



USAID
FROM THE AMERICAN PEOPLE

OFFICE OF INSPECTOR GENERAL

**AUDIT OF
USAID/MOZAMBIQUE'S
MANAGEMENT OF P.L. 480
NON-EMERGENCY
MONETIZATION PROGRAM**

AUDIT REPORT NO. 4-656-07-003-P
DECEMBER 22, 2006

PRETORIA, SOUTH AFRICA



USAID
FROM THE AMERICAN PEOPLE

Office of Inspector General

December 22, 2006

MEMORANDUM

TO: USAID/Mozambique, Mission Director, Jay L. Knott

FROM: Acting Regional Inspector General/Pretoria, James C. Charlifue /s/

SUBJECT: Audit of USAID/Mozambique's Management of P.L. 480 Non-Emergency Monetization Program (Report No. 4-656-07-003-P)

This memorandum transmits our report on the subject audit. In finalizing this report, we considered management comments on the draft report and have included those comments in their entirety, as Appendix II.

The report includes two recommendations to strengthen USAID/Mozambique's management of its Public Law (P.L.) 480 non-emergency monetization program. In response to the draft report the Mission agreed with both recommendations. The Mission provided a corrective action plan and target completion date for Recommendation No. 1. Therefore, a management decision has been reached for this recommendation. Please provide the Office of Audit, Performance, and Compliance Division with the necessary documentation to achieve final action on Recommendation No. 1. In the case of Recommendation No. 2, the Mission supported reinforcing the requirement and procedures for documenting site visits and included a target date for completing this action. However, the Mission indicated that for the portion of Recommendation No. 2 dealing with data verification, that it would (1) determine the necessity and frequency of such verification and (2) review and possibly update Mission Order 4-5 if deemed necessary. Because data verification is an important component of Recommendation No. 2, no management decision has been reached. Please provide my office written notice, within 30 days of the date of this memorandum, on additional information on actions planned or taken to implement Recommendation No. 2.

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

CONTENTS

Summary of Results	1
Background	2
Audit Objective	3
Audit Findings	4
Data Quality Assessment Not Performed	6
Mission Officials Need to Better Document Site Visits	7
Evaluation of Management Comments	10
Appendix I – Scope and Methodology	11
Appendix II – Management Comments	13
Appendix III – Reported Outputs Achieved as of September 30, 2005	16

SUMMARY OF RESULTS

The Regional Inspector General/Pretoria performed this audit as part of a series of worldwide audits conducted by the Office of Inspector General. The objective of this audit was to determine whether USAID/Mozambique's Public Law (P.L.) 480 non-emergency monetization activities were achieving selected planned outputs. (See page 3.)

We were unable to determine whether USAID/Mozambique's P.L. 480 Title II non-emergency monetization activities were achieving their selected planned outputs because we could not verify the outputs reportedly achieved. However, during fiscal year (FY) 2005, the Mission's six cooperating sponsors had reported that they had surpassed planned outputs over 90 percent of the time. The reported outputs could not be validated because the Mission had not performed a data quality assessment and the limited data testing performed during the audit identified some problems with reported FY 2005 data. Nevertheless, the audit found that the Mission's monetization activities have been successful in many areas, including cooperating sponsors introducing farming techniques to assist farmers produce better yielding crops as well as planting disease-resistant crops that have high nutritional value. In addition, the monetization activities have impacted local communities in part by training volunteers who then teach communities to use locally available foods to prepare nutrient-rich diets for their children. (See pages 4-6.)

This report includes two recommendations for strengthening USAID/Mozambique's management of the monetization program. The Mission has agreed with both recommendations in its written response to the draft report. A management decision has been reached for Recommendation No. 1. For Recommendation No. 2, because there has been no agreement on the need to conduct data verification during site visits, no management decision has been reached. (See pages 7, 9, and 10.)

Management comments are included in their entirety in Appendix II.

BACKGROUND

The United States Government continues to be a major provider of food assistance to developing countries around the world. Through Title II of the Agricultural Trade Development Assistance Act of 1954, commonly known as Public Law (P.L.) 480, USAID's Office of Food for Peace (FFP) provides commodities to reduce food insecurity in vulnerable populations. As a result, P.L. 480 Title II commodities represent the largest amount of U.S. Government resources committed to combating global food insecurity, providing over \$6.5 billion of assistance since 2000.

