



USAID
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OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID ACTIVITIES IN LIMITED-PRESENCE COUNTRIES MANAGED BY USAID/SOUTH AFRICA

AUDIT REPORT NO. 4-674-07-004-P
FEBRUARY 14, 2007

PRETORIA, SOUTH AFRICA



Office of Inspector General

February 14, 2007

MEMORANDUM

TO: USAID/South Africa, Mission Director, Carleene Dei

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

SUBJECT: Audit of USAID Activities in Limited-Presence Countries Managed by USAID/South Africa (Report No. 4-674-07-004-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 as Appendix II.

This report includes six recommendations that USAID/South Africa: (1) establish procedures to ensure that data quality assessments be completed for all indicators published in annual reports, (2) establish procedures to ensure that all strategic objective teams have completed performance management plans, (3) establish a monitoring program for Botswana, (4) establish procedures to ensure the accuracy of performance results included in annual reports, (5) develop a plan to provide training to service providers and implementing partners on record keeping and reporting systems, and (6) remind staff to monitor and verify the accuracy of the reported results as well as establish a mechanism for confirming that reported results are being verified.

In your response to the draft report, you provided corrective action plans addressing the six recommendations above. Therefore, we consider that management decisions have been reached on these recommendations. You also provided evidence that the corrective action had been completed on Recommendation Nos. 1 and 2. We therefore consider that final action has been taken for these with the publication of this report. Please provide the Office of Audit, Performance, and Compliance Division (M/CFO/APC) with the necessary documentation to achieve final action on Recommendation Nos. 3, 4, 5 and 6.

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

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SUMMARY OF RESULTS

The Regional Inspector General/Pretoria conducted this audit to determine whether (1) USAID/South Africa monitored, evaluated and reported activities in Botswana, Lesotho, and Swaziland in accordance with applicable policies and procedures, and (2) the activities in these countries achieved their intended outputs. (See page 2.)

Generally, USAID/South Africa monitored and evaluated activities in Botswana, Lesotho, and Swaziland in accordance with applicable policies and procedures. For the Regional HIV/AIDS Program strategic objective team, USAID/South Africa had: (1) established performance indicators, (2) approved the performance management plan, (3) designated cognizant technical officers for implementing partner agreements, and (4) collected performance data. As part of the performance management plan, USAID/South Africa assigned staff with required monitoring duties that included site visits and other activities in conjunction with its implementing partners. However, we noted certain exceptions concerning the lack of data quality assessments, the performance management plan, which was not fully completed, and an inadequate monitoring system. (See page 4.)

Concerning reporting of activities in Botswana, Lesotho, and Swaziland, USAID/South Africa generally reported activities in accordance with applicable policies and procedures. For the Regional HIV/AIDS Program activities that included Botswana, Lesotho, and Swaziland, USAID/South Africa published performance results in the USAID/Southern Africa annual report, as well as the Office of Global AIDS Coordinator annual report, which included performance indicators and results frameworks for the Mission's regional activities. However, performance results were not always reported accurately in the annual report in fiscal year 2006, and one indicator reported results that were not part of the indicator definition. (See page 8.)

Regarding the achievement of outputs, we were unable to provide an opinion on whether USAID/South Africa's activities that affected the three limited-presence countries of Botswana, Lesotho and Swaziland achieved their intended outputs due to a lack of supporting documentation for reported results. (See page 12.)

This report includes six recommendations to improve USAID/South Africa's Regional HIV/AIDS Program for activities in Botswana, Lesotho, and Swaziland. Those recommendations are that USAID/South Africa: (1) establish procedures to ensure that data quality assessments be completed for all indicators published in annual reports, (2) establish procedures to ensure that all strategic objective teams have completed performance management plans, (3) establish a monitoring program for Botswana, (4) establish procedures to ensure the accuracy of performance results included in annual reports, (5) develop a plan to provide training to service providers and implementing partners on record keeping and reporting systems, and (6) establish procedures to confirm that reported performance results are within the definition of the respective indicator. (See pages 4 through 11.)

For the six recommendations set forth above, USAID/South Africa concurred with the recommended actions and has provided planned actions to address these recommendations. For Recommendation Nos. 1 and 2, USAID/South Africa also provided evidence that final action had been taken. (See page 13.)

