

# **USAID**

## **OFFICE OF INSPECTOR GENERAL**

---

### **Audit of USAID/Nepal's Performance Monitoring for Indicators Appearing in the Fiscal Year 2002 Results Review and Resource Request Report**

**Audit Report No. 5-367-01-002-P  
March 9, 2001**



**U.S. Agency for International Development  
Regional Inspector General/Manila**

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**Office of the Regional Inspector General/Manila**  
**8/F PNB Financial Center, Roxas Boulevard 1308, Pasay City, Philippines**  
**Tel Nos.: (632) 552-9900, (632) 551-7548 Fax No.: (632) 551-7624**

March 9, 2001

**MEMORANDUM**

**TO:** USAID/Nepal, Mission Director, Joanne Hale

**FROM:** Acting RIG/Manila, Darren Roman /s/

**SUBJECT:** Audit of USAID/Nepal's Performance Monitoring for Indicators Appearing in the Fiscal Year 2002 Results Review and Resource Request Report (Report No. 5-367-01-002-P)

This is our final report on the subject audit. In finalizing the report, we considered your comments on the draft report and included them in Appendix II.

This audit is one in a worldwide series of audits that was requested by USAID's Bureau for Policy and Program Coordination. This audit was designed to determine whether a performance monitoring system was established and carried out in accordance with USAID requirements. Based on our audit work, USAID/Nepal needs to establish a fully documented and integrated performance monitoring system. This would better enable USAID/Nepal to report credible, supported results in its Results Review and Resource Request reports. We are, therefore, making three recommendations for improving the performance monitoring system.

The report contains three recommendations for your action. Based on the information provided by the Mission, management decisions have been reached on these recommendations. Determinations on final actions will be made by the Office of Management Planning and Innovation (M/MPI/MIC). Please notify them when final corrective actions are completed.

I want to express my sincere appreciation for the cooperation and courtesies extended to Office of the Inspector General (OIG) and RIG/Manila staff during this audit.

**Background**

USAID has developed a system to assess its progress in achieving its objectives. That system-called a performance monitoring system-is an organized process for systematically monitoring the progress of a program, process, or activity towards its objectives over time. USAID's performance monitoring consists of:

- establishing performance indicators,
- preparing monitoring performance plans,
- setting performance baselines, and
- assessing data quality.

Performance monitoring systems also include the regular collection of results data. That data is reported in the Results Review and Resource Request (R4) report—the most significant performance report that the operating units send to their respective bureaus. The data in the R4 report is used for a variety of purposes, such as internal analyses, responding to external inquiries, and USAID-wide reporting. Therefore, it is particularly important that the data be complete, accurate and consistent.

In March 2000, USAID/Nepal (the Mission) issued its fiscal year (FY) 2002 R4 report, which reports FY 1999 program accomplishments and requests resources for FY 2002, based on information provided by its performance monitoring system. In FY 1999, the Mission had strategic objectives (SO) in the areas of Agriculture and Natural Resources (SO1), Health (SO2), and Women’s Empowerment (SO3). It also managed, under a special objective (SpO), activities for Increased Private Sector Investment in Hydropower (SpO4). The Mission reported its progress in achieving these objectives using 16 performance indicators. The auditors collaborated with Mission staff to choose eight of the 16 indicators for review. In the FY 2002 R4 report, the Mission requested \$15 million to support its three strategic objectives and one special objective.

---

## **Audit Objective**

This audit is one in a worldwide series of audits that was requested by USAID's Bureau for Policy and Program Coordination (PPC). The audit objective and methodology for this series of audits were developed in collaboration with PPC. This audit was performed by RIG/Manila and staff from the OIG’s Performance Audits Division in Washington, D.C., and answered the following audit objective:

Did USAID/Nepal monitor performance in accordance with Automated Directives System E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for FY 2002?

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

---

## **Audit Findings**

### **Did USAID/Nepal monitor performance in accordance with Automated Directives System E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for FY 2002?**

USAID/Nepal did not fully monitor performance in accordance with Automated Directives System (ADS) E203.5.5 and other relevant guidance.