P.L. 480 Title II provides agricultural commodities for both emergency and non-emergency development assistance. USAID's P.L. 480 non-emergency monetization activities involve the selling of agricultural commodities to obtain foreign currency for use in U.S. assistance programs. Usually, USAID missions use some of these monetized funds to finance the operational costs of the direct distribution of food aid to targeted individuals or populations who are vulnerable to hunger and malnutrition. USAID missions may also use monetized funds to finance other development projects. In fiscal year (FY) 2005, FFP programmed 2.7 million metric tons of food assistance worldwide valued at \$1.7 billion.

Within Mozambique, USAID provided an estimated total of 30,000 metric tons of wheat valued at approximately \$8.1 million for non-emergency monetization activities in FY 2005,¹ which was the period covered by this audit. Of this, \$6.5 million in monetization proceeds were distributed to six private voluntary organizations (hereafter referred to as cooperating sponsors). The activities were implemented in six of Mozambique's poorest provinces located in the northern part of the country. Within the target area, most of the population suffers regularly from food shortages and "hungry periods." According to a Mission document titled *Mozambique: A Food for Peace Success Story*, "chronic malnutrition is widespread, with a third to more than half of young children in the target communities identified as 'stunted' or shorter than they should be for their age."

In implementing its P.L. 480 non-emergency monetization activities, USAID/Mozambique uses cooperating sponsors to carry out its activities. These organizations include Adventist Development and Relief Agency, Africare, CARE, Food for the Hungry International, Save the Children Federation, and World Vision. USAID/Mozambique has programmed its monetization activities in five-year Development Activity Programs (DAP), with the current DAP being carried out during FY 2002 to 2006. To accomplish in-country monetization activities, a consortium of the cooperating sponsors, led by the Executive Committee (EXCOM) monetization office (which is part of World Vision), periodically requests wheat commodities through USAID/Mozambique. The Mission approves requests for the commodities, which include an estimated sales price based upon the expected market price of wheat at the time the commodity is expected to be shipped from the United States. A tendering process is used by EXCOM to identify wheat buyers, among several millers located in Mozambique. Proceeds are used to pay

¹ The Mission supplements its monetization program activities with Development Assistance funds. In addition, P.L. 480 Title II section 202(e) funds are used to help eligible organizations meet costs related to administration, management, personnel, and internal transportation. Further, cooperating sponsors' contributions are also used.

for monetization activities that support the Mission's "Rapid Rural Income Growth Sustained in Target Areas," strategic objective (SO) 6. SO6's performance goal is enhanced food security and agricultural development. The Mission's monetization activities are structured to address this performance goal.

AUDIT OBJECTIVE

This audit, which was included in the OIG's fiscal year 2006 annual audit plan, was conducted as part of a worldwide series of audits of USAID's management of its P.L. 480 Title II non-emergency monetization program. The audit was designed to answer the following question:

- Are USAID/Mozambique's P.L. 480 non-emergency monetization activities achieving selected planned outputs?

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

AUDIT FINDINGS

We were unable to determine whether USAID/Mozambique's P.L. 480 Title II non-emergency monetization activities were achieving their selected planned outputs because we could not verify the outputs reportedly achieved. However, during fiscal year (FY) 2005 the Mission's six cooperating sponsors had reported on a total of 92 outputs. Collectively they reported surpassing over 90 percent of their targeted planned outputs.² (Appendix III summarizes these reported outputs.) The reported outputs could not be validated because the Mission had not performed a data quality assessment, and limited data testing performed during the audit identified some problems tracing the reported FY 2005 output data to source documents. Nevertheless, the audit team observed many monetization activities being carried out and, in speaking with the people benefiting from these activities, it was evident that monetization has successfully helped Mozambicans to improve their lives—crop yields and household incomes have increased, diets have improved, and the annual period of food insecurity has shortened.