BACKGROUND

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

Activities managed under an in-country mission are normally part of an integrated strategic plan, with the performance results reported through USAID's annual report process for the respective country. However, for activities in countries that have no strategic plans and are not reported through the annual report process for the respective country, which are sometimes referred to as ANMIC (Activities Not Managed In-Country), USAID has established a database to capture data associated with these activities. Activity managers must use activity information sheets to record activity information in this database. The purpose of these procedures is to ensure that information on all activities undertaken in a given country is readily available for management and reporting purposes.

USAID's Automated Directives System (ADS) 203 states that operating units are responsible for establishing systems to measure activity progress towards intended results. The tools of assessing, learning, and sharing are interrelated through the concept of performance management. This is defined as the systematic process of:

- Monitoring the results of activities.
- Collecting and analyzing performance information to track progress toward planned results.
- Using performance information to influence program decision making and resource allocation.
- Communicating results achieved, or not attained, to advance organizational learning and tell USAID's story.

During fiscal year 2005, USAID/South Africa, located in Pretoria, South Africa, managed regional activities in the three limited-presence countries of Botswana, Lesotho and Swaziland through the Regional HIV/AIDS Program. Although located at USAID/South Africa in Pretoria, the Regional HIV/AIDS Program reported its results for Lesotho and Swaziland in the annual report of USAID/Southern Africa, the recently renamed Regional Center for Southern Africa, which is located in Gaborone, Botswana. The results for Botswana were reported to the Office of the Global AIDS Coordinator for its annual report. For fiscal year 2005, the Regional HIV/AIDS Program reported program obligations of \$14.5 million for these three limited-presence countries.

AUDIT OBJECTIVES

This audit was conducted as an addition to the Regional Inspector General/Pretoria's fiscal year 2006 annual audit plan as a result of findings from a similar audit of limited presence countries managed by USAID/East Africa. The audit was designed to answer the following questions:

- Has USAID/South Africa monitored and evaluated limited-presence country activities in accordance with applicable policies and procedures?
- Has USAID/South Africa reported limited-presence country activities in accordance with applicable policies and procedures?
- Have USAID/South Africa limited-presence countries activities achieved their intended outputs?

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

AUDIT FINDINGS

Has USAID/South Africa monitored and evaluated limited-presence country activities in accordance with applicable policies and procedures?

Generally, USAID/South Africa monitored and evaluated activities in Botswana, Lesotho, and Swaziland in accordance with applicable policies and procedures. However, there were certain exceptions for these three limited-presence countries concerning the lack of data quality assessments, the performance management plan that was not completed, and a lack of a monitoring program for Botswana.

Nevertheless, in monitoring the performance of its activities in the subject countries, USAID/South Africa had generally established the basic controls for monitoring and evaluating activities as required by applicable policies and procedures. For its Regional HIV/AIDS Program (RHAP) strategic objective team, USAID/South Africa had: (1) established performance indicators, (2) prepared a performance management plan, (3) designated cognizant technical officers for implementing partner agreements, and (4) collected performance data. As part of the performance management plan, USAID/South Africa assigned staff with required monitoring duties that included site visits and other activities in conjunction with its implementing partners.

However, there were certain areas in which the performance monitoring system could be strengthened. These areas are discussed in detail below.

Data Quality Assessments Were Not Always Completed

Summary: As a result of weak internal controls that failed to enforce USAID requirements, data quality assessments were not always completed for fiscal year 2005 performance indicators for activities reported in fiscal year 2006 annual reports, as required by applicable policies and procedures. Without data quality assessments, USAID/South Africa did not have reasonable assurance that data quality met validity, timeliness, and reliability standards, the lack of which could negatively affect management decisions.

The Automated Directives System (ADS) 203 states that Strategic Objective teams 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.

For the four performance indicators that were reported in annual reports for fiscal year 2006 for fiscal year 2005 activities in the three limited-presence countries, there were no

data quality assessments completed in the previous three year period. The indicators were *Number of individuals who received counseling and testing* for Lesotho, *Number of women pre-test counseled* for Swaziland, *Number of OVC¹ served by OVC programs* for Botswana, and *Number of providers/caretakers trained in caring for OVC* for Botswana.

