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**Audit of the Quality of Results Data Presented  
in USAID/Senegal's Results Review and Resource  
Request (R4) Report Prepared in 1997**

**Report No. 7-685-99-001-P  
October 28, 1998**

**Regional Inspector General  
Dakar**

UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
OFFICE OF THE REGIONAL INSPECTOR GENERAL FOR WEST AFRICA


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October 28, 1998

MEMORANDUM FOR USAID/SENEGAL DIRECTOR, ANNE M. WILLIAMS

FROM:

  
Henry L. Barrett, RIG/Dakar

SUBJECT: Audit of the Quality of Results Reported in USAID/Senegal's  
Results Review and Resource Request (R4) Report Prepared in  
1997, Report No. 7-685-99-001-P

This memorandum is our report on the subject audit. We have considered your comments on the draft report and have included them as Appendix II.

The report contains two recommendations. We are unable to consider that a management decision has been reached with respect to Recommendation Nos. 1.1 and 1.2. Please respond to the report within 30 days indicating any actions planned or taken to make management decisions to address Recommendation Nos. 1.1 and 1.2.

Based upon your comments on the draft report, USAID/Senegal has made a management decision to address Recommendation No. 2. In accordance with USAID guidance, M/MPI/MIC will be responsible for determining when Final Action has occurred for Recommendation No. 2.

I appreciate the courtesies and cooperation extended to my staff by USAID/Senegal staff during the audit.

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### Background

Passage of the Government Performance and Results Act of 1993 (Results Act), among other things, was intended to improve the effectiveness of federal programs and public accountability by promoting a new focus on results. The General Accounting Office (GAO) noted that key steps in building a successful results-oriented organization include collecting and using performance information in the decision making process. Congress also recognized, in the Results Act, agency managers need performance information to facilitate decision making leading to programs that meet intended goals. GAO also noted that successful implementation of the Results Act is dependent on good information for decision making purposes. In this regard, we adopted five characteristics of what we

believe is good management information: objectively verifiable, supported, accurate, complete, and validated.

Since USAID was established in 1961, it has initiated numerous systems to report on program results. However, none of these systems have been fully successful. Over the past several years, the Office of Inspector General (OIG) has intermittently reported on weaknesses in USAID's ability to measure and report reliable program performance information. Examples of these audit reports include:<sup>1</sup>

- A June 1995 report identified that USAID needed better direction and control procedures to ensure that (1) objectively verifiable and measurable indicators are established to measure program performance and (2) reliable and useful performance data are reported and documented.
- A March 1998 report on USAID's fiscal year 1996 financial statements identified that 29 of the 38 (76 percent) of the quantified results reported in the program performance section of the overview section were either incorrect, vaguely set forth, or unsupported.
- Another audit report issued in March 1998 identified that 10 of 11 overseas missions reviewed had not developed or had not finalized a formalized, ongoing system of data collection and verification to report good performance data.

In light of the problems reported, OIG was concerned these conditions may be pervasive throughout USAID and decided to perform this USAID-wide audit to (1) establish a baseline for future OIG audit work, (2) identify problems with current data reporting, and (3) develop recommendations for improving data reporting. This audit was not intended to assess the quality of the performance indicators (subject of a future audit), but rather to determine if the performance results reported in the R4s by operating units were objectively verifiable, supported, accurate, complete, and validated. This audit of USAID/Senegal is one of 18 audits being done on a USAID-wide basis.

USAID/Senegal's R4 for fiscal year 1996, prepared in March 1997 contained 29 indicators and reported performance results for 23 of them. As of September 30, 1997, USAID/Senegal had obligated and expended in support of its active programs a total of \$156.7 million and \$110.7 million, respectively.

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<sup>1</sup> The three audit reports referred to in this paragraph are Audit Report No. 1-000-95-006 (dated June 30, 1995), Audit Report No. 0-000-98-001-F (dated March 2, 1998), and Audit Report No. 9-000-98-001-P (dated March 26, 1998).

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## Audit Objective

The Regional Inspector General/Dakar, as part of an USAID-wide audit, performed the audit to answer the following question:

**Did USAID/Senegal report results data in its Results Review and Resource Request prepared in 1997 which were objectively verifiable, supported, accurate, complete and validated?**

Appendix I describes the audit's scope and methodology.

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## Audit Findings

**Did USAID/Senegal Report Results Data in its Results Review and Resource Request Prepared in 1997 Which Were Objectively Verifiable, Supported, Accurate, Complete and Validated?**

USAID/Senegal did not report results data which were objectively verifiable, supported, accurate and validated.

