

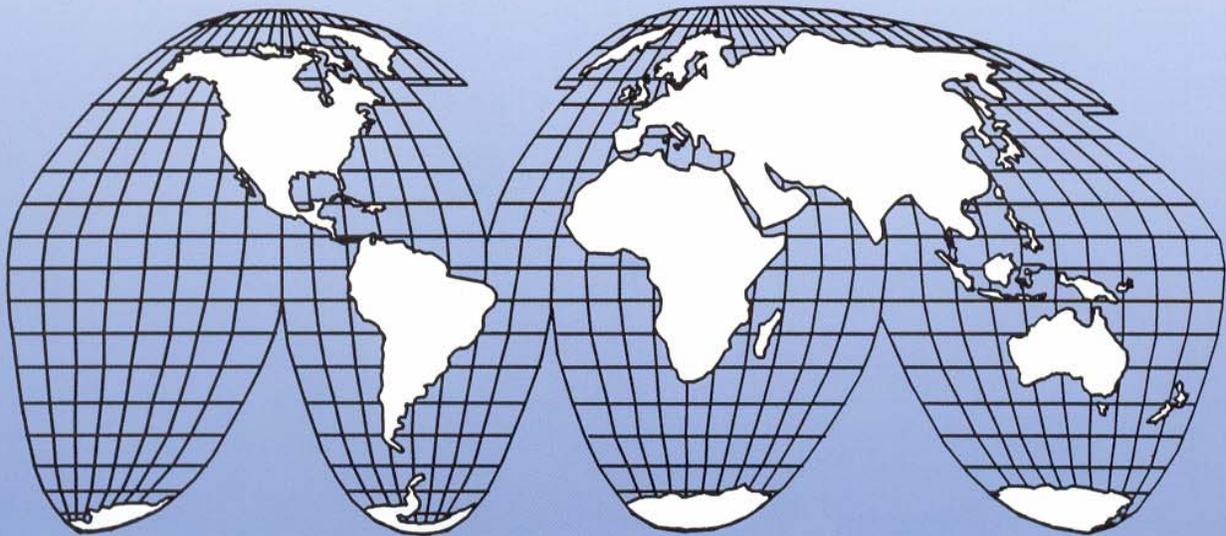
USAID

OFFICE OF INSPECTOR GENERAL

Audit of USAID/Ghana's Annual Reporting Process

7-641-04-006-P

July 22, 2004



Dakar, Senegal



July 22, 2004

MEMORANDUM

FOR: USAID/Ghana Director, Sharon Cromer

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

SUBJECT: Audit of USAID/Ghana's Annual Reporting Process (Report No. 7-641-04-006-P)

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

This report contains three recommendations to which you concurred in your response to the draft report. Based on your plans in response to the audit findings, management decisions have been reached on all three recommendations. However, the three recommendations will remain open until the planned actions are completed by the Mission. Please coordinate final actions on these three recommendations with USAID's Office of Management Planning and Innovation (M/MPI).

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

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Summary of Results

The objective of this audit was to determine if USAID/Ghana complied with USAID guidelines in meeting annual reporting requirements specified in the Automated Directives System (ADS). (See page 7.)

USAID/Ghana followed some of the Automated Directives System (ADS) and Bureau for Policy and Program Coordination (PPC) guidance in preparing its fiscal year (FY) 2004 Annual Report. The narrative performance summaries for each of the strategic objectives were detailed and informative and included discussions on the extent to which targets were met and reasons for any shortcomings. Additionally, the report contained full discussions of problems encountered with some indicators and fully disclosed any limitations. (See pages 7 to 8). Furthermore, two of the four strategic objective teams (Health and Education) met the annual reporting requirements related to conducting data quality assessments (DQAs) for results reported to USAID/Washington. Both teams also maintained sufficient and accessible documentation to support the reported results as required. (See page 8).

However, the remaining two strategic objective teams (Private Sector and Democracy and Governance) could not provide evidence that DQAs had been performed for the results reported in the Annual Report. This was due to a lack of appropriate attention to the requirements as well as confusion over the applicability of DQAs to some indicators. Although USAID/Ghana established procedures related to conducting DQAs, these requirements had not been fully enforced or followed by these two teams. Thus, the Mission cannot assure the quality and validity of the data reported to USAID/Washington. We recommend that procedures be established and responsibility be assigned for verifying that DQAs are conducted or planned by each strategic objective team. (See pages 9 to 10).