The Mission's R4 report included four performance indicators from each of three SOs and one SpO to measure the progress of its programs. This audit reviewed at least one indicator from each of the Mission's SOs and the SpO. Based on the eight indicators reviewed, the Mission established baselines in accordance with USAID guidance. However, the Mission:

- did not update a performance monitoring plan (PMP) for the indicators,
- did not perform data quality assessments for six of the eight indicators reviewed,
- did not disclose data limitations applicable to two indicators in its FY 2002 R4 report, and
- reported data which did not agree with supporting documents for two of the eight indicators tested.

The Mission needs to (1) ensure that a PMP is updated and followed to properly report results, (2) assess the quality of performance data reported in the R4 and disclose any data limitations when data are reported, and (3) maintain documentation to support reported data. These opportunities for improvement are discussed below and summarized in Appendix III.

### **The Mission Needs to Update and Follow a Performance Monitoring Plan in Order to Properly Report Results**

The Mission did not update and follow a performance monitoring plan as required. The Mission prepared a Strategic Plan and the related PMP in 1995. Due to changes in staff and priorities, the PMP has not been updated since that time. Many Mission staff assumed the PMP would be updated with the creation of a new strategy. According to ADS 203.5.5a, a PMP should be updated for the operating unit's strategic plan. Without an updated PMP, the Mission's performance monitoring system is incomplete.

**Recommendation No. 1: We recommend that the Director of USAID/Nepal update and maintain its performance monitoring plan in accordance with the Automated Directives System and other guidance.**

The following discussion describes this opportunity for improvement in detail.

Performance monitoring plans are an integral component of a performance monitoring system. According to the ADS, a PMP should be updated for the operating unit's strategic plan.

“SO teams shall complete and operationalize their performance monitoring systems by doing the following: Complete and periodically update a performance monitoring plan that provides details necessary for collecting relevant performance data and information.”<sup>1</sup>

USAID guidance called TIPS elaborates on those necessary details, saying

“At a minimum, PMPs should include:

- a detailed definition of each performance indicator,
- the source, method, frequency and schedule of data collection, and
- the office, team, or individual responsible for ensuring data are available on schedule.”<sup>2</sup>

Contrary to these requirements, the Mission did not update its PMP for each of its strategic and special objectives. The effect of not updating the PMP is an incomplete performance monitoring system, as illustrated by the problems identified below.

#### **Indicator Definitions in the PMP and the R4**

Regarding detailed definitions of performance indicators, four of the eight performance indicators reviewed had significantly different definitions in the PMP and R4. For example, the indicator for IR 2.1.2, *Couple Years Protection (CYP)*, is defined in the PMP based on the volume of contraceptives sold or distributed, while the R4 definition of *CYP* includes contraceptives *and* sterilization, which is presently the most popular method of birth control in Nepal. In addition, the R4 attempts to disaggregate the data between overlapping categories, an issue discussed in the R4 but not in the PMP.

The indicators for IR 4.1, *Hydropower Financial Commitments*, and IR 4.2.1, *Hydropower Public Hearings*, were not included in the PMP at all. Mission staff speculated that because these indicators were for a Special Objective, they need not be included in the PMP. However, per the ADS, “Operating unit performance monitoring systems shall address special objectives...”<sup>3</sup> As noted previously, “SO teams shall complete and operationalize their performance monitoring systems by doing the following: Complete and periodically update a performance monitoring plan that provides details necessary for collecting relevant performance data and information.”

---

<sup>1</sup> ADS 203.5.5a, Operating Unit: Results Framework-Level Performance Monitoring

<sup>2</sup> Performance Monitoring and Evaluation TIPS, Number 7

<sup>3</sup> ADS 203.5.5b, Operating Unit: Special Objectives, Exceptions and Special Cases

## **Source, Method, Frequency and Schedule of Data Collection**

Regarding the requirement that the PMP should include the source, method, frequency and schedule of data collection, all of the eight indicators tested used different sources, methods, and collection schedules from those described in the PMP, with the exception of the *Vitamin A* indicator, which still uses the same data collection method described in the PMP.

For example, the *Pneumonia* indicator, IR 2.3.3, included data from John Snow International in the R4. However, the PMP does not mention John Snow International, but rather refers to the “DHS” and surveys performed by the Ministry of Health as the sources of data. The PMP states that data will be collected annually and every five years, but data is actually collected quarterly.