Federal laws and regulations require federal agencies to develop and implement internal management control systems that: (1) compare actual program results against those anticipated; (2) provide for complete, reliable, and consistent information; and (3) ensure that performance information is clearly documented and that the documentation is readily available for examination. For example, Office of Management and Budget (OMB) Bulletin 93-06 requires agencies to have internal control systems to provide reasonable assurance that support for reported performance results is properly recorded and accounted for to permit preparation of reliable and complete performance information. (See Appendix IV for further discussion of relevant laws and regulations as well as related USAID policies and procedures.)

For the purpose of this audit, our definitions are as follows:

- *Objectively Verifiable*—The indicator is objective and the results have to be objectively verifiable. This means the indicator has no ambiguity about what is being measured. That is, there is general agreement over interpretation of the results. The indicator is both unidimensional and operationally precise. To be unidimensional means that it measures only one phenomenon at a time. Operational precision means no ambiguity over what kind of data would be collected for an indicator.

- *Supported*—This means that there was adequate documentation that supports the reported result. The support should be relevant, competent, and sufficient (as noted in the General Accounting Office's Government Auditing Standards). For example, a memo of a telephone conversation, or "best guesses" would not be considered adequate documentation.
- *Accurate*—This includes (1) being within plus or minus one percent (1.0 percent) of the actual documented result; and (2) being consistent with what was to be measured under the indicator, e.g., if the indicator was to vaccinate children under 5 years of age then the result would not be consistent if the supporting documents show that the result was for children under 3 years of age. The result would also not be considered accurate if supporting documents show that the result was achieved prior to January 1, 1996. (Note: Since we only reviewed results in the "performance data tables" for "1996," the result would not be considered accurate if supporting documents showed the result was achieved in 1992.)
- *Complete*—This means the result includes all data against what was anticipated to be measured for the indicator and is for a full year. For example, if 20 regions were to be measured but only 18 regions were measured, the result would not be complete. Also, if the results were only for a partial year (e.g., a six-month period, then the result would not be complete).
- *Validated*—This refers to the source of the data and the reliability of that source. We considered the source reliable if it came from an independent source such as the World Bank, United Nations (U.N.), independent evaluators, or an independent Demographic and Health Survey. If the data came from a contractor involved with the program or the host country government, the data would only be considered from a reliable source if USAID or an independent entity had performed an assessment of the data and/or system for generating the data and found the data or system to be reliable. For the purposes of this audit, we are not reviewing USAID's determination of validity of these independent sources. We plan to test USAID's validation process for external information, like the U.N., at a later time in another audit.

As shown in Appendix III, our audit found problems <sup>2</sup> with 22 of 23 results reported for performance indicators for which results were reported in the R4 for fiscal year 1996 (which was prepared in 1997). A breakdown and examples of these problems are as follows:

- Results for seven indicators (items 12 to 18 in Appendix III) were not objectively verifiable. These indicators are not objective because each of the seven indicators is not operationally precise and calls for a subjective decision which would vary depending on the individual reading of the indicator. Each of the seven indicators measure the "use" of a particular technology; however, what constitutes "use" has not been defined. Without a clear and precise definition of "use", a subjective decision which may vary from individual to individual or year to year may be made. Does "use" mean used in a small amount, large amount or used continuously? More precision is needed.
- Results for one indicator, "Proportion of child diarrhea cases treated with ORS in target regions" (item 9 in Appendix III), was not supported. Although the Mission had reported a result of 34%, documentation to support that number could not be located. The reported number came from a Mission employee's notes; however, subsequent documentation was not available. Without documentation it was not possible to determine the validity or accuracy of the reported result.
- Results for seven indicators (items 1, 2, 3, 5, 6, 7, and 8 in Appendix III) were not accurate. Six of these indicators (items 1, 2, 3, 5, 7, and 8) came from the Demographic Health Survey which was performed by the contractor MACRO, Inc. At the conclusion of their field work, the contractor and Mission held an exit meeting at which time a Mission employee took notes of the data. These notes were the source of results reported by the Mission in the R4. However, the results in the final report were different from the results reported in the R4. For example, indicator number two is "Modern contraceptive prevalence rate (in Senegal)". The result reported in the R4 is nine percent; however, the result in the final Demographic Health Survey was seven percent. This two percent difference

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<sup>2</sup> To avoid duplicating the problems related to the reported results (e.g. a reported result could be both not supported and not accurate), we classified indicator results as having only one problem according to the following hierarchy: not objectively verifiable, not supported, not accurate, and not complete. We did, however, classify results as not validated (if applicable) in addition to another problem because we believe that the requirement for operating units to assess the quality of data sources was a distinct function and potentially related to each of the types of problems included in the hierarchy.

represents a 28.6 percent variance.