Mission officials stated that data quality assessments were not done for Swaziland and Lesotho because of a reorientation of program focus of the President's Emergency Plan for AIDS Relief during fiscal year 2005, which led to a revision to RHAP's program. For activities in Botswana, Mission officials believed that these activities were the responsibility of USAID/Washington². While it is true that the program focus did change during that year, it was still important that the quality and timeliness of performance data be assessed to establish the reliability of information eventually reported for fiscal year 2005. The Mission did not have adequate management controls in place to follow ADS requirements and ensure that assessments were completed for annual report indicators in accordance with applicable policies and procedures.

A results-oriented management approach relies on field managers to use performance information to make their decisions. In general, quality indicators and data will help (1) ensure that USAID program and budget decisions are as well-informed as practically possible, (2) support efficient use of USAID resources, (3) meet requirements of Federal legislation, and (4) address the information needs of USAID's internal and external users, which include senior management, Office of Management and Budget (OMB), and Congress. Sound decisions require valid, current, and reliable information, the benefits of which depend substantially on the quality of the information available. Without data quality assessments, USAID/South Africa did not have reasonable assurance that data quality met validity, timeliness, and reliability standards, the lack of which could negatively affect decision making. Additionally, had adequate data quality assessments been completed on reported indicators during the required period, the data quality problems set forth in the next section of this report³ may have been avoided.

Since USAID/Washington is currently revising its results framework, we are not making a recommendation to complete the data quality assessments at this time. However, to ensure that future data quality meets the required standards once the revised framework is implemented, we are making the following recommendation.

Recommendation No. 1: We recommend that USAID/South Africa revise its mission order No. 203.1 dated August 5, 2005 on performance management and evaluation to include 1) the preparation of an annual plan for conducting required data quality assessments (DQAs), 2) the identification of the person(s) responsible for preparing and monitoring the implementation of the annual DQA plan, and 3) periodic review by senior mission management of the progress of the implementation of the annual DQA plan.

¹ Orphans and vulnerable children.

² See page 7 for a complete discussion of this issue.

³ See pages 8 to 11 for a complete discussion of these issues.

The Performance Management Plan Was Incomplete

Summary: The performance management plan for RHAP was never fully completed, contrary to USAID guidance. This occurred because of weak internal management controls, which failed to enforce USAID requirements. Without a complete performance management plan, USAID/South Africa was without a critical tool for planning, managing, and documenting data collection. Additionally, the Mission did not have assurance that it was maintaining the elements that are essential to the operation of a credible and useful performance-based management system.

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

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

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

The performance management plan for RHAP was never completed, although it was approved by senior management in July 2005. The approved document did not have the necessary attributes to measure the results or success of the program. It did not incorporate baseline data and set targets for performance indicators. This occurred in part because of the change in focus of the program. However, by the time the document was approved, the program revisions had been finalized and the plan could have been completed. Additionally, management controls for review and oversight were not in place to enforce the ADS requirement for the completion of performance management plans.

Without a complete performance management plan, USAID/South Africa has been without a critical tool for planning, managing, and documenting data collection. The performance management plan contributes to the effectiveness of the performance monitoring system by assuring that comparable data will be collected on a regular and timely basis. Without a completed and approved plan, the Mission did not have

assurance that it was maintaining the elements that are essential to the operation of a credible and useful performance-based management system.

Since USAID/Washington is currently revising its results framework, which will affect future indicators and performance management plans, we are not making a recommendation to complete the performance management plan at this time. However, in order to provide the assurances afforded by a performance management plan once the new framework is in place, we are making the following recommendation.

Recommendation No. 2: We recommend that USAID/South Africa revise its mission order No. 203.1 dated August 5, 2005 on performance management and evaluation to 1) specifically identify the mission official responsible for reviewing Performance Management Plans prepared by Strategic Objective Teams for completeness and compliance with the ADS and other applicable USAID guidance and 2) require that such reviews be done.

Monitoring Should Be Strengthened For Activities in Botswana

Summary: The monitoring of activities in the limited-presence country of Botswana was not adequate, contrary to USAID guidance. This occurred because of weak internal management controls, which failed to enforce USAID requirements, as well as uncertainty regarding strategic objective team responsibilities. Without an adequate monitoring program, USAID/South Africa was without a critical tool for planning, managing, and documenting data quality and collection. Additionally, the Mission did not have assurance that it was maintaining the elements that were essential to the operation of a credible and useful performance-based management system.