In another example, the PMP incorrectly describes the data source for Indicator IR 1.2.1, for *Forest and Irrigation User Groups*, as “project MIS.” The method and frequency of data collection are incorrectly described as annual surveys. The R4 correctly identifies data sources as sub-grantee New Era and non-governmental organization (NGO) United Missions to Nepal for the number of forest user groups, and contractor Computer Assisted Development, Inc. for irrigation user groups. The R4 does not discuss the method and frequency of data collection, but data are accumulated continuously as new groups are formed. Data are reported every four months.

According to TIPS 7, the Performance Monitoring Plan must also document the office, team, or individual responsible for collecting the data that will be reported in the R4. Of the eight indicators reviewed, all four which were included in the PMP (*Couple Years Protection, Vitamin A, Pneumonia, and Forest and Irrigation User Groups*) were appropriately assigned to their respective SO Teams. The PMP did not include four of the indicators reviewed (*Condom Use, Women in Savings and Credit Groups, Hydropower Financial Commitments, and Hydropower Public Hearings*) and therefore did not include any discussion about responsibility for collecting related data.

The PMP should be updated and maintained in accordance with the ADS and other guidance.

Outdated information about indicator definitions, sources, and methods and frequency of data collection appeared throughout the PMP, and some indicators were not included at all. The PMP had not been properly updated and maintained because of staff turnover and changing priorities since the PMP’s creation. Many Mission staff assumed the PMP would be updated with the creation of a new strategy. As a result, the Mission’s performance monitoring system was incomplete.

### **The Mission Needs to Assess the Quality of Its Data and Disclose Data Limitations**

Contrary to USAID guidance, the Mission did not perform data quality assessments for six of the eight indicators reviewed. In addition, the Mission did not disclose data limitations in the R4 report for two of these six indicators, and the results reported for two other indicators did

not agree to supporting documents maintained by the Mission. (See Appendix III.) The lack of data quality assessments, and the data limitations and errors, were caused by the Mission staff's lack of familiarity with how to identify and resolve errors in data. As a result of these undisclosed data limitations and errors, USAID management, Congress, and other stakeholders did not have all the information needed to effectively assess the reported performance.

**Recommendation No. 2: We recommend that USAID/Nepal perform data quality assessments in accordance with the Automated Directives System and other Guidance.**

**Recommendation No. 3: We recommend that USAID/Nepal disclose known data limitations from Mission's Results Review and Resource Request report for FY 2002 (prepared in 2000) by correcting the misstated amounts in the next report, to be prepared in 2001, in accordance with Agency guidance.**

The following discussion describes this opportunity for improvement in detail.

The purpose of a data quality assessment is to identify data limitations, information that will assist users in determining how much reliance can be placed on the data for decision-making purposes. Data limitations can include errors or ambiguities that would lead to an inaccurate assessment of a program's progress towards achieving its goals.

In December 1999, USAID's PPC issued guidance to operating units for preparing their FY 2002 R4 reports. That guidance required operating units to use the comment section of their reports for disclosures about data quality issues. Specifically, the comment section of the R4 report must disclose:

“Whether and how the operating unit assessed the reliability of performance data provided by others (e.g., contractors, host gov.), plans to verify and validate performance data, and significant data limitations and their implications for measuring performance results against anticipated performance targets.”<sup>4</sup>

The August 2000 edition of the ADS reaffirms the importance of data quality disclosure. It states:

“Whenever these quality standards cannot be met, known weaknesses must be identified in the comment section of the data table used for reporting. In addition, specific steps for correcting or overcoming these weaknesses must be discussed as well. By reporting data shortcomings and efforts to address them, R4 reports gain credibility and the confidence of the Agency's stakeholders. Awareness of data limitations is also important in ensuring the quality of management decision-making by Operating Units and their SO

---

<sup>4</sup> FY 2002 Results Review and Resource Request (R4) Guidance, Section II.C.