The other indicator which was inaccurate was number 6, "Couple Years of Protection (CYP)," which is calculated using contraceptive distribution rates and factors predetermined by USAID/Washington. In its calculation of CYP, USAID/Senegal did not use USAID/Washington's predetermined factors. For example, in calculating condoms disbursed, USAID/Senegal used a factor of 120, rather than the factor of 150, as prescribed by USAID/Washington. In addition to not using the prescribed factors, USAID/Senegal made a mathematical error in recording intrauterine device (IUD) usage which is used in calculating CYP; 56,000 was reported, while the correct number was 50,582. As a result of these errors, the performance data for CYP is overstated by 18,434 or 11.6 percent and thus is unreliable.

- Results for fifteen indicators were not validated. The source of data results for seven indicators (items 12 to 18 in Appendix III) was a knowledge aptitude practice (KAP) survey conducted by the Senegalese contractor SENEGROSAL. The Mission did not perform an assessment of SENEGROSAL's reporting system.

The results for indicator number 6, "Couple Years of Protection (CYP)," was obtained from the Government of Senegal Ministry of Social Action. The results for indicator number 10, "Proportion of service delivery points (SDPs) offering a complete array of contraception methods, according to the facility type," and the results for indicator number 11, "Proportion of family planning clients who receive adequate counseling on contraceptive choices," was a report by the Population Council. The results for indicator number 19, "Number of loans processed in [Kaolack Agricultural Enterprise Development] KAED participating villages," was a report prepared by the National Agricultural Bank of Senegal. Indicator number 20, "Reduced Marketing Margins," was obtained from information provided by the market information system of the Government of Senegal. Indicator number 21, "Increased Private Sector's Share of Marketed Products," was provided by a Government of Senegal organization named SONAGRAINES. Indicator number 22, "Major Wholesaler Cereal Traders in Dakar" and number 23, "Major Wholesaler Cereal Traders Outside Dakar," was obtained from a Government of Senegal merchant registration registry. Although the Mission did conduct limited testing during field visits for indicators 22 and 23 and had funded technical assistance to some of the entities that provided data, it did not perform an assessment of the reporting system for the other six entities discussed above.

The above problems existed because USAID/Senegal did not always follow or was not successful in following prescribed USAID policies and procedures (Automated Directives System [ADS] 200 Series) for measuring and reporting on program performance. For example, USAID/Senegal:

- Did not ensure all of its indicators were objectively verifiable as prescribed by ADS section E203.5.5.
- Did not maintain documentation to support reported results as prescribed by ADS section E203.5.5.<sup>3</sup>
- Did not, in seven cases, ensure that the results reported in the R4 were accurate as prescribed by ADS section E203.5.5.
- Did not assess data quality as part of the process of establishing performance indicators and choosing data collection sources and methods as prescribed by ADS section E203.5.5.

USAID/Senegal did not comply with USAID guidance relevant to reporting the progress it had achieved because there was uncertainty of the data collection and reporting requirements. A Mission staffer stated that there was some confusion about what an assessment required. There was a feeling that verifying the data of a contractor would be doing the work that had been assigned to the contractor. Officials also stated that more attention would be given to ensure that supporting documentation is obtained and maintained for results reported in future R4s.<sup>4</sup>

Without reliable performance data, decision makers have little assurance whether an operating unit met, exceeded or fell short in achieving its program objectives and related targets. In our opinion, the problems with performance indicators and reporting on performance also impair USAID/Senegal's and USAID management's ability to measure progress in achieving USAID's program objectives for Senegal and to use performance information in budget allocation

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<sup>3</sup> The guidance requires the operating unit to establish a performance monitoring system to collect and analyze data which will enable it to assess its progress in achieving results. This system should: (1) provide a detailed definition of the performance indicators to be tracked; (2) specify the data source and its method and schedule of collection; and (3) assign responsibility for data collection to an office team or individual.