ADS 202 states that monitoring the quality and timeliness of outputs produced by implementing partners is a major task of cognizant technical officers (CTOs) and strategic objective teams. Outputs are critical to achieving results. A delay in completing outputs, or the identification of problems in output quality, provide an early warning that results may not be achieved as planned. Timeliness of key outputs may affect the achievement of performance targets that the strategic objective team presents in the annual report. Early action in response to problems is essential in managing for results.

The fiscal year 2005 activities programmed by RHAP in Botswana were funded through USAID's Field Support⁴ mechanism. As a result, RHAP believed that monitoring responsibilities remained in USAID/Washington where the CTO resided and did not perform any monitoring for those activities and Mission management did not question this arrangement. Although CTOs do retain administrative responsibilities for agreements, as stated above in the ADS, strategic objective teams also have responsibility for monitoring the quality and timeliness of outputs produced by implementing partners. This concept of shared responsibility was confirmed by the CTO for the Botswana agreement, who stated that, although USAID/Washington had

⁴ Field Support agreements are existing agreements with implementing partners that are initially awarded by USAID/Washington where the cognizant technical officer for the agreement resides. Missions can fund amendments to these agreements for activities in their respective countries.

administrative responsibility for the agreement, the daily monitoring responsibility remained with the Mission.

Generally, the result of the lack of monitoring reduced the Mission's assurance that outputs produced by implementing partners met the required data quality, reliability and timeliness standards, thereby affecting the ability to manage for results. Additionally, had a monitoring program been implemented, the data quality problems set forth in the next section of this report⁵ may have been avoided.

To ensure that future monitoring of activities meets the required standards, we are making the following recommendation.

Recommendation No. 3: We recommend that USAID/South Africa establish a monitoring program for activities in Botswana in accordance with applicable USAID policies and procedures.

Has USAID/South Africa reported limited-presence country activities in accordance with applicable policies and procedures?

Generally, USAID/South Africa reported activities in Botswana, Lesotho, and Swaziland in accordance with applicable policies and procedures. However, there were several exceptions in data accuracy, as well as an issue regarding reporting results that were not included within an indicator's definition.

Nevertheless, in reporting limited-presence country activities, USAID/South Africa generally reported them in accordance with applicable policies and procedures. For activities that were conducted in Lesotho and Swaziland, performance results were published in the annual report for USAID/Southern Africa⁶, which included performance indicators and results frameworks for the Mission's RHAP activities. Since the results for these two were reported through USAID/Southern Africa, additional limited-presence country reporting requirements were the responsibility of that Mission and will be covered in a separate report to USAID/Southern Africa. USAID/South Africa's program in Botswana was reported through the annual report for the Office of the Global AIDS Coordinator (OGAC). Since the Botswana activities were included in the country operation plan under the President's Emergency Plan For AIDS Relief, USAID/South Africa reported them in accordance with applicable policies and procedures.

However, performance results were not always reported accurately in the annual reports for activities in fiscal year 2005. Additionally, results for one indicator were not within the indicator's definition. These issues are discussed in detail below.

⁵ See pages 8 to 11 for a complete discussion of these issues.

⁶ USAID/Southern Africa, which is located in Gaborone, Botswana, was formerly known as the Regional Center for Southern Africa. It is a distinct and separate entity from USAID/South Africa, which hosts the Regional HIV/AIDS Program (RHAP).

Performance Results Were Not Always Reported Accurately

Summary: Performance results were not always reported accurately, contrary to applicable guidance. The principal cause for this was the lack of adequate editing controls and record-keeping systems to ensure that sufficient data quality was maintained and accurate results reported. An additional cause was the lack of training on the part of service providers and implementing partners. Consequently, USAID/South Africa did not have reasonable assurance that activities were either achieving or not achieving intended results, which could negatively affect management decisions.

Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* states that all transactions and significant events need to be clearly documented and that the documentation should be readily available. Additionally, USAID's *Guidelines for Indicator and Data Quality*, TIPS No. 12, which summarizes the key references on performance measurement quality found in various parts of USAID's ADS, states that an indicator's validity can be affected by measurement error, sampling error, and transcription error. TIPS No. 12 further states that USAID's results-oriented management approach relies on managers to inform their decisions with performance information. Sound decisions require accurate, current, and reliable information, and the benefits of this results-oriented approach depend substantially on the quality of the performance information available.