Additionally, although the Private Sector and Democracy and Governance teams provided partial documentation, that documentation was not sufficient to verify the results for 4 of 20 indicators reported in the indicator tables included in the FY2004 Annual Report. The two teams did not maintain documentation supporting the calculations and assumptions that were the basis for measuring program results. The staff was unaware of the extent to which detailed data should be included in the program files, even though the USAID/Ghana had issued a Mission Order incorporating USAID documentation requirements. By failing to formally document assumptions and calculations, USAID/Ghana increased its vulnerability to reporting inaccurate results and to ultimately losing important program information if team members leave USAID. We recommend that USAID/Ghana establish procedures and responsibility be assigned for verifying that each strategic objective team has established a system to maintain sufficient documentation to support program results. (See pages 11 to 13).

Finally, we verified the accuracy of 28 results for which sufficient documentation was provided. These included 16 of the 20 indicators included in the strategic objective indicator tables in the Annual Report, as well as 12 other results discussed in the narrative sections of the report. We found one material error and five other instances of immaterial mathematical errors or understatements of the data. The errors occurred because the data had not been reviewed or cross-checked to ensure accurate transcription from source documents or correct mathematical calculations—a simple practice that can help avoid such errors. As a result, USAID/Ghana cannot be fully assured that correct information has been reported to USAID/Washington. We recommend that USAID/Ghana develop procedures for cross-checking and verifying data and to document this activity in the program files. (See page 13 to 15).

USAID/Ghana concurred with the recommendations in the audit report and based on actions planned in response to the audit findings, management decisions have been reached on all three recommendations. The three recommendations will open until the final actions are taken by the Mission and coordinated with USAID’s Office of Management Planning and Innovation (M/MPI). (See page 16).

Background

Since 2001, each USAID Mission has been required to submit an Annual Report to the responsible bureau at USAID/Washington.¹ This report is the Agency’s principal tool for assessing program performance on an annual basis and for communicating performance information to higher management levels and external audiences such as Congress and the Office of Management and Budget. To ensure consistency in reporting, each Mission prepares its report using a formatted template. Automated Directives System (ADS) 203.3.8 contains policies related to preparing the Annual Report, and the Bureau for Policy and Program Coordination (PPC) provides additional guidance, including in-depth instructions for completing each section of the report and a mock Annual Report as an example.

In December 2003, USAID/Ghana submitted its fiscal year (FY) 2004 Annual Report to the Africa Bureau as required. In the report, USAID/Ghana provided a narrative accounting of performance results for FY 2003 for four strategic objectives:²

- Strategic Objective 1: Increased Private Sector Growth

¹ Prior to 2001, Missions reported their results through the Results Review and Resources Request (R4).

² In addition, the report included short discussion of four new strategic objectives in the new country strategy for fiscal years 2004 to 2010.

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- Strategic Objective 2: Increased Effectiveness of the Primary Education System
 - Strategic Objective 3: Improved Family Health
 - Strategic Objective 4: Public Policy Decisions Better Reflect Civic Input (also referred to as Democracy and Governance).

Each strategic objective section of the Annual Report also included the mandatory strategic objective indicator table. The table included target and actual results over the past several years as compared to the base year for selected strategic objective level indicators. USAID/Ghana provided results information in these tables for five Private Sector program indicators, seven Education program indicators, four Health program indicators, and four Democracy and Governance program indicators. Missions are also required to indicate in the table the date of the last data quality assessment for each included indicator; USAID/Ghana included this information in their tables.

Audit Objective

In accordance with its fiscal year 2004 audit plan, the Regional Inspector General/Dakar performed this audit to answer the following audit objective:

Has USAID/Ghana complied with USAID guidelines in meeting annual reporting requirements specified in the Automated Directives System (ADS)?

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

Audit Findings

USAID/Ghana followed USAID guidance in preparing its Fiscal Year (FY) 2004 Annual Report as related to the formatting and required level of discussions of the program results and challenges faced by the Mission during the year. However, the Mission's compliance with annual reporting requirements related to conducting data quality assessments (DQAs) and maintaining documentation varied among the strategic objective teams: two of the four strategic objective teams met the requirements, but two did not.