<sup>4</sup> We recognize that USAID/Washington bureaus are responsible for providing support to operating units to develop effective performance monitoring systems to report on program results and for reviewing the R4 process. For example, USAID's policies and procedures (ADS Sections 201.5.11a and 203.3) stipulate that the Bureau for Policy and Program Coordination should (1) ensure the adequacy of operating units' strategic plans for measuring performance and documenting impact and (2) provide technical leadership in developing USAID and operating unit performance monitoring and evaluation systems. These policies and procedures also stipulate that each regional bureau (e.g., the Africa Bureau) should (1) provide oversight and support to its operating units in developing their strategic plans for measuring program performance; (2) support its operating units in achieving approved objectives, and reviewing and reporting annually those units' performance in achieving their objectives; and (3) manage the R4 submissions for operating units under its authority. The issue of USAID/Washington support and oversight will be addressed in another audit report which will be issued on completion of this USAID-wide audit.



decisions. The problems also impair the USAID's ability to comply with laws and regulations.

**Recommendation No. 1: We recommend that USAID/Senegal:**

- 1.1 ensure its performance indicators in the R4 prepared in 1999 are objective and clearly defined regarding what specific results are to be measured; and
- 1.2 ensure that the performance data identified in its R4 prepared in 1999 are supported, accurate, and validated; or fully disclose in the R4 data limitations and their implications for assessing the measurement and achievement of performance targets for each performance indicator, and a time frame for resolving the problems.

**Other Related Matters**

OMB Circular No. A-123, which provides standards for implementing the Federal Manager's Financial Integrity Act (FMFIA), requires agencies to annually submit to the President and the Congress (1) a statement on whether there is reasonable assurance that the agency's controls are achieving their intended objectives, and (2) a report on material weaknesses in the agency's controls.

According to the Circular, a deficiency should be reported if it is or should be of interest to the next level of management. Moreover, agency managers and staff should be encouraged to identify and report deficiencies, as this reflects positively on the agency's commitment to recognizing and addressing management problems.

USAID's implementing guidance to operating units performing the fiscal year 1997 FMFIA review stated that existing sources of information should be used to supplement management's judgement in assessing the adequacy of management controls, this includes program evaluations, audits and other reviews of mission operations. Also included in the guidance was a "Management Control Checklist" to be used as a guide in self-assessing the adequacy of controls. In this checklist, under the heading "Program Assistance" several questions pertained to information, documentation, performance monitoring systems and the validity of data.

USAID's implementing guidance (issued in July 1997) to USAID missions included a "Management Control Checklist" which included questions regarding internal controls for measuring program performance. Two of the questions on the checklist are:

A performance monitoring system has been established and is maintained to regularly collect data to insure that activities are proceeding as expected and are contributing to relevant intermediate results and strategic objectives.

The validity of data reported on performance indicators is reasonably verified, including that furnished by other organizations.

USAID/Senegal used this questionnaire to develop a Management Control Plan which was used in its self assessment of internal controls for Fiscal Years 1996 and 1997. The Management Control Plan did not adequately address the areas of the validation of results data and assessment of the reporting systems used to obtain data for the R4; therefore, USAID/Senegal did not effectively perform its self-assessment on internal controls related to program performance. As a result, it did not identify the area of program performance as a material weakness when it submitted its FMFIA report to USAID/Washington in October 1997. USAID/Senegal officials said that it was not clear to them what type of assessment was necessary. They believed that the quality of data was the responsibility of the providers.

Although USAID/Senegal has developed a monitoring and evaluation plan in its Country Strategic Plan for 1999 - 2006, this plan does not mention anything about the validation of data and the assessment of the reporting systems.

It is the responsibility of the Mission to assure the quality of data, which requires an annual validation of the results data and an independent assessment of the reporting system at least every three years. Without a validation of the data and independent assessments, the Mission can not assure the quality of the data it reports in its R4. The Mission's current monitoring and evaluation plan is deficient in that it does not include provisions for independent assessments of the reporting systems and quality of data. To ensure that the validation of data and the assessment of data collection systems are adequately addressed, these areas should be included in the Mission's annual internal control assessment.

Since results data is used to make future funding decisions and define future development activities, the importance of data quality can not be overemphasized.

Recommendation No. 2: We recommend that USAID/Senegal, in preparing the fiscal year 1998 report under the Federal Managers' Financial Integrity Act, perform an assessment of internal controls related to program performance weaknesses identified in this report and report material weaknesses as applicable.

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### Management Comments and Our Evaluation

In its written comments to the draft report (presented as Appendix II to this report), USAID/Senegal took strong exception to our audit criteria, methodology and conclusions. We considered all USAID/Senegal's comments; however, none of the comments warranted any changes to the draft report.

Regarding our audit criteria, USAID/Senegal challenged the appropriateness of TIPS #6. The Mission believes that TIPS #6 has not been issued in final and is not relevant to indicators in the FY 1996 R4. However, TIPS #6 was issued by the USAID Center for Development Information and Evaluation (CDIE) in 1996. In response to our email request, CDIE has confirmed that TIPS #6 was issued in final in 1996.