Monetization relies on the sale of Title II wheat in the Mozambique market³. For FY 2005 the cooperating sponsors received over \$6.5 million from the proceeds of the sale of wheat to achieve their intended outputs. The outputs are aligned with the strategy of focusing on sustainable development to help Mozambicans become increasingly less vulnerable to food insecurity.

One of the mechanisms used by the monetization program for achieving sustainable development is for cooperating sponsors to use their own agricultural extension agents to introduce good farming techniques to farmers' groups to (1) produce better yields, and (2) plant crops that are disease resistant and have high nutritional value. One technique the audit team observed was the planting of cassava in rows. This allowed farmers to receive increased yields per each hectare of land. Another technique involved a pineapple farmers' group using chemicals to stimulate flowering, thus allowing for out-of-season pineapple production. According to the farmers, off-season pineapples sold for the equivalent of \$1 each, as opposed to 20 cents during the regular season. This group was also able to participate effectively in a marketing association—another aspect of the extension agent's efforts. The chief of the farmers group said that with the extra income from producing out-of-season pineapples he was able to purchase a cell phone. Thus, he was now contacting buyers to find out who would offer the highest prices and make purchase deals. With this information, the group was harvesting just in time for the buyers to pick up the fruit, which avoided storing and minimized spoilage. Some communities have also started producing types of vegetables that they had not grown previously. These vegetables were being eaten by the families growing them and where surpluses existed they were being sold.

² Appendix I in part, addresses how a weighted average of the planned outputs achieved for FY 2005 was used.

³ According to officials from the Executive Committee (EXCOM) monetization office, Mozambique produces virtually no wheat and bread is a staple food for the urban poor. The sale of wheat delivers high-quality wheat at local market prices, which is not available regionally, and therefore does not have an adverse impact upon local production or marketing in each country.

Another aspect of the Mission's monetization program is nutrition education. Nutrition coordinators provide training to volunteers who are selected from mothers with young children in the community to train others in the community. For example, volunteers train their communities to use locally available foods to prepare nutrient-rich diets for their children. The volunteers are also trained to promote to the communities the importance of exclusive breastfeeding, and the benefits of colostrum (mothers' first milk) to newborns which provides immunity from disease. In one province visited where this training is being provided, the previous traditional belief was that colostrum was dirty and was not given to infants.

Notwithstanding these accomplishments, there are several areas for USAID/Mozambique to strengthen its management of monetization activities. These include the completing of a quality assessment of monetization data and better documenting site visits. Subsequent sections of this report will more fully address these areas. In addition, except in a few instances, USAID branding was not present where monetization activities were being carried out. USAID guidance does not require the cooperating sponsor to permanently mark a monetization-funded project. Thus, neither the U.S. Government nor the American people are receiving credit for the provision of the monetization resources. According to the Mission, it has been advised that Food for Peace/Washington's Agreement officer will soon request Branding Strategies and Marking Plans from Cooperating Sponsors. Once the documents have been approved by USAID/Washington, the Mission will monitor implementation of the Strategy and Plans through site visits. USAID's Office of General Counsel has also explained that the P.L. 480 Title II Federal regulations and USAID guidance requirements are under revision, and when finalized will require permanent markings. Since these revisions are not finalized, we are not making a recommendation in this report.



Photo of a farmer's association member operating a treadle water pump to irrigate vegetable plots. This technology was introduced through USAID/Mozambique's monetization program. (Photograph taken in Muziva, Mozambique in October 2006 by RIG/Pretoria auditor.)



Photo of a pineapple growers association member showing a pineapple grown by the association. These farmers grow pineapple off-season through techniques introduced by USAID/Mozambique's monetization program. (Photograph taken in Nantuto, Mozambique in October 2006 by RIG/Pretoria auditor)

Data Quality Assessment Not Performed

Summary: A data quality assessment (DQA) has not been performed for the Mission's monetization program performance indicators as required by USAID's Automated Directives System (ADS) 203. The Mission's strategic objective 6 (SO6) team had assumed a USAID/Mozambique contractor that assists in survey data collection had completed a data quality assessment. Without a DQA, USAID/Mozambique does not have reasonable assurance that data quality meets validity, timeliness, and reliability standards, the lack of which could negatively affect decision making.