USAID/Ghana followed some of the Automated Directives System (ADS) and Bureau for Policy and Program Coordination (PPC) guidance in preparing its fiscal year (FY) 2004 Annual Report. As required, the narrative performance summaries for each of the strategic objectives were detailed and informative. Appropriate discussions were included on the extent to which targets were met, and reasons were given for any shortcomings. For example, the report stated, "the private sector economic growth program met two out of three of its key performance indicators, specifically in non-traditional exports and tourism, but not all the non-project assistance policy reforms." The report discussed this

shortfall in meeting the reforms target, attributing it to difficulties in determining whether certain policy reforms needed approval by the Ghanaian government. Similarly, the report stated, “while the Democracy and Governance program did not meet all of the established performance targets in 2003, the program made significant progress.” The report attributed the shortfall in this program to indicators that did not accurately measure the progress being achieved and reported that those indicators will be revised for the new program covering fiscal years 2004 to 2010.

Data limitations encountered with some indicators were also fully discussed and disclosed as required. For example, the report included a detailed discussion of the reporting challenges faced by the Health team when the Ghana Health Service revised the basis for calculating population-based indicators. This change resulted in absurd rates for childhood immunizations, one of the Health program’s key indicators. The report fully explained the impact stating that the Health program could not report on achievements in immunization coverage with any confidence. The report disclosed that the reported results would be limited to actual numbers of children immunized, rather than percentage of children immunized as in the past, thus limiting comparisons of coverage rates to previous years.

Additionally, two of the four strategic objective teams (Health and Education) met the annual reporting requirements related to conducting DQAs and maintaining adequate documentation to support results reported to USAID/Washington. Both teams conducted DQAs within the last three years for the results reported in the strategic objective indicator tables. For instance, in 2001 the Education team contracted with a private consultancy group to assess all the indicators included in the team’s Performance Monitoring Plan. For each indicator, the DQA documented critical factors such as how the indicator was measured, the qualifications and training of the persons collecting the data, the cost of data collection, and whether safeguards were in place to ensure the integrity of the data.

The same two strategic objective teams also maintained sufficient and adequate documentation of the results reported in the Mission’s FY2004 Annual Report. For example, the Health team maintained a separate filing cabinet with a file established for each indicator contained in the Performance Monitoring Plan. Each file contained (1) copies of reports from implementing partners and government offices supporting the results reported by the Health team, (2) initial DQAs performed for key indicators, and (3) memorandums assessing whether any changes to data collection or analysis had occurred that would affect the reporting of results. We found this system to be exemplary, as the files were not only complete, but readily available—literally within minutes we were able to review the supporting documentation for seven indicators.

Nevertheless, as detailed below, USAID/Ghana did not *fully* comply with ADS and PPC Annual Reporting guidance because two of the four strategic objective teams had not conducted DQAs as required and had not maintained sufficient, readily accessible supporting documentation as required.

Data Assessment Procedures Need To Be Enforced

Summary: Two strategic objective teams at USAID/Ghana could not provide evidence that DQAs had been performed in the three years preceding the submission of the data to USAID/Washington as required by the ADS. This was due in part to the lack of appropriate attention to the requirements and in part to confusion over the applicability of DQAs to some indicators. However, without a formal, periodic DQA that fully meets the ADS requirements, USAID/Ghana cannot assure the validity and accuracy of the data reported to USAID/Washington.

Neither the Private Sector nor Democracy and Governance teams provided evidence of DQAs conducted for the indicators included in the indicator tables in the FY2004 Annual Report. The indicator table for the Private Sector program showed that such assessments were conducted in 2001 for four of the five indicators but the team was unable to locate or provide copies of these DQAs. Two team members stated they were not members of that strategic objective team in 2001, and thus, were unaware of the existence of the cited DQAs. Although the Private Sector team did provide a copy of a DQA conducted in March 2004 for two of the indicators related to non-traditional exports, this DQA did not cover the data reported in the FY2004 Annual Report.

Similarly the Democracy and Governance team could not provide copies of DQAs for any of the indicators in the table, even though the Annual Report showed that DQAs had been conducted in 2003 for four of five indicators. The acting Democracy and Governance team leader provided copy of a site visit report that documented her monitoring of the internet activities related to one of the strategic objective indicators. While conducting site visits is part of the overall monitoring process which could include determining the quality of the data collected and reported by partners, there was no indication in the report that the team member spent a portion of the visit ensuring the validity of the data.