Teams.”<sup>5</sup>

That edition also requires Operating Units to

“Retain documentation of the assessment in the SO Team’s performance management files.”<sup>6</sup>

Considering the importance of properly disclosing data quality limitations, as expressed above by ADS 203.3.6.3 and 6, and PPC R4 guidance, proper documentation of data quality assessments would include (1) a description of the assessment, (2) a description of any limitations encountered, (3) how those limitations affect measuring the achievement of goals, and (4) steps taken or proposed to address the limitations.

Contrary to USAID guidance, the Mission did not do data quality assessments for six of the eight indicators reviewed (*Couple Years of Protection, Condom Use, Pneumonia, Women in Savings and Credit Groups, Forest and Irrigation User Groups, and Hydropower Public Hearings*). In addition, for two of these six indicators, the Mission did not disclose data limitations in the R4 report.

For example, the indicator for IR 3.3.1, *Women in Savings and Credit Groups*, includes the R4 indicator definition, “a) number of targeted women actively saving (depositing at least once a month), and b) number of women actively borrowing (holding a loan).” The term actively borrowing is not clearly defined because a member may have received a loan and paid it back before the data collection date, and might not be counted as an active borrower. This data limitation is due to ambiguity in the indicator definition. According to the TIPS,

“A performance indicator is direct (or valid) if it closely tracks the result it is intended to measure. An indicator is objective if it is unambiguous about 1) what is being measured and 2) what data are being collected.”<sup>7</sup>

This indicator definition, which was not documented in the PMP, is less direct and objective than it should be, and might not include some of the women savers it should be counting.

In addition, results reported for two indicators did not agree with supporting documents maintained by the Mission. For example, in the case of IR 2.3.1, *Vitamin A Distribution* (See photo of a distribution of a Vitamin A Capsule on the next page.), the Team Leader had misgivings about the quality of the reported data, and elected to report the lower of two semi-annual survey results, rather than the average of data from the two semi-annual periods, as is normally the case. Surveys are conducted by a consultant to determine the percentage of children in a target area who received a vitamin A capsule (“coverage”) on the preceding semi-annual distribution day. The Team Leader received coverage rates of 98% and 94% from the consultant for the two semi-annual vitamin A distributions. His normal procedure would be to average the two coverage rates and report annual coverage of 96% in the R4.

---

<sup>5</sup> ADS 203.3.6.3, Selection of Performance Indicators for R4 Reporting, Indicator Quality Standard

<sup>6</sup> ADS 203.3.6.6, Assessing the Quality of Performance Data

<sup>7</sup> TIPS, Number 12, pp. 2-3, Criteria for Selecting Quality Performance Indicators



However, he chose to report 94% due to his concerns about the 98% coverage rate. While this decision shows a laudable inclination toward conservative reporting (i.e., less favorable to his program), it also indicates his doubts about the data quality and stresses the need for data quality assessments *by the SO Team*, and proper disclosure in the R4 about suspected data limitations.

Discussions with the consultant that conducts the surveys, Nepali Technical Assistance Group, indicate staff have data quality assessment procedures in place, which is encouraging. However, the SO Team does not test the data as required by ADS 203.3.6.3. The Team Leader compares data from the subcontractor with results reported by other organizations engaged in similar activities. These procedures constitute marginal compliance with the requirement for data quality assessments, but can be improved.

Arbitrary, undisclosed adjustments to data in an attempt to compensate for doubtful data quality are not an adequate substitute for data quality assessments. TIPS 12 also discusses the need for comparability of data.

“Comparability of data requires that our measures remain relatively stable over time.”

Undisclosed changes in calculation methods compromise the comparability of data.

The Team Leader was particularly forthright and conscientious about his approach to his work, and all the SO Teams were helpful and dedicated to measuring the achievement of their goals.

We recognize the misstatement of reporting a 94% result rather than a 96% result is not a material error, and that it was made with good intentions. However, we wish to emphasize that materiality is not a consideration in procedural (internal control) issues. The magnitude of a particular error resulting from failure to follow a procedure does not negate the need for that procedure.



Distribution of Vitamin A Capsules near Kathmandu, Nepal, October 2000

The Mission provided evidence obtained from outside USAID/Nepal, three months after the audit fieldwork ended, to address the other difference between reported results and supporting documents maintained by the Mission. That difference was a cumulative effect originating with baseline data for IR 4.2.1, *Hydropower Public Hearings*. Evidence subsequently obtained contradicted the document provided by the Mission during the audit, indicating a problem with the performance monitoring system. Data quality assessments were not prepared for this indicator.