The CDIE Tips series provide advice and suggestions to USAID managers on how to plan and conduct performance monitoring and evaluation. They are supplemental references to the reengineering automated directive system (ADS), chapter 203. Therefore, TIPS #6 is supplementary guidance to ADS chapter 203 which was issued in 1995. Furthermore, the same TIPS #6 was used as criteria in an earlier audit at USAID/Senegal<sup>5</sup>. This audit primarily covered the period from October 1, 1994 to November 8, 1996. Two of the audit findings referred to TIPS #6 as relevant criteria. In its response to the draft report the Mission did not challenge the use of TIPS #6; in fact, TIPS #6 was not even mentioned in managements comments.

To our knowledge TIPS #6 has not been superseded and only delineates the requirements of ADS; therefore, we conclude that the TIPS #6 used in performing our analysis of the indicators contained in the 1996 R4 was a final release, it was relevant and it was reasonable.

USAID/Senegal also disagreed with our use of the Automated Data System (ADS) requirements. The Mission stated that when the Mission's performance monitoring system was modified in 1995/6 to transform old "project" activities into re-engineered activities, the ADS series was still in its early developmental

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<sup>5</sup> Audit of USAID/Senegal's Implementation of the Government and Performance Act for Environment-Natural Resources Management and Biodiversity Activities (Audit Report No. 7-685-97-003-P, dated February 21, 1997).

stage. We take exception with this position because the ADS became effective in October 1995 and used as criteria in a previous audit<sup>5</sup>.

Regarding the methodology used in the audit, USAID/Senegal felt that our approach was too narrow in that it only reviewed quantitative data and did not include a review of the narrative section. The Mission commented that decision making is based on a number of factors and the data in the R4 can not be considered independently; the narrative is extremely important and can not be ignored. We agree that decision making is based upon a number of factors, but as discussed in Appendix I of the draft report, the audit was limited to determining the quality of 1996 results data reported for performance indicators identified in the "performance data tables." Furthermore, TIPS #6 states:

"Performance indicators are at the heart of a performance monitoring system, they define the data to be collected to measure progress and enable actual results achieved over time to be compared with planned results. Thus, they are an indispensable management tool for making performance-based decisions about program strategies and activities."

The Mission also felt that changes to the indicators would negatively affect their ability to report cumulative changes over time and would be prohibitively cost ineffective with perhaps no gains in productivity. The Mission continued that the indicators were modified. However, these changes did not improve the quality of the indicators. We believe that indicators should be periodically reviewed to ensure that they adequately measure the intended result and when the indicators are not adequately measuring those results they should be changed. We believe that our findings inform management of those indicators that are not adequately measuring intended results.

The Mission felt that we used unilateral, after-the-fact standards which guaranteed failure. Our view is that for performance information to be reliable, it must encompass each of five key elements; that is, objectively verifiable, supported, accurate, complete and validated. No "scoring system" as such was used; however, we did limit our tolerance for accuracy to 1 percent. We believe that the Mission should be able to accurately report quantitative data results provided by its partners within a range of 1 percent. Furthermore, of the seven results reported as not accurate, only two were even within five percent and the remaining five were not accurate between 7.6 percent and 45.1 percent.

From the context of the Mission's comments, we concluded that the Mission felt that we did not give them credit for what was correct and would have preferred to see an analysis in which 3 of 5 or 4 of 5 of these elements were present. However, we must ask ourselves if we would feel comfortable relying on data

which was partially inaccurate, unsupported, incomplete, subjective or not validated? We do not believe this is the case.

USAID/Senegal also challenged our definitions of the elements used in analyzing the R4 indicators and results data. We will address their concerns individually.

**Supported:** The Mission is of the opinion that the use of data from notes at a presentation is adequate support for data contained in the R4. One indicator result was classified as not supported because the USAID team member monitoring that program aspect had recorded the data in notes taken during a technical meeting with the primary contractor for that activity. In our opinion, notes taken by a team member based on a meeting with the primary contractor (without any other support) is not sufficient documentation to support a reported result. Notes from a meeting do not constitute acceptable criteria for the support element since the data is not available for examination and verification.

**Accurate and Validated:** In this audit we accepted data from the United Nations (UN), the World Bank and the Demographic and Health Survey (DHS) as not needing validation. The Mission reminds us that the World Bank and the United Nations frequently use the same Government of Senegal sources for data that are used by USAID/Senegal and its partners. We do not dispute this and have addressed this point in page 4 of the draft report which is repeated here:

"(We fully recognize that under the Government Performance and Results Act USAID must validate its outside sources including the World Bank, U.N., etc., but for the purposes of this audit, we are not reviewing USAID's determination of validity of these independent sources. We plan to test USAID's validation process for external information, like the U.N., at a later time in another audit.)"