Team members from both the Private Sector and the Democracy and Governance teams raised questions about the applicability of conducting DQAs for certain indicators. For example, one of the Private Sector program indicators reported on the number of milestones achieved as a measure of

improvements in the private sector policy and regulatory framework. According to the Private Sector team member, the team received evidence from the Government that such milestones (e.g. the establishment of an escrow account) had been reached. He questioned how to conduct a data quality assessment of data for indicators that are essentially ‘yes’ or ‘no’ measures. The Democracy and Governance team raised similar questions. For instance, the team questioned the extent to which one could conduct a DQA for indicators such as those based on parliamentary actions that either occur or do not occur.

It was difficult to determine whether the data quality assessments were conducted as cited in the Annual Report without the evidence of such being provided by the two teams. The lack of DQAs or of documentation that a DQA had been conducted occurred, in part, because of the lack of appropriate attention by the two strategic objective teams. The ADS requires that, at a minimum, all performance data reported to Washington must have a DQA sometime within the three years prior to submission. Additionally, USAID/Ghana issued a Mission Order in May 2001 related to performance management systems that incorporated the ADS requirements related to conducting periodic DQAs. According to that order, the strategic objective teams are responsible for conducting DQAs and the Program office is charged with general oversight of compliance with all aspects of the order.

DQAs were also not conducted for some indicators because the teams were uncertain as to whether the indicators should be subjected to a DQA. We agreed that conducting a data quality assessment on ‘yes’ or ‘no’-type indicators might be difficult and contacted PPC for further clarification. According to PPC, the purpose of a data quality assessment is to ensure that the users know the quality of their data and its limitations. In the case of indicators that are ‘yes’ or ‘no’ measures, the data can be considered high quality as long as:

1. the Mission clearly identified how achieving the milestone will be measured,
2. this measurement of achievement was objectively verifiable, and
3. the Mission collected the data directly.

This was not the case, however, with the Private Sector program indicator related to achieving certain milestones. For this indicator, the Performance Monitoring Plan defined the source and methodology of data collection as being review of Ghanaian government reports and records by USAID staff but did not describe the specific milestones considered or assessed in determining whether results had been achieved.

Without each strategic objective team conducting formal, periodic DQAs that fully meet the ADS requirements, USAID/Ghana cannot ensure the validity and accuracy of the data reported to USAID/Washington. Although USAID/Ghana established procedures related to conducting DQAs, these requirements have not been fully enforced or followed. Therefore we make the following recommendation.

Recommendation No. 1: We recommend that USAID/Ghana develop specific procedures that include assigning responsibility for verifying on an annual basis that each strategic objective team has conducted, or plans to conduct a DQA that meets ADS requirements, including maintaining such assessments in program files.

Documentation of Results Needs To Be Strengthened

Two strategic objective teams at USAID/Ghana did not maintain sufficient supporting documentation for indicators reported in the FY2004 Annual Report. Although partial documentation was maintained, key calculations and assumptions used in measuring the results were not documented in accordance with USAID guidance. This documentation was not included in the program files due to lack of understanding of the extent to which detailed data should be included in the program files. As a result, the Mission increased its vulnerability of reporting inaccurate data to Washington.

Neither the Private Sector nor Democracy and Governance teams maintained supporting documentation sufficient to verify the results for the indicators reported in their respective strategic objective indicator tables in the FY2004 Annual Report. For example, two of the five Private Sector program indicators included in the indicator table were related to the value of selected and total non-traditional exports. According to the Private Sector team, the results reported in the Annual Report were derived by multiplying the actual value of the exports as reported by the Ghana Export Promotion Council for a 6-month period by a historical factor based on previous years' results. The team provided a spreadsheet showing the Council's data for the January through June 2003 time period, which we traced back to source documents with no exceptions. However, the Private Sector team had not documented the historical factor that was used to extrapolate the values to a year-long period. Team members told us that a factor of 2.48 had been developed for the selected export measure for FY2003, but the factor later changed to 2.0 based on expected problems with the pineapple export market. However, no documentation could be provided showing the derivation of the initial factor or the rationale for adjusting the factor down. Similarly, no documentation

existed in the files to support the 2.15 factor used in calculating the value of all non-traditional exports.