USAID's ADS 203 states that operating units shall, at regular intervals, critically assess the data they are using to monitor performance to ensure 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. DQAs provide management with reasonable assurance that data quality is sufficient for sound management decisions.

In August 2006, the Mission's SO6 team initiated action to conduct its first DQA of its monetization program. At the time of this audit, cooperating sponsors had been queried on their data collection procedures and data controls. SO6 stated that it still needed to work with the Mission's Program Office to identify an appropriate course of action for performing the DQA. As required under the Development Activity Program (DAP), the six cooperating sponsors presented to the Mission their FY 2005 Results Reports which were then forwarded to USAID/Washington. The results reports included planned and actual output data. One of the outputs was "Months of Food Security" which was reported in the Mission's annual report. It established a target of 11 months of food security for FY 2005, with 10.9 months of food security achieved for the fiscal year. Within the last three years, no DQA had been completed for any of the reported data.

The DAP requires extensive reporting on outputs every two years. The measurement of the status of the majority of these outputs is obtained from surveys. A contractor assists with the surveys and once the surveys have been completed, they analyze any methodology limitations. The Mission SO6 team had assumed that analysis was a DQA. As a result, a DQA was not performed.

A results-oriented management approach relies on USAID/Washington and field managers use of performance information to make decisions. 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, and (3) address the information needs of USAID's internal and external users, including senior management, Office of Management and Budget (OMB), and the Congress. However, sound decisions require valid, current, and reliable information. The benefits of this results-oriented approach depend substantially on the quality of the performance information available. Without DQAs, USAID/Mozambique does not have reasonable assurance that its data meet quality, 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 recommendation:

Recommendation No. 1: We recommend that USAID/Mozambique perform a data quality assessment for its Public Law 480 non-emergency monetization program.

Mission Officials Need to Better Document Site Visits

Summary: USAID/Mozambique's staff needs to strengthen its documentation of site visits to the Mission's cooperating sponsors. USAID guidance addresses the Mission's responsibility for documenting significant actions with recipients. Nevertheless, many Mission officials responsible for overseeing the monitoring of non-emergency monetization activities have not been documenting their efforts. This occurred because the strategic objective 6 (SO6) team leader had not required staff to document site visits. Without documentation of what has occurred during site visits, it is difficult to determine whether the visits have accomplished the level of monitoring required to oversee the implementation of the Mission's monetization activities.

According to USAID's ADS 303.2(f), the CTO is responsible for monitoring and evaluating a recipient and its performance during the award to facilitate the achievement of program objectives. Required CTO action includes contact through site visits and liaison with the recipient, and reviewing and analyzing performance and financial reports. In addition, ADS 202.3.6 specifies that "monitoring the quality and timeliness of outputs produced by implementing partners is a major task of CTOs and SO teams...problems in output quality, provide an early warning that results may not be achieved as planned...early action in response to problems is essential in managing for results."

Similarly, according to ADS 202.3.4.6, strategic objectives teams "must ensure that they have adequate official documentation on agreements used to implement USAID-funded activities, resources expended, issues identified, and corrective actions taken." In addition, USAID/Mozambique has developed mission-specific policies and procedures concerning the submission of project trip reports covering temporary duty (TDY) by USAID staff. These procedures are documented in Mission Order No. 4-5 dated June 22, 1994. Section IV of the Mission Order states that "It is USAID policy that trip reports will be prepared...for all TDY travel regardless of the location except that a report will not be required for TDYs for orientation or training...Reports are to be kept brief so as not to create an undue burden on the staff." The Mission Order states that the discussion "should indicate the degree to which the purpose of the visit was achieved, problems identified and significant action proposed or taken and any findings of interest." Finally, the Mission's Performance Monitoring Plan for SO6 states that it will integrate data quality assessment procedures into ongoing activities e.g., "combine a random check of partner data with a regularly scheduled site visit."