We reiterate our position that "all" data should be validated, meaning independently verified or assessed.

**Complete:** We are not sure why the Mission has commented on the element of completeness since the audit did not find any of the results data to be incomplete. The Mission did comment on the issue of reporting data for a fiscal year basis and how difficult it is to obtain such data in the international operating environment. As indicated in the final report the element of timeliness has been removed. This issue is being addressed by legal counsel.

The Mission comments did raise an important issue with which we fully agree. The Mission noted the absence of formal training in the areas of activity design, implementation, monitoring and evaluation. Familiarization and, where

appropriate, training in these areas is essential if USAID/Senegal expects to have a correct, complete and consistent R4 reporting process.

This lack of training and acknowledged deficiencies in the required reporting guidance (including TIPS #6 and the ADS) suggests problems with the Mission's compliance with the Standards for Internal Controls in the Federal Government as developed by the Comptroller General of the United States. These standards are required by the Federal Manager's Financial and Integrity Act of 1982 and cover both program management as well as financial management. One of the five general standards is competent personnel.

The competent personnel standard requires managers and their staffs to maintain and demonstrate: "...3) an understanding of internal controls sufficient to effectively discharge their responsibilities." The standard further states that "...individual[s] should be given the necessary formal and on-the-job training." We believe that the ADS and TIPS #6 form part of USAID's internal controls. Managers who possess a good understanding of internal controls are vital to effective control systems. Accordingly, we encourage the Mission to express this concern about training to USAID/Washington and the Africa Bureau.

Moving to the recommendations, USAID/Senegal indicated that it would enact all recommendations. However, the necessary actions for Recommendation Nos. 1.1 and 1.2 would be enacted in the R4 report prepared in 2000, not 1999. The Mission believed that this would allow it to synchronize the R4 process with its new Country Plan for the period 1998-2006.

In the case of Recommendation No. 1.1, no management decision has been reached. The Mission should pursue one of several courses of action: 1) Review collected data for FY 1998 to determine if it contains sufficient detail for a more objective and clearly defined indicator, 2) Determine whether, using sampling techniques, the Mission is able to report more relevant data, or 3) If the previous alternatives are documented to be not possible or cost-prohibitive, the Mission could disclose the limitations of the indicators in the R4 prepared in 1999.

Regarding Recommendation No. 1.2, no management decision has been reached. Since FY 1998 is the last year of the current country plan, USAID/Senegal should conduct a validation of the results data reported in the FY 1998 R4 prepared in 1999. This would probably require that the testing be performed in late 1998 to allow time for the R4 preparation. Essentially this would require that there is an independent verification of the results data reported by the implementing partners.

USAID/Senegal stated that it will establish an Analysis, Monitoring and Evaluation (AME) team which will be responsible for reliable, accurate, and objectively verifiable data as defined in USAID Center for Development Information and Evaluation (CDIE) TIPS. The Mission is in the process of completing a Mission Order which delineates the responsibilities of the AME. This will most likely affect the R4 prepared in the year 2000. We must point out here that the Mission's proposed actions address some, but not all of the points in Recommendation No. 1.2. The recommendation specifically mentions the elements of support, accuracy and validation. However, the proposed actions by the Mission only address the elements of support and accuracy. For example, the Mission, through the AME, will establish data collection systems and maintain documentation supporting reported results data. These proposed actions address the elements of support and accuracy but not the element of validation.

With regard to Recommendation No. 2, USAID/Senegal stated that it concurs with the recommendation and enumerated steps already taken to comply with the FMFIA process. Consequently, the Mission has made a management decision relative to Recommendation No. 2.

The full text of management's comments on our report are attached as Appendix II.

## SCOPE AND METHODOLOGY

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### Scope

We audited USAID/Senegal's internal management controls for ensuring that it reported objectively verifiable, supported, accurate, complete, and validated performance results data in its Results Review and Resource Request (R4) report. (See pages 3 and 4 of this report for definitions). We audited only the results (including baseline data) reported for 1996 in the R4 prepared in 1997. The audit was performed in accordance with generally accepted government auditing standards and was conducted at USAID/Senegal from March 2 through June 10, 1998.