Data quality assessments are needed to identify and facilitate disclosure of data limitations and to ensure that users are aware of how much reliance can be placed on the results reported in the R4 report. Data quality assessments were not performed, and data limitations and errors were not disclosed as discussed above because of the Mission staff's lack of familiarity with how to conduct data quality assessments and identify and resolve errors in data. As a result, USAID management, Congress, and other stakeholders do not have all the information needed to effectively assess the reported performance.

---

## **Management Comments and Our Evaluation**

USAID/Nepal responses to our draft audit report appear in their entirety in Appendix II. The Mission agreed with the findings and Recommendation Nos. 1 and 2. In addition, the Mission indicated it would take appropriate action to address Recommendation No. 3, although it requested we reword the recommendation. We have done so.

The Mission provided a copy of its updated PMP for the audit period, and a new PMP for its recently approved strategy, covering the years 2001 - 2005. The Mission also provided training and delegated responsibility for its staff to properly update and maintain the PMP.

The Mission is including revisions of prior years' data in the R4 it is preparing in March 2001, and is providing explanations of the revisions in the narrative of the report.

Based on these actions, a management decision has been reached on each of the three recommendations. USAID's Office of Management Planning and Innovation (M/MPI) should be advised for final action on the recommendations.

## Scope and Methodology

---

### Scope

This audit is one in a worldwide series of audits that were requested by USAID's Bureau for Policy and Program Coordination.

This audit of USAID/Nepal's controls over performance monitoring was conducted in accordance with generally accepted government auditing standards. The audit assessed the Mission's internal controls governing the quality of data reported in its FY 2002 R4 report. Specifically, the audit addressed whether: (1) baselines were established, (2) adequate performance monitoring plans were completed, (3) data quality assessments were performed, and (4) data reported in the subject R4 report complied with reporting requirements.

This audit did not review the Mission's entire R4 report for FY 2002 (prepared in calendar year 2000). Instead, the audit examined 8 of the 16 indicators used in the report, from each of the Mission's three strategic objectives and its special objective. Those eight indicators were selected judgmentally through the collaborative efforts of the auditors and the SO/SpO Teams.

The auditors reviewed performance monitoring documentation including the performance monitoring plan, strategic planning documentation, and R4 data for FYs 1997, 2000, and 2001. The auditors also reviewed documentation to support the 1999 results and baselines and data quality assessments (if performed). In addition, the auditors interviewed program officials and support contractors. The audit did not assess the performance indicators themselves, and only limited tests were performed of the data itself.

The fieldwork was conducted in Kathmandu, Nepal, from October 16, 2000, through November 2, 2000.

## **Methodology**

This audit was designed, in collaboration with PPC officials, to determine whether a performance monitoring system was established and carried out in accordance with USAID requirements.

The audit began with a series of meetings with program officials at USAID/Nepal to discuss each indicator reported in the R4. Based on those meetings, the auditors and program officials collaboratively selected a judgmental sample of indicators for review. Using ADS E203.5.5 and other guidance, the basic controls tested were whether the Mission:

- Established indicator baseline data either in the strategic plan or a subsequent Results Review and Resource Request;
- Prepared a performance monitoring plan that (1) contained a detailed definition of the indicator, (2) identified all data sources, (3) described the data collection method in sufficient detail to enable it to be applied consistently in subsequent years, (4) specified frequency and schedule of data collection, and (5) assigned responsibility for collecting data;
- Completed an assessment of data quality for the indicators at an interval of no greater than three years;
- Reported data that was adequately supported by source documents;
- Reported baseline data in the R4 that were comparable to the data reported for the indicator; and
- Disclosed data limitations (if any) in the comments section of the R4 report.

The underlying premise for this audit was that performance monitoring provides reasonable assurance that reported data meets USAID's quality standards.