For the results reported for fiscal year 2005, three of the four performance indicators that we examined were not accurately reported when compared to the supporting documentation from the respective implementing partners.

- For the Lesotho indicator *Number of individuals who received counseling and testing*, the amount was not clearly labeled in the annual report. The amount reported that appeared to be for Lesotho was 37,801, when in fact this amount represented a summary of results from at least four countries in the region. Supporting documentation indicates that the Lesotho results should have been 11,739.
- For the Botswana indicator *Number of OVC served by OVC programs*, the total reported to OGAC did not reconcile to the documentation maintained by the principal reporting implementing partner. The total, which was a summary of amounts from sub-recipients who were the actual service providers, was partially unsupported and also contained mathematical errors. A total of 1,765 was reported to OGAC, of which 276 was unsupported. Also, this total contained two computational errors. Several sources were overstated by 82, while other sources which served 293 OVCs were not included at all in the total when they should have been. Therefore the total amount of 1,765 reported to OGAC was overstated by the net amount of 65.
- For the Swaziland indicator *Number of women pre-test counseled*, the implementing partner did not have complete source documents from the service providers to adequately support the amount published in the annual report. For the 9,918 prevention of mother to child transmission of HIV/AIDS clients that was reported by RHAP, the implementing partner did not maintain documented support for 1,905

clients. Data sheets for one entire quarter's worth of supporting documentation for October through December 2004 could not be located.

Service providers did not always have adequate support for reported performance results. While the providers in Lesotho retained adequate documentation, the providers in Botswana and Swaziland did not have adequate support for the services provided to their beneficiaries and reported to the respective implementing partners.

- The results reported for the indicator *Number of OVC served by OVC programs* were not adequately supported. For four of the six service providers that we examined, the providers did not have adequate documentation to support reported performance results.
- The results reported for the indicator *Number of women pre-test counseled* were not adequately supported. For two of the five service providers that we examined, the providers did not have adequate documentation to support reported performance results.

Of the several contributory causes for the above exceptions, the principal causes were the lack of management controls over the amounts published in the annual reports and the maintenance of adequate record keeping systems at both the service provider and implementing partner levels. These controls are necessary for ensuring that adequate supporting documentation from implementing partners is maintained and that the published amounts accurately reflect the source documents. An additional problem was the lack of training on the part of the service providers. The majority of providers interviewed stated that they had had no contact with USAID officials and were never instructed by implementing partners on how to maintain records and report results for the services that they were providing. In order to improve on this lack of monitoring, RHAP did, however, sign an award in fiscal year 2005 to improve the monitoring and evaluating capacity of the implementing partners beginning in fiscal 2006. Since the award was outside the scope of audit, we were unable to assess the effectiveness of the activity and its impact on the accuracy and reliability of performance data.

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

To ensure that future performance results are adequately supported and accurately reported, we are making the following recommendations.

Recommendation No. 4: We recommend that USAID/South Africa establish annual report procedures for limited-presence countries to ensure that results for performance

indicators are adequately supported and accurately reported in annual reports in accordance with applicable policies and procedures.

Recommendation No. 5: We recommend that USAID/South Africa develop and implement a plan for limited-presence countries, including a schedule and milestones, to provide training to service providers and implementing partners on record keeping and reporting systems.

One Performance Indicator Reported Results Not in the Indicator Definition

Summary: One performance indicator was reporting results that were not included in the indicator definition, contrary to USAID guidance. This occurred because the initial data quality assessment for the indicator was not completed. Consequently, some of the reported results were not attributable to USAID activities, which could negatively affect subsequent results-oriented management decisions.

According to ADS 203, performance indicators selected for inclusion in the performance management plan should measure changes that are clearly and reasonably attributable to USAID efforts. TIPS No. 12, entitled *Guidelines for Indicator and Data Quality*, states that one of the critical requirements for an indicator is the degree to which the indicator and the related data accurately reflect the process it is being used to measure. It continues by stating that an indicator is valid if it closely tracks the result it is intended to measure.