We limited our work on the validity and reliability of data to the results for only (1) the performance indicators identified in the "performance data tables" in the R4 (prepared in 1997), and (2) the actual results for which such data was shown for 1996. Therefore, if no actual results for an indicator were shown for 1996, we did not assess the validity and reliability for the results for that indicator. We did not review results reported in the narrative portion of the R4.

We also did not attempt to determine if the baseline data for a prior year and the results reported for 1996 were consistent and based on comparable data.

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### Methodology

This audit is part of an USAID-wide audit. The Office of Inspector General's Performance Audits Division in Washington, D.C. is the lead office. Operating units were selected using a random sample based on assistance from statisticians from the Department of Defense's Office of Inspector General.



To accomplish the audit objective, we interviewed officials from USAID/Senegal and reviewed the documents which supported the reported results. Where problems were found, we verified to the extent practical, the causes of the problems including additional interviews with Mission personnel.

To avoid duplicating the problems related to the reported results (e.g. a reported result could be both not supported and not accurate), we classified indicator results as having only one problem according to the following hierarchy: not objectively verifiable, not supported, not accurate, and not complete. We did, however, classify results as not validated (if applicable) in addition to another problem because we believe that the requirement for operating units to assess the quality of data sources was a distinct function and potentially related to each of the types of problems included in the hierarchy. We did not assess whether a result was validated if the result was not objectively verifiable.

If the results reported for the indicators were found to be objectively verifiable, supported, accurate, complete and validated: (a) 95 percent or more of the time, (b) 80 to 94 percent of the time, or (c) less than 80 percent of the time, we would provide a positive, qualified, or negative answer to the audit question, respectively.

SEP 16 1998



U.S.A.I.D / SENEGAL  
**memorandum**

DATE: September 15, 1998

REPLY TO: Anne Williams, Director, USAID/Senegal  
ATTN OF:

SUBJECT: Audit Report No 7-685-98-XXX-P: Audit of the Quality of Results Reported in USAID/Senegal's Results Review and Resource Request (R4) Report Prepared in 1997.

TO: Henry L. Barrett, RIG/Dakar Director

I. Summary of Mission Comments. We appreciate the opportunity to work with the OIG team on the R4 audit and the OIG role in reviewing our achievements and progress in light of the requirements of GPRA. It has been a worthwhile exercise for USAID/Senegal and its partners. We also share OIG's views with respect to the significance of the Results Act, the importance of quality results data, and the value of results-based management. We also agree that our performance indicators and data should be objectively verifiable, supported, accurate, complete, and validated, as per the Performance Monitoring and Evaluation TIPS that is being finalized by USAID/CDIE. Where we disagree is on how the OIG has measured our performance against these criteria. We are particularly concerned because the OIG audit seems to be applying 1998 criteria to decisions made in late 1995 and early 1996 under a different context. If a car is built for certain emissions standards, and then the standards are tightened, of course the car will not be in compliance.

II. Context of the '96 R4: We would like to offer the following context to help to understand the difficulties encountered in reporting on the '96 program performance of the Mission:

- The 1996 R4 was finalized in February 1997, and it reports on results achieved during the period October 1, 1995 - September 30, 1996. It reports on results of projects (and their performance indicators) designed using Handbook 3, not the ADS. The Senegal Mission was at the forefront of the Agency's re-engineering efforts as an Experimental Lab, applying both the principles and language of re-engineering. Some indicators and data collection systems

were modified, based upon the results of internal controls, as well as upon AID/W general guidance and periodic R4 review. But all indicators and data collection methods were not modified, and for very good reasons. First, the monitoring systems followed the best practices known at the time. Second, if the indicators and data systems were subsequently changed, then it would negatively affect our ability to report on cumulative changes over time (we wanted to avoid the problem of comparing apples in one time period, with oranges in another). Third, the indicators and data collection systems used in this report had been designed, negotiated, and accepted by the Mission's contractors, grantees, and Senegalese partners. Particularly with grantees, to change indicators in mid stream would have been prohibitively cost ineffective with perhaps no gains in productivity.

- As noted in the draft TIPS, the R4 process is designed for decision-making. Programmatic decisions are based not only on data, but on a number of other factors. Thus the R4 narrative, which explains the data, is extremely important and cannot be ignored.

- When the Mission's performance monitoring system was modified in 1995/6 to transform old "project" into re-engineered activities, the ADS series was still in the early developmental stage. And as of September 1998, the CDIE TIPS document has yet to be finalized, and was only made available to the Mission in draft in June 1998;

- For years now, the Agency has not offered formal training in the activity design, implementation, monitoring or evaluation. The old Project Design and Implementation Course was stopped. This course is essential if the Agency is to make sure that people know how to implement the new ADS and related guidance.