An error threshold of plus or minus five percent was used to assess whether the reported results agreed with source documentation. In forming an overall opinion on whether the Mission monitored performance in accordance with USAID guidance, we reviewed a summary of the Mission's performance monitoring controls in four areas: (1) establishing baselines, (2) preparing performance monitoring plans, (3) assessing data quality, and (4) reporting results in the R4 report. (Appendix III summarizes the results of our review of these controls.)

**Management Comments**

02-13-01 13:53 FROM:USAID NEPAL ID: 9771272357 PAGE 1/1:

**US AGENCY FOR  
INTERNATIONAL DEVELOPMENT  
KATHMANDU, NEPAL**

**FAX MESSAGE FORM**

CABLE: USAID/NEPAL  
TELEX 2381-AEKTM-NP

FAX: 977-1-272357  
TELEPHONE: 270144, 270171

TO: Mark Ellis

OFFICE: USAID, Manila, Philippines

FAX NO: 00-63-2-551-9297 or  
00-63-2-521-4811

TEL NO. 00-63-2-552-9800

PAGES: 31 (including this page)

FROM: Joseph C. Williams, Program

SUBJECT: R4 Audit Report and Mission PMP

DATE: February 13, 2001

DRAFTED BY:

CLEARANCES (OFFICE/INITIALS):

Message:

Please see attached USAID/Nepal's response to the draft R4 Audit report, as well as the Mission PMP.

Thank you.

International mail: USAID, P.O. Box 5653, Rabi Bhawan, Kathmandu, Nepal  
US mail: USAID/Kathmandu, Department of State, Washington, D.C. 20521-6190

**USAID/Nepal comments to RIG/Manila draft report of R4 audit**

**Introduction:**

The Mission appreciates this opportunity to respond to the RIG R4 audit team's findings and recommendations. The audit findings have resulted in the Mission taking immediate steps to ensure that its Performance Monitoring Plan (PMP) is maintained and followed in accordance with the ADS guidance issued in August 2000 and that the quality of performance data is assessed. The Mission was also made fully aware that the PMP and all adjustments thereto should be located in a single accessible document that allows ready access. The Mission's actions to assure full compliance with USAID ADS requirements, policy, and guidelines have included staff training, staff reorganization, and the establishment of a PMP that meets all USAID requirements. Following are the Mission's specific responses to audit recommendations:

**Recommendation No 1:**

We recommend that the Director of USAID/Nepal ensure that the performance monitoring plan is updated in accordance with Agency requirements.

**Recommendation No 1: Mission Response     Agree**

USAID/Nepal believes that since the R4 audit, it has fully complied with this recommendation. Attached with the FAXed version, please find a revised Performance Monitoring Plan (PMP) for USAID/Nepal for the period audited. This revised PMP meets the elements of a PMP addressed in ADS 203.5.5 (b) and Performance Monitoring and Evaluation Tips #7.

In addition, USAID/Nepal has recently drafted a PMP for its new strategy for the period 2001-2005, which was formally approved by cable in November 2000. The Mission set aside two weeks from January 23 through February 2 to produce a PMP in accordance with ADS203 and TIPS No.7. The new PMP covers both those SOs reported in the 2000 R4 submission, as well as those Strategic Objectives (SOs) included in the recently approved strategy and will form the basis for the 2001 R4 submission in March. It conforms to agency guidelines and regulations and incorporates a Performance Indicator Reference Sheet for each indicator to assure that all ADS requirements are directly addressed.

USAID/Nepal made the office of Program and Project Development (PPD) directly responsible for coordinating the updating of the PMP and assuring that periodic reviews, including data assessment evaluations are carried out. PPD, in turn, has assigned responsibility for coordinating the updating of the PMP to an existing staff member. Training is being provided for the incumbent to assume this position under the leadership of the chief of section. These actions should assure: 1) That the same definitions of performance indicators (including data limitations) are used in all reporting documents throughout strategy implementation and that any such changes are duly noted and

explained. 2) That methods, sources, frequency and schedules for data collection are systematic and remain constant (unless appropriately noted) in accordance with ADS regulations and that systematic collection and assessment of data are carried out and, 3) That the responsible officer or entity for collecting R4 data is appropriately identified.

Mission Request: Based on the above actions, the Mission requests that this audit recommendation be closed upon issuance of the audit report.