Another indicator included in the Private Sector strategic objective indicator table was the amount of revenue generated by visitors to USAID-assisted national heritage sites. The files contained documentation of the total revenues in the local currency, cedis, and we verified selected accounts back to source documents and found no exceptions. However, the indicator was defined and reported in U.S. dollars, not cedis, and the Private Sector team maintained no documentation showing the exchange rate used to convert the revenues from cedis to dollars. After several discussions, the team told us that they had used the rate of 1,560 cedis per dollar. But they could not provide documentation that would allow us to determine if this was a reasonable exchange rate, especially given an exchange rate of over 8,000 cedis per dollar during fiscal year 2003. After the completion of our audit work, we learned that 1,560 cedis per dollar was the exchange rate for the base year of the program and would be used throughout the life of the program to best capture the growth trends and eliminate variations due to depreciating exchange rates. Yet this important decision was not documented in the program files.

The Democracy and Governance strategic objective indicator table included information on four indicators, one of which was the percentage of local government decisions made through participatory mechanisms. The Democracy and Governance team provided a copy of an implementing partner's report to support the results included in the Annual Report. However, the figures in the partner's report differed from those in the table. The Democracy and Governance team explained that they had used different assumptions than those the partner had used to determine the results, such as expanding the number of local governments to be included in the USAID results. However, the team could not provide any written documentation to support the reported result or the rationale for using different assumptions than the partner's.

The lack of sufficient documentation in these cases occurred because the team members did not realize the extent to which key assumptions and calculations should be documented. USAID guidance contained in TIPS Number 12 emphasizes the importance of documentation, stating that proper documentation is a process that facilitates the maintenance of quality performance indicators and data and should provide an opportunity for independent checks concerning the quality of the performance measurement system. According to TIPS Number 12, documentation includes recording important considerations and assumptions related to performance indicators as well as the detailed specifications for each indicator and its measurement, and stresses the importance of proper documentation due to considerable staff turnover within USAID. USAID/Ghana issued a Mission Order in May 2001 that fully incorporated these documentation requirements. Although specific

responsibility for maintaining such documentation is not assigned within the order, it is implied that each strategic objective team should determine and maintain sufficient documentation to support their results.

Without maintaining supporting documentation for information included in the Annual Report, USAID/Ghana increased its vulnerability to reporting inaccurate or mis-attributed data to USAID/Washington. In this age of audit readiness, it is prudent to maintain back-up documentation that can be easily accessed. Furthermore, the effect of not maintaining adequate documentation was demonstrated within the Democracy and Governance team, where two members had left the team within the past year and the remaining members could not provide the requested documentation. Without formally documenting key elements and factors used to develop reported results, important program information may not be available to Mission management and ultimately can be lost if team staff leave USAID. Therefore, to address this weakness, we make the following recommendation.

Recommendation No. 2: We recommend that USAID/Ghana develop specific procedures that include assigning responsibility for verifying on an annual basis that each strategic objective has established a system to maintain sufficient and adequate documentation supporting reported results.

Verifying and Cross-Checking Data Would Improve Accuracy

In testing the accuracy of 28 reported program results for which the teams provided sufficient support, we found one material error and five other instances of immaterial mathematical errors or understatements of the data. These errors occurred due to lack of review and cross-checking of mathematical calculations, a practice recommended in USAID guidance to easily avoid such errors. Without such procedures in place, USAID/Ghana cannot be fully assured that correct information has been reported to USAID/Washington.

The one material error was found in the seven Private Sector program results verified. The Annual Report stated that sales from the Aid-To-Artisans Ghana project were reported to be \$3.2 million for January to September 2003 period, and the target of \$4.4 million was expected to be achieved by end of the calendar year. The Private Sector team provided a summary fact sheet of the sales and targets for the last three years that showed sales for 2003 of \$4.1 million, and a target of \$3.8 million, with the error being material for both figures. The Private Sector team could not provide an explanation for the

differences between the figures included in the report and those shown in the supporting documentation.

Another math error resulted in an understatement of a Private Sector program result. The Private Sector program section of the Annual Report contained a statement that the value of selected exports by USAID-assisted enterprises represented an 18 percent increase over the previous period. However, we found that the wrong denominator had been used to calculate the change from the previous year, and that a 22 percent increase should have been reported.

One immaterial error was found in reviewing seven Health program indicators. The Couple Years of Protection (CYP) indicator is a measure of the number of years of protection against pregnancy calculated based on the number of contraceptives distributed. We traced 35 entries for different types of contraceptives distributed over the past year back to the four partners' reports and found one discrepancy, due to not updating the summary spreadsheet. However, when the CYP was recalculated, the difference was only 2,300, which represented less than one percent of the total CYP.