For the Botswana indicator *Number of providers/caretakers trained in caring for OVC*, the total reported to OGAC contained two errors pertaining to the definition of the indicator. From the total of 645 providers/caretakers reported to OGAC, 247 of those reported represented individuals trained in 2004, which was outside of the reporting period. Additionally, 180 of those reported represented individuals who did not receive training as defined by the OGAC definition of the indicator—OGAC requires a curriculum with stated objectives and/or expected competencies whereas the subject individuals only received an introduction as to what services were being provided for OVC in the community. Therefore, the total reported was overstated by 427.

These problems occurred because, although USAID/South Africa's mission order *No. 203.1 dated August 5, 2005* addressing performance management and evaluation did specify that SO teams were responsible for monitoring and verifying the accuracy and documentation of reported results, such verification was not being performed. Moreover, mission staff was not confirming that reported results were in fact valid and attributable to USAID activities. By including results that were not part of the indicator definition, the results were artificially inflated, thereby making it appear that more was achieved than actually had been.

As stated previously, a results-oriented management approach relies on field managers to use performance information to make their decisions. However, sound decisions require valid, current, and reliable information, the benefits of which depend substantially on the quality of the performance information available. Without accurate data attributable to its particular performance indicators, USAID/Southern Africa did not have

reasonable assurance that data quality met validity, timeliness, and reliability standards, the lack of which could negatively affect decision making.

In order to ensure that performance results are part of the respective performance indicator, attributable to the program, and accurately reported in the Mission's results framework, we are making the following recommendation.

Recommendation No. 6: We recommend that USAID/South Africa 1) remind its Strategic Objective teams of the requirement to monitor and verify the accuracy of reported results in limited-presence countries by regularly conducting site and field visits to review data collection and documentation at its source and 2) establish a mechanism for periodically confirming that reported results from limited-presence countries are being verified.

Have USAID/South Africa limited-presence country activities achieved their intended outputs?

For the four published performance indicators that we examined for activities in the three limited-presence countries of Botswana, Lesotho and Swaziland, we were unable to provide an opinion on whether they achieved their intended outputs. As a result of the lack of supporting documentation at the service provider and implementing partner levels, we were unable to independently verify the accuracy and reliability of reported results, as set forth in the previous section. Without such verification, we were, therefore, unable to provide an opinion regarding the level of achievement for the four performance indicators published in annual reports for fiscal year 2005 activities.

We are not making a separate recommendation as a result of this, however, since the recommendations in the previous sections of this report should be adequate to address the lack of data accuracy, quality and reliability.

EVALUATION OF MANAGEMENT COMMENTS

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

In response to Recommendation Nos. 1 and 2 concerning the establishment of procedures for the completion of data quality assessments and performance management plans, USAID/South Africa concurred with the recommendations. The Mission now has a Monitoring and Evaluation Specialist who has responsibility for all aspects of the monitoring and evaluation program, which include data quality assessments and performance monitoring plans. Additionally, the Mission now has Mission Order Nos. 203.1 and 200.3 that define responsibilities, require review and completion of the performance management plan, require completion of an Annual Evaluation Plan, require the completion of a data quality assessment plan, and require the conducting of periodic sight visits to confirm the validity of performance results and identify any other problems that may arise. These actions should be able to address the control weaknesses described in these two recommendations. Since these actions have been completed and the Mission has presented evidence to that effect, we consider that final action has been completed on these two recommendations.

For Recommendation No. 3, regarding the establishment of a monitoring plan for the program in Botswana, USAID/South Africa concurred with the recommendation. As of 2007, the responsibility for the program was transferred to the Botswana Task Force Team and is no longer the responsibility of USAID/South Africa as it was during the scope of our review. With this transfer of responsibility, we consider that a management decision has been reached on this recommendation. Documentation supporting the transfer should be sent to M/CFO/APC for final action.

With respect to Recommendation No. 4, which concerned the accuracy and support for reported performance results, USAID/South Africa concurred with the recommendation. The Mission has hired a Monitoring and Evaluation Specialist who has responsibility for all aspects of the monitoring and evaluation program. The Mission stated that the Specialist has provided training to cognizant technical officers and activity managers on how to conduct data quality assessments. Additionally, Mission Order 203.1 requires an Annual Evaluation Plan, as well as a data quality assessment plan, to ensure the accuracy of reported performance results. Mission Order 200.3 also requires the documentation of site visits to examine the quality of data being reported and to ensure its validity. As a result of these planned actions, we consider that a management decision has been reached on this recommendation. Documentation supporting the training should be sent to M/CFO/APC for final action.

