headquarters strategic information advisor (from USAID and/or other participating PEPFAR agencies) to work with them to ensure an in-country process is in place to collect data and verify its quality. The strategic information advisor works with all USG staff on record-keeping, program reporting standards, and other quality improvement initiatives. Each year, reporting and program monitoring systems become more comprehensive and accurate as countries take additional steps to improve partner performance monitoring, such as formalized pipeline and portfolio management reviews.
- **USG SI Trainings:** A multi-pronged approach has been used to train USG staff on strategic information, with a specific focus on monitoring and evaluation and improving data quality. An orientation for all SI staff was originally held at CDC in the summer of 2004, and regional SI meetings have been held annually since.

The trainings have focused on following topics:

- Indicators and reporting for PEPFAR
- Data quality assessment
- M&E capacity building
- Agency and national coordination
- Target setting
- **Distance-based Trainings.** In 2006 distance-based target and results reporting trainings were initiated to prepare focus countries for their 2007 COPS and mini-COPs. There now are monthly digital video conferences (DVCs) and/or conference calls on implementation, management, and strategic information challenges and best practices that USAID country and headquarters staff participate in. The DVCs provide regular opportunities for headquarters and country-based staff to present and exchange information. These meetings are regularly

scheduled for the second Tuesday of each month (with some exceptions).

- **Country Capacity.** In-country teams have also been working over the past few years to build M&E systems in-country. M&E training, Data Quality Assessments, and SI technical assistance are just a few activities that USG country teams have implemented. In FY 2004 and FY2005, approximately 27,200 people were trained and/or retrained in strategic information. The number of people trained in strategic information has continued to increase in FY2006 with 34,100 individuals trained in strategic information.

## Summary

The President's Emergency Plan for AIDS Relief is entirely unique and unrivaled within the global arena, demonstrating the strength of a single USG approach, fully comprehensive HIV/AIDS programming, and large infusions of accountable funding. The scale-up of this effort has been extremely rapid, and during this short timeframe problems have been identified, and changes and improvements made based on lessons learned. USAID/OIG has been an integral part of the PEPFAR interagency team that has made these changes, and will continue to shape the ever-evolving approaches used to assist country programs in delivering and reporting on services.

USAID is one of the primary USG partners in PEPFAR, and will continue to collaboratively develop and promote further improvements and capacity building in the collection and reporting of data. Some issues are beyond the control of USAID, or even of OGAC (e.g., Congressional appropriations cycles), but efforts to standardize and simplify reporting will continue, in conjunction with broader efforts to improve the quality of information and data for these programs. Ongoing work to expand local capacity in information management will intensify in this sustainability phase of PEPFAR, particularly to ensure routine monitoring of data validity and to support procedures for internal auditing of these data systems.

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



<b>Mission</b>	<b>Audit Recommendations</b>	<b>Recommendation Status</b>
Guyana (cont.)	<p>performance data on current and cumulative progress toward achieving targets.</p> <p>6. Ensure that Family Health International implements a monitoring plan that regularly validates the quality of data, including supporting documentation, submitted by all sub-grantees.</p> <p>7. Arrange to modify the current contract and any subsequent contracts with Maurice Solomon &amp; Company<sup>19</sup> to better ensure that sub-grantees receive adequate funds in a timely manner.</p> <p>8. Obtain evidence that Maurice Solomon &amp; Company has provided financial management training to sub-grantees so that the monthly liquidations can be completed accurately and on schedule.</p> <p>9. Work with Family Health International and Maurice Solomon &amp; Company to develop a clear exit strategy for the Emergency Program in Guyana.</p>	<p>Management Decision</p> <p>Management Decision</p> <p>Final Action</p> <p>Management Decision</p>
South Africa	<p>1. Develop Mission-specific procedures requiring that its recipients periodically test their own and their sub-recipient's data to help establish the validity of the reported data.</p> <p>2. Develop a monitoring and evaluation training plan that meets the range of monitoring and evaluation skill level needs of its recipients.</p> <p>3. Develop procedures to document and maintain evidence of site visits, including its testing of recipient data to help establish the validity of the reported data.</p>	<p>Final Action</p> <p>Final Action</p> <p>Management Decision</p>

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<sup>19</sup> See footnote number 6.

Nigeria	1. Develop specific procedures to cross-check and verify data used to monitor, report and/or assess the progress of Emergency Plan partners, including but not limited to Portfolio Reviews and the Mission’s internal Annual Report Tables, and that this verification should be documented in the activity files.	Final Action
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### **Audit Reports Issued**

**The following reports were issued as part of this Emergency Plan audit. The reports are listed chronologically, and are available on USAID/OIG's website at <http://www.usaid.gov/oig/public/fy06rpts/fy06rpts1.html>**

Report No. 9-621-06-006-P, Audit of USAID/Tanzania's Progress in Implementing the President's Emergency Plan for AIDS Relief, May 4, 2006

Report No. 1-504-06-005-P, Audit of USAID/Guyana's Progress in Implementing the President's Emergency Plan for AIDS Relief, May 25, 2006

Report No. 4-674-06-013-P, Audit of USAID/South Africa's Progress in Implementing the President's Emergency Plan for AIDS Relief, August 11, 2006

Report No. 7-620-06-004-P, Audit of USAID/Nigeria's Progress in Implementing the President's Emergency Plan for AIDS Relief, August 31, 2006



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