**Recommendation No 2**

We recommend that USAID/Nepal establish procedures to document data quality assessments in accordance with Agency requirements.

**Recommendation No 2: Mission Response.....Agree**

The PMP for the 2001-2005 strategy incorporates formal procedures for undertaking and documenting data quality assessments. USAID/Nepal is also taking action to ensure that staff members have the knowledge and skills necessary for establishing, monitoring, and actually implementing the PMP in accordance with the ADS. Selected staff members from its SO teams are currently attending regional PMP training in Delhi. Finally, a new function has been established within PPD to coordinate with SO teams and assure that the integrity of the PMP is maintained over the implementation period of the strategy (see discussion under Recommendation No.1: Mission Response above). The initial PMP covering the first year of strategy implementation will be completed and its indicators will be included in USAID/Nepal's R4 submission in March 2001. Target completion date: March 30, 2001.

**Recommendation No 3.**

We recommend that the Director of USAID/Nepal revise the Mission's Results Review and Resource Request report for FY2002 (prepared in 2000) to disclose known data limitations in accordance with Agency guidance.

**Recommendation No 3: Mission. Response           Disagree**

The Mission has reviewed and where appropriate, revised existing performance indicators as previously described herein (see revised PMP attached to FAXed version of this document). These revisions include those indicators submitted in the R4 for FY 2002 (prepared in 2000). While USAID/Nepal is fully aware that its collection, verification and reporting of data did not meet minimum ADS standards, it does not believe that these



reporting errors were of sufficient magnitude to significantly impact decisions regarding program performance and funding allocations. More importantly, the R4 for FY2002 is now an historical document and all decisions regarding requests made therein have already been taken. The Mission is unclear what purpose totally revising its previous R4 would serve. However, to assure that relevant information is made available to decision makers, the Mission plans to note changes in all indicators previously reported in its 2000 submission. The 2001 R4 submission for FY2003 will also include narrative describing subsequent revisions in data and assure that the information contained in the attached PMP matches what is reported in its upcoming R4 submission. These actions by the Mission will correct indicators for those Strategic Objectives that continue to be funded and/or reported on and also serve to alert anyone perusing the historical documents what changes were subsequently made and where they are available.

Mission Request: Based on the above discussion and the inclusion of the Mission's revised PMP (see Recommendation # 1 Mission Response), the Mission requests that this audit recommendation be closed upon issuance of the audit report.

## Summary Schedule

Based on the audit results, the following table summarizes the Mission's performance monitoring controls for indicators appearing in its FY 2002 R4 report.

Indicator	1. Baseline Established	In the Performance Monitoring Plan...					7. Data Quality Assessment Done	In the R4 Report...		
		2. Indicator Precisely Defined	3. Data Sources Identified	4. Data Collection Method Described	5. Data Collection Frequency & Schedule	6. Responsibility Assigned		8. Data Agrees to Source	9. Comparable Baseline	10. Data Limitations Disclosed
<i>Couple Years of Protection</i> (IR 2.1.2)	Yes	No	No	No	No	Yes	No	Yes	Yes	No
<i>Condom Use</i> (IR 2.3)	Yes	No	No	No	No	No	No	Yes	Yes	N/A
<i>Vitamin A</i> (IR 2.3.1)	Yes	No	No	Yes	No	Yes	Yes	No <sup>8</sup>	Yes	N/A
<i>Pneumonia</i> (IR 2.3.3)	Yes	No	No	No	No	Yes	No	Yes	Yes	N/A
<i>Women in Savings and Credit Groups</i> (IR 3.3.1)	Yes	No	No	No	No	No	No	Yes	Yes	No
<i>Forest and Irrigation User Groups</i> (IR 1.2.1)	Yes	No	No	No	No	Yes	No	Yes	Yes	N/A
<i>Hydropower Financial Commitments</i> (IR 4.1)	Yes	No	No	No	No	No	Yes	Yes	Yes	N/A
<i>Hydropower Public Hearings</i> (IR 4.2.1)	Yes	No	No	No	No	No	No	No	No	N/A

<sup>8</sup> Team Leader chose to report a coverage rate which was less than that provided by the consultant, due to doubts about data quality.