## II. Comments on RIG's Overall Methodology in this Audit

### A. Unilateral Creation of an Unsuitable Scoring System

1. The audit attempts to test the Mission's performance against standards for what constitutes "objectively verifiable, supported, accurate, complete and validated" data. In general, these standards, while partially discussed in the ADS and elsewhere, were not clearly defined or accepted at the time indicators and data collection systems were being designed for the 1996 R4. Moreover, their definitions as defined by the auditors have most certainly not even been accepted today. This unilateral, after-the-fact establishment of such standards is guaranteed for failure upon application.

2. The audit focuses on the quantitative indicators to the exclusion of consideration of the narrative. The entire R4 exercise cannot and should not be reduced to quantitative indicators. This has been pointed out in a number of agency-wide communications with and from PPC and the Administrator ever since the R4 was created. The TIPS is part of this flow of discussion. The context of USAID's development work is a third world where improvements to overall standards of living have certainly not been linear. Natural and man-made disasters continue to affect achievement of Mission results. Without strengthened human resource capacity and strengthened government and non-government institutions, USAID cannot achieve its goal of helping countries

achieve sustainable development. Establishing indicators for these two concepts, much less measuring them on an annual basis, is a Gordian knot. The qualitative narrative that accompanies quantitative indicators is the only way the Agency can be accountable. The OIG perhaps needs to redouble its efforts to find a way to take both into consideration.

**B. Specific Comments on the Application of the Five GPRA Criteria**

**Supported:** The Mission disagrees with RIG's operational definition of what constitutes acceptable documentation for data. The OIG argued that an indicator for SO#1 was unsupported, because the team member monitoring that program aspect had recorded the data in notes of a technical meeting with the primary contractor for that activity. This issue is tied to the question of completeness, in that several figures were made available to USAID as preliminary findings from ongoing (partially completed) data gathering operations. For example, the Mission used preliminary figures from the then ongoing DHS survey. Since the DHS was not complete, the Mission's only other choice was to state in the R4 that no data was available. Such a statement would not have helped programmatic decisions that the Mission was contemplating. (See TIPS).

**Accurate and Validated:** In reference to the same DHS data, the audit declared these data presented in the R4 as being inaccurate because the preliminary figures did not match the numbers in the final DHS report, published nearly a year later. The Mission suggests that RIG assess the significance of the differences between the preliminary and the final numbers, rather than apply an arbitrary statistical measure. In fact, the final DHS data did not significantly differ from the preliminary data presented by the Mission in the R4, and did not change Mission programming. The Mission also notes that there is no process for amending the R4 after review in Washington, except in the following year's R4. (See TIPS).

A separate aspect of this test requires the data to reflect actions completed within the target fiscal year. This presents virtually the same problems with indicator definitions as noted for Completeness, below. Even if data are collected during the target fiscal year, the results measured may have been achieved over a period much longer, or the data may actually represent results achieved prior to that period. (See TIPS).

The RIG contends that data are reliable only after having been published by multi-lateral agencies such as the World Bank or UN organizations. The fact is that both the World Bank and the U.N. organizations base their analysis largely on the Government of Senegal's raw data or studies by other donors such as USAID. On what grounds does the OIG accept IBRD and UN analyses, but not that of its own organization?

These IBRD and UN publications are characterized by long delays from the date that the source data have been available to USAID and other partners, and the date of IBRD or UN documents. Why should USAID be restricted to using outdated data when new data is available?

Occasionally these IBRD and UN documents use data that comes from USAID itself, or some research activity funded by USAID. USAID has, for example, recently completed a Demography and Health Survey (DHS) for Senegal, which has not yet been incorporated into any multi-lateral publication. After long discussions between the Mission and RIG, RIG agreed to recognize the DHS as an acceptable international standard, though USAID has cited other reports with similar international acceptance which the RIG has failed to accept. On what grounds does OIG reject USAID data as invalid until these same figures are copied and published by another agency? Are the UN and the IBRD validating USAID analyses? Who then is validating IBRD and UN data?

Complete: This test requires the data to reflect accumulated impact for the indicator over the 12 month period of the fiscal year. The need to link impact with USG resources expended is clear, but the Mission would like to point out again the difficulties in so doing, particularly with indicators and data that have been validated (according to the narrow definition of that word mentioned above). The problem is that many widely accepted indicators and data usually measure knowledge, behavior, or physical quantities at a specific point in time. But the "complete" definition is looking for change within a U.S. fiscal year, something that cannot be measured with a static point-in-time measure. As an example, the contraceptive prevalence rate as