In response to the development of a training plan referenced in Recommendation No. 5, the Mission concurred, stating that the Monitoring and Evaluation Specialist had been

given the task and had subsequently developed a training plan that was currently being implemented. As new reporting requirements come on line, the training plan will be further developed and implemented in calendar year 2007. Consequently, we consider that a management decision has been reached on this recommendation. Documentation supporting the training plan should be sent to M/CFO/APC for final action.

Concerning Recommendation No. 6, addressing the accuracy of reported performance results, Mission Order No. 200.3 contains the requirement for an Annual Evaluation Plan and data quality assessment plan that tracks the five required data quality standards. Additionally, the Monitoring and Evaluation Specialist is responsible for working with strategic objective teams in completing necessary assessments. The Mission stated that the strategic objective teams were reminded of the data quality requirements on October 6, 2006. As a result of these actions, we consider that a management decision has been reached on this recommendation. Documentation supporting the reminder to the strategic objective teams should be sent to M/CFO/APC for final action.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Pretoria conducted this audit in accordance with generally accepted government auditing standards. The fieldwork was conducted at USAID/South Africa in Pretoria, South Africa from June 13 to October 10, 2006. The scope was limited to fiscal year 2005 activities conducted by implementing partners.

For the three audit objectives, we examined contract, grant and cooperative agreements with selected implementing partners in the subject countries. From these agreements, we selected as a sample all four indicators that were reported on by implementing partners that were included in the Mission's annual report published in fiscal year 2006, or reported to the Office of the Global AIDS Coordinator.

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

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

Methodology

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

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

Of the fiscal year 2006 annual report (for activities during fiscal year 2005) for the RHAP strategic objective team with activities in the subject limited-presence countries, we examined two of the two published indicators in the USAID/Southern Africa report, and two of the two indicators reported to the Office of the Global AIDS Coordinator for its annual report. Although the results are significant enough to establish the fact that there are systemic problems, the results of our samples cannot be projected to the entire universe of activity indicators.

MANAGEMENT COMMENTS



UNITED STATES GOVERNMENT ACTION MEMORANDUM

DATE : January 30, 2007

TO : Nathan Lokos, RIG/Pretoria

FROM : Carleene Dei, Mission Director, USAID/South Africa /s/

SUBJECT : Audit of USAID Activities in Limited Presence Countries
Managed by USAID/South Africa

The Mission would like to thank the Regional Inspector General's Office for their work on this audit and for their recognition that the Mission monitored and evaluated activities in Botswana, Lesotho, and Swaziland in accordance with applicable policies and procedures.

The Mission has reviewed the subject audit report and noted the six weaknesses that are reported. The following is our management response and comments:

Recommendation #1: We recommend that USAID/South Africa revise its Mission Order No. 203.1 dated August 5, 2005 on performance management and evaluation to include 1) the preparation of an annual plan for conducting required data quality assessments (DQAs), 2) the identification of a person responsible for preparing and monitoring the implementation of the annual DQA plan, and 3) periodic review by senior mission management of the progress of the implementation of the annual DQA plan.

Management Response:

USAID/South Africa concurs with the recommendation. During the time period audited (fiscal year 2005) the Mission had developed a Mission Order to address the concerns listed but not yet implemented it. Since FY 2006 (as per Mission Order No. 203.1):

- 1 A Monitoring and Evaluation Officer (M&E) was hired and now works with the SO teams to define an Annual Evaluation Plan that tracks each SO's PMP. A copy of the M&E job description is attached.
- 2 Each SO must have a detailed Data Quality Assessment Plan that is implemented and available for review as required.
- 3 The Evaluation Plan addresses the timing and the resources required for each evaluation.
- 4 The Mission conducts periodic Performance Implementation Reviews (PIR) for all SOs. During these reviews, the team's DQA plans are reviewed and discussed. These are conducted and chaired by the senior management officers (front office, PPDO, Contract Office, etc). Minutes of the PIRs are available.
- 5 To further strengthen the Mission Policy, Mission developed Mission Order 200.3 dated November 06, 2006. The purpose of the Mission Order is to provide Mission-specific guidelines and assign responsibilities for documenting and maintaining site visit records. Included in the Mission Order is a checklist that is to be filled in by Mission personnel during a site visit. Section 2 of the checklist requires that reported results data be tested by reviewing source documents on site.