Another understatement was found in verifying nine Education program indicators and results. The Annual Report included a statement that "over 10 percent of all public primary schools have benefited directly from support provided by USAID." However, when recalculating the figure using the support documentation, we found the percentage to be 17 percent. Thus the impact of USAID's program was understated by 7 percent.

Within the same section related to the Education program, the Annual Report reported that 93 percent of communities continued to be involved in supporting school improvements after "graduation" from the USAID/Ghana program. However, when tracing the various figures used to calculate the percentage, we found several errors that changed the figure from 93 percent to 92 percent. Again, this difference was not material.

When verifying the five Democracy and Governance results, we found a discrepancy in the information reported on the number of internet sessions at USAID-assisted Community Learning Centers. The Democracy and Governance team member compiled monthly internet usage data from various partners and we found non-material mathematical errors in one partner's report that were carried forward into the Democracy and Governance spreadsheet. We also noted that the partners' reports included data on other types of computer sessions, such as offline training, which were also included in the Democracy and Governance spreadsheet, even though offline sessions were not intended to be included in measuring the indicator results.

These errors occurred because USAID/Ghana had not developed procedures to ensure that data is reviewed or cross-checked as part of the reporting process. While the teams could not always explain the reason for

discrepancies, it appears that the errors occurred either in transcription from source documents or from simple mathematical miscalculations (made either manually or from errors embedded in spreadsheet formulas). USAID guidance contained in TIPS Number 12 indicates that while some errors in collecting data that focuses on social and economic change are to be expected, transcription errors and other discrepancies can be easily avoided by careful cross-checking of the data to the source document. To further ensure accuracy of data, it would be prudent to recalculate mathematical calculations used in reporting program results.

Without procedures in place to ensure such cross-checking and recalculation of transcribed data and key mathematical calculations, USAID/Ghana cannot fully ensure that the data reported to USAID/Washington is accurate and error-free. To address this weakness, we make the following recommendation.

Recommendation No. 3: We recommend that USAID/Ghana develop specific procedures for each strategic objective team to cross-check and verify reported data with source documents and document this verification in the activity files.

Evaluation of Management Comments

USAID/Ghana concurred with all of the findings and recommendations in the draft audit report, and indicated that appropriate actions would be taken to address the three recommendations. Therefore, a management decision has been reached for all three recommendations. However, because the planned actions have not been completed by the issuance date of this report, the three recommendations remain open until final action is taken by USAID/Ghana and coordinated with USAID's Office of Management Planning and Innovation (M/MPI). The Mission anticipates final actions to be completed by the first quarter of FY2005.

Recommendation No. 1 recommends that USAID/Ghana develop specific procedures that include assigning responsibility for verifying on an annual basis that each strategic objective team has conducted, or plans to conduct a DQA that meets ADS requirements, including maintaining such assessments in program files. The Mission concurred with this recommendation and is revising its Mission order to ensure that DQAs are conducted as required. Additionally, in May 2004, USAID/Ghana hired a Monitoring and Evaluation Specialist who has been assigned responsibility for verifying the validity and accuracy of data reported to USAID/Washington.

Recommendation No. 2 recommends that USAID/Ghana develop specific procedures that include assigning responsibility for verifying on an annual basis that each strategic objective has established a system to maintain sufficient and adequate documentation supporting reported results. The

Mission concurred with this recommendation and is revising a Mission order to ensure that each strategic objective team has established and maintained sufficient documentation. The recently hired Monitoring and Evaluation Specialist has been assigned responsibility for evaluating each team's current system and establishing a uniform system that meets ADS requirements.

Recommendation No. 3 recommends that USAID/Ghana develop specific procedures for each strategic objective team to cross-check and verify reported data with source documents and document this verification in the activity files. The Mission concurred with this recommendation and is revising a Mission order to ensure that such procedures are fully implemented. The recently hired Monitoring and Evaluation Specialist has been assigned responsibility to ensure that reported data is cross-checked and verified, and the verification is documented.

**Scope and
Methodology**

Scope

The Regional Inspector General/Dakar conducted this audit in accordance with generally accepted government auditing standards. The purpose of the audit was to determine if USAID/Ghana complied with Automated Directives System (ADS) requirements and other guidelines in preparing its Annual Report. The audit was conducted at USAID/Ghana in Accra from April 19 to May 6, 2004.