A review of cooperating sponsor reports and interviews disclosed that USAID/Mozambique staff had regularly performed site visits as part of monitoring, yet few site visit reports were maintained in the Mission's files for FYs 2005 and 2006 that documented these efforts.⁴ In cases where site visit reports were written, there was no indication that data reported on monetization activities to USAID by the cooperating sponsors were being checked against source documents during these visits. In addition, for the limited items tested, it was difficult to trace some of the output data that constituted FY 05 reported data to source documents because source documents could not be found to substantiate some of the numbers reported. Although our data testing was limited, it illustrated the need for Mission staff to combine verification of cooperating sponsor data with site visits. The validation of data is an important and required component of monitoring.

Site visit reports were not being written regularly because the SO team leader responsible for the monetization activities did not require staff to prepare site visit reports. The team leader was aware that the staff was conducting monitoring via site visits and had even read a few site visit reports, but did not require that site visit reports be prepared to document monitoring.

Because many site visits had not been documented with trip reports, it was difficult for the Mission to account for its site visit results. Without trip reports, it was difficult to determine whether the site visit activity was appropriate to accomplish the monitoring necessary to oversee the implementation of monetization activities. The documentation

⁴ In addition to site visits, monitoring was also conducted in many different forms—face-to-face meetings, email, telephone communications, and status reports.

and maintenance of site visit records are an important internal control for ensuring that all of the Mission's cooperating sponsors are adequately monitored and that funds are accounted for. Moreover, documentation of site visits in the Mission's files helps to provide information that serves as part of the basis for evaluating the effectiveness of a cooperating sponsor's programs. Such documentation is also important for historical purposes, since it memorializes significant events, observations, and decisions. This can be especially important when staff turnover results in new staff being assigned monitoring responsibility for ongoing activities.

In order to strengthen this management control and to provide the Mission with the full benefit of the site visits, we are making the following recommendation:

Recommendation No. 2: We recommend that USAID/Mozambique communicate to mission staff the importance of, requirement for and the mechanism for properly documenting field site visits, including the sample verification of data reported by the recipients of USAID funds.

EVALUATION OF MANAGEMENT COMMENTS

In responding to our draft report, USAID/Mozambique management concurred with Recommendation Nos. 1 and 2. For Recommendation No. 1, the Mission indicated that it will perform a data quality assessment (DQA) of common indicators reported by cooperating sponsors of the non-emergency monetization program. The Mission will perform the DQA in March 2007 and will finalize the Mission's performance monitoring plan in July 2007. We consider that a management decision has been reached for Recommendation No. 1.

In the case of recommendation No. 2, the Mission agreed to reinforce the importance of and requirements and procedures for documenting site visits. The Mission will post Mission Order 4-5, dated June 22, 1994, concerning trip reports on its internal website and will email it to all Strategic Team Leaders and Office Chiefs. The target date for achieving this activity is January 2007. However, the Mission did not concur with the need to perform data verification during normal site visits. Their position is based the ADS and Mission Order 4-5 not containing such requirements. Instead, the Mission indicated that it would (1) determine the necessity and frequency of such verification, (2) review and possibly update Mission Order 4-5 if deemed necessary. ADS 202.3.6 specifies that "monitoring the quality and timeliness of outputs produced by implementing partners is a major task of CTOs and SO teams...problems in output quality, provide an early warning that results may not be achieved as planned...early action in response to problems is essential in managing for results." The validation of output data is an important monitoring activity. We believe the monitoring the quality of reported outputs can be easily achieved if Mission staff periodically verifies reported output data on a sample basis during site visits—this is particularly important since the Mission has no other mechanism to verify data. As stated previously in this report, the Mission's Performance Monitoring Plan for SO6 provides that it will integrate data quality assessment procedures into ongoing activities e.g., "combine a random check of partner data with a regularly scheduled site visit." Since there has been no agreement on the need to conduct data verification during site visits, which is an important component of Recommendation No. 2, no management decision has been reached.

Recommendation No. 3 included in our draft report, for which USAID/Mozambique management provided comments, has been deleted from this final audit report.

The Mission's comments are included in their entirety in Appendix II.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Pretoria conducted this audit in accordance with generally accepted government auditing standards. Fieldwork was conducted from September 26, 2006, to October 18, 2006, in the provinces of Nampula and Zambezia as well as Maputo, Mozambique.