Based on above, the Mission requests that recommendation #1 be closed upon issuance of the final report.

Recommendation # 2: We recommend that USAID/South Africa revise its Mission Order 203.1 dated August 05, 2005 on performance management and evaluation to 1) specifically identify the mission official responsible for reviewing Performance Management Plans prepared by Strategic Objective Teams for completeness and compliance with the ADS and other applicable USAID guidance and 2) require that such reviews be done.

Management Response:

USAID/South Africa concurs with the recommendation. During the time period audited (fiscal year 2005) the Mission had developed Mission Order 203.1 to address the concerns listed but had not yet implemented it. Since FY 2006 (as per Mission Order No. 203.1) the Mission has implemented the following:

- 1 The Mission has identified a mission official responsible for reviewing Performance Management Plans prepared by Strategic Objective Teams for completeness and compliance. [This individual] was hired as a Monitoring and Evaluation Specialist. His role is to ensure that the Annual Report reflects PMP and evaluation findings.

- 2 Reviews of the Performance Monitoring Plans are conducted twice a year during the Portfolio Implementation Reviews. Minutes are available for these meetings.

Based on the items above, the Mission requests that recommendation #2 be closed upon issuance of the final report.

Recommendation # 3: We recommend that USAID/South Africa establish a monitoring program for activities in Botswana in accordance with applicable USAID policies and procedures.

Management Response:

USAID/South Africa concurs with the finding that a monitoring program for activities in Botswana be established. However, since 2005, the Botswana Task Force Team is responsible for all budgetary decisions and reports on the activities. As of 2007, USAID/South Africa no longer participates in the reporting process or management of the activities referenced in the audit report.

Based on the above, the Mission requests recommendation #3 be closed upon issuance of the final report.

Recommendation # 4: We recommend that USAID/South Africa establish annual report procedures to ensure that results for performance indicators are adequately supported and accurately reported in annual reports in accordance with applicable policies and procedures.

Management Response:

USAID/South Africa concurs with the recommendation. In its effort to ensure that results for performance indicators are adequately supported and accurately reported in annual reports in accordance with applicable policies and procedures, the Mission's Monitoring and Evaluation Specialist (M&E Specialist) provided training to CTOs and Activity Managers on how to conduct Data Quality Assessments (DQA) and informed them of the ADS requirement to conduct DQAs every three years. Mission Order 200.3 dated November 6, 2006, was also developed to ensure that performance indicators are adequately supported.

The annual report process is changing. The Mission's Program and Project Development Office (PPDO) is responsible for ensuring that reporting is adequately and appropriately carried out in accordance with applicable policies and procedures.

Based on above, it is requested that recommendation #4 be closed upon issuance of the final audit report.

Recommendation # 5: We recommend that USAID/South Africa develop and implement a plan, including a schedule and milestones, to provide training to

service providers and implementing partners on record keeping and reporting systems.

Management Response:

USAID/South Africa concurs with the recommendation. The Mission identified the M&E Specialist to develop a plan and provide training to service providers and implementing partners. A plan has been developed and is being implemented. This process for training has already been initiated through the Data Quality Assessment trips undertaken in November 2006 to assess both the quality of the data from grantees as well as determine their training needs with regard to established record keeping and reporting systems. As new systems and reporting requirements come on line, a record keeping and reporting training plan will be developed and implemented in CY 2007.

Based on above, it is requested that recommendation #5 be closed upon issuance of the final audit report.

Recommendation # 6: We recommend that USAID/South Africa 1) remind its Strategic Objective teams of the requirement to monitor and verify the accuracy of reported results by regularly conducting site and field visits to review data collection and documentation at its source and 2) establish a mechanism for periodically confirming that reported results are being verified.

Management Response:

USAID/South Africa concurs with the recommendation. Mission Order number 200.3 dated November 06, 2006, addresses requirements and processes for monitoring and verifying the accuracy of reported results cited in the recommendation. SO Teams were reminded of this requirement on October 6, 2006.

Based on above, it is requested that recommendation #6 be closed on issuance of the final audit report.

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Ave, NW
Washington, DC 20523
Tel: (202) 712-1150
Fax: (202) 216-3047
www.usaid.gov/oig