We assessed the internal controls of the Mission's annual reporting process. These included USAID guidance contained in the Automated Directives System, memorandums from the Bureau for Policy and Program Coordination (PPC), and other internal policies and procedures at both the USAID and Mission level. The audit scope focused on examining the procedures used by the Mission to prepare its fiscal year (FY) 2004 Annual Report (which reported FY2003 results) as well as verifying the accuracy of the reported data. This included reviewing reports prepared by the Mission and partners, and reviewing and tracing selected results back to a variety of source documents.

Methodology

To determine the extent to which the Mission complied with ADS and PPC guidance, we selected 32 program results reported in the four strategic objective sections of the FY 2004 Annual Report FY 2004. These included 20 indicators included in the strategic objective indicator tables (representing the key measures for each program) and 12 other results reported in the narrative sections of the Annual Report. We performed substantive testing to ensure that the Mission complied with specific reporting requirements and that the underlying data included in the Annual Report is obtained and reported in accordance with Agency requirements. For the 32 selected indicators and results, we determined if the teams had maintained sufficient supporting documentation. For the 28 indicators and results for which sufficient documentation was maintained, we traced and verified the reported results back to source documents. Finally, for the 20 indicators included in the strategic objective tables, we reviewed evidence that data quality assessments had been conducted as cited in the strategic objective indicator table. Our verifications included examining source documents and electronic and manual records.

We also interviewed responsible personnel on each strategic objective team at the USAID Mission in Ghana, as well as in the Program Office, regarding the process for preparing the Annual Report and the data sources for the various reported indicators.

In assessing the accuracy of the data, we used a threshold of 1 percent for transcription accuracy and 5 percent for computation accuracy.

**Management
Comments**



July 19, 2004

MEMORANDUM

TO: Lee Jewell III, RIG/Dakar

FROM: Alex Newton, A/Director, USAID/Ghana /s/

SUBJECT: Audit of USAID/Ghana's Annual Reporting Process (Report No. 7-641-04-00X-P)

The purpose of this memo is to provide Mission's comments regarding subject audit recommendations of I.G. draft audit report. No. 7-641-04-00X-P.

Recommendation No. 1: We recommend that USAID/Ghana develop specific procedures that include assigning responsibility for verifying on an annual basis that each strategic objective team has conducted, or plans to conduct a DQA that meets ADS requirements, including maintaining such assessments in program files.

Mission Comments: Mission concurs with this audit recommendation.

Action to Be Taken: USAID/Ghana is currently reviewing and revising its Mission Order, "Establishment of Mission Performance Management Plan," dated May 30, 2001. The revised Mission Order will contain procedures to ensure that each SO Team conducts or plans to conduct DQAs that meet ADS requirements and maintains those assessments in program files. On May 3, 2004, USAID/Ghana hired a Monitoring and Evaluation (M&E) Specialist who is currently undergoing USAID training. The M & E Specialist has been assigned the responsibility for verifying the validity and accuracy of the data reported to USAID/Washington.

Recommendation No. 2: We recommend that USAID/Ghana develop specific procedures that include assigning responsibility for verifying on

an annual basis that each strategic objective has established a system to maintain sufficient and adequate documentation supporting reported results.

Mission Comments: Mission concurs with this audit recommendation.

Action to Be Taken: USAID/Ghana is currently reviewing and revising its Mission Order, "Establishment and Maintenance of Mission Program and Data Management Systems," dated March 23, 2002. The revised Mission Order will contain procedures to ensure that each SO Team verifies annually that each SO has established a system to maintain sufficient and adequate documentation supporting reported results. The M & E Specialist has been assigned the responsibility for evaluating each SO Team's current system and establishing a uniform system that fully meets ADS requirements.

Recommendation No. 3: We recommend that USAID/Ghana develop specific procedures for each strategic objective team to cross-check and verify reported data with source documents and document this verification in the activity files.

Mission Comments: Mission concurs with this audit recommendation.

Action to Be Taken: USAID/Ghana is currently reviewing and revising its Mission Order, "Establishment of Mission Performance Management Plan," dated May 30, 2001. The revised Mission Order will contain procedures to ensure that those procedures are fully implemented. The M & E Specialist has been assigned the responsibility for ensuring that each SO Team's reported data is cross-checked and verified with source documents and this verification is properly documented in the activity files.

SUMMARY: The mission is anticipating that all three recommendations will be fully complied with by the first quarter of FY 2005.