This audit was conducted as part of a series of audits conducted by the Office of Inspector General. It was designed to determine whether USAID/Mozambique's P.L. 480 Title II non-emergency monetization activities achieved selected planned outputs.

In conducting this audit, we assessed the effectiveness of internal control related to the monetization activities. We identified pertinent controls such as (1) the Mission's documentation pertinent to managing the program, (2) the cooperating sponsors' procedures regarding management of funds and reporting of data, and (3) the Mission's annual self-assessment of internal control in accordance with the Federal Managers Financial Integrity Act for fiscal years (FY) 2005 and 2006.

The audit scope encompassed USAID/Mozambique's monetization activities and their selected planned outputs as of September 30, 2005. Year-end data for FY 2006 was not included in the scope of this audit because it was not yet available during the audit's fieldwork. In addition, only three of the six cooperating sponsors were required to report FY 2005 data quarterly. The planned outputs were selected from the universe of programs financed through the Mission's monetization activities. In fiscal year 2005, \$6.5 million in monetization proceeds were distributed to the six cooperating sponsors, of which the audit's testing included all reported outputs. The Mission's monetization program has a more extensive and complete reporting of outputs for even-numbered years. Thus, the outputs reported on for FY 2005 were less than the full universe of outputs.

Methodology

To answer the audit objective, we performed reviews of the six cooperating sponsor development activity program proposals, and their FY 2005 results reports. We interviewed staff at USAID/Mozambique and three of six cooperating sponsors—World Vision, Save the Children and CARE—to determine the roles and responsibilities for managing various aspects of the monetization process in Mozambique. We reviewed pertinent documents which included but were not limited to site visit reports, quarterly reports, annual reports, and the Mission's performance monitoring plan which helped to determine the levels of monitoring being carried out and also to determine if progress towards outputs had been achieved. We also reviewed the relevant U.S. laws governing the P.L. 480 Title II Program, as well as applicable USAID policies and procedures. We conducted site visits of monetization activities implemented by World Vision and Save the Children. During the site visits we interviewed cooperating sponsors' provincial staff, reviewed data collection procedures, and met with the beneficiaries of the monetization activities.

To gain an understanding of the process for funding requests by the cooperating sponsors, the process for receiving Title II commodities, the sale of the commodities, and the distribution of the proceeds, we interviewed Executive Committee (EXCOM) monetization office officials (which is part of World Vision) and reviewed documents including monthly EXCOM meeting minutes, call forwards of bulk wheat, commodity survey reports, damaged- or misuse-of-commodity reports, and the delivery of the commodity to the buyers.

The reported outputs could not be validated because the Mission had not performed a data quality assessment, and limited data testing performed during the audit identified some problems tracing the reported FY 2005 output data to source documents. Thus, we could not determine whether USAID/Mozambique's P.L. 480 Title II non-emergency monetization activities were achieving their selected planned outputs. However the audit team analyzed all outputs reported by the six cooperating sponsors for FY 2005 and noted the number of planned outputs reported as being achieved. We then used the funding amount received by each cooperating sponsor in FY 2005, to arrive at the weighted average of the planned outputs achieved for FY 2005. This weighted average was measured against the following audit materiality threshold criteria:

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

MANAGEMENT COMMENTS



December 15, 2006

MEMORANDUM

TO: Nathan Lokos, Regional Inspector General /Pretoria

FROM: Jay L. Knott, Mission Director USAID/Mozambique /s/

SUBJECT: Audit of Mozambique's Management of P.L. 480 Non-Emergency Monetization Program (Report No. 4-656-07-XXX-P)

Ref: RIG/Memorandum dated November 15, 2006

We refer to the above Memorandum that contains three recommendations for which USAID/Mozambique has been requested to provide comments and feedback:

Recommendation No. 1: We recommend that USAID/Mozambique perform a data quality assessment for its Public Law 480 non-emergency monetization program.

Mission's comments: The Mission recognizes that completion of data quality assessments (DQAs) of the P.L. 480 non-emergency monetization program indicators will allow it to substantiate data on outputs and results.

The Mission will therefore perform DQAs on the common indicators reported by the cooperating sponsors of the non-emergency monetization program. The Mission recognizes that completion of data quality assessments for the P.L. 480 non-emergency monetization program indicators will provide us with a reasonable assurance that the data meet validity, timeliness, precision, integrity and reliability standards. By completing the data quality assessments, USAID will then be able to conclude that during fiscal year (FY) 2005 the Mission's six cooperative sponsors surpassed planned outputs over 90 percent of the time.

Target Dates: Perform DQAs on common P.L. 480 indicators - March 2007;
Finalization of Mission Performance Monitoring Plan - July 2007.

Recommendation No. 2: We recommend that USAID/Mozambique communicate to its Mission staff the importance of, requirement for and the mechanism for properly

documenting field site visits, including the sample verification of data reported by the recipients of USAID funds.

Mission Comments: The Mission concurs with the recommendation to reinforce the importance of and requirements and procedures for documenting site visits. Therefore, the Mission will post Mission Order 4-5, dated June 22, 1994 concerning Standard Trip Reports on its internal website and will email it directly to all SO Team Leaders and Office Chiefs.

On data verification, we have not located in the ADS a requirement to conduct such verification during normal site visits. Our Mission Order governing site visits contains no such provision. The Mission will determine the necessity and frequency of date verification. The Mission will review and may update Mission Order 4-5 if deemed necessary.

Target Dates: Post Mission Order 4-5 on Standard Trip Reports on the Mission's intranet and send to SO Team Leaders and Office Chiefs - January 2007.

Recommendation No. 3: We recommend that USAID/Mozambique develop and implement a written plan, including milestones, to ensure that all aspects of its Public Law non-emergency monetization program incorporate USAID branding.

Mission Comments: Recommendation No. 3 does not reflect Agency guidance on branding for assistance instruments, as set forth in the Final Rule concerning Administration of Assistance Awards to U.S. Non-governmental Organizations, Marking Requirements, which went into effect on January 2, 2006. As a result, the Mission proposes that this Recommendation be reconsidered by RIG.

According to the Mission's understanding of current Agency regulations, it is incumbent upon the Agreement Officer to request that all assistance applicants or recipients of assistance awards receiving FY2006 funding submit a Branding Strategy describing how the program will be named, promoted and communicated to beneficiaries and cooperating country citizens and how donors will be acknowledged. The Branding Strategy is to be reviewed for adequacy, negotiated and included in the award by the Agreement Officer. The Agreement Officer is also to request a Marking Plan detailing the type and level of marking for activities, commodities, public communications and other deliverable items that will visibly bear the USAID identity. The Marking Plan would also then be reviewed for adequacy, negotiated and included in the award by the Agreement Officer. The approved Marking Plan for each activity is the tool to be used to monitor compliance with marking requirements.

In the case of USAID/Mozambique's P.L. 480 non-emergency monetization programs, to date, none of the Cooperating Sponsors have been asked by the Agreement Officer in Food for Peace/Washington to develop or submit either a Branding Strategy or a Marking Plan.

In addition, the Mission's understanding is that this audit was to focus on FY 2005 program performance, which is before the branding requirements for assistance instruments went into effect.

The Mission has been advised that Food for Peace/Washington's Agreement Officer will soon request Branding Strategies and Marking Plans from Cooperating Sponsors receiving FY 2006 funding. Once such documents have been approved by the Agreements Officer in USAID/Washington, the Mission's Food for Peace Officer will monitor implementation of the Strategy and Plans through regular field visits.

Target Date: September 2007.

Should you require any additional information, please feel free to contact us.

Reported Outputs Achieved as of September 30, 2005⁵

Output Category	Number of Reported Outputs	Output Targets Achieved
Sustainable increase in local crop production/agricultural output	69	Over 90%
Effective road transportation system	3	Over 90%
Increased contractor capacity	3	Over 90%
Nutrition/Health	17	Over 90%
Total	92	NA

The funding received and the monetization activities are disproportionate among the six cooperating sponsors. As a result, a weighted average was used as a basis in calculating the percentage of output targets achieved for each category. See Appendix I, which in part provides a discussion of the weighted average methodology used.

⁵ The Fiscal Year (FY) 2005 output data that is reported in Appendix III has not been fully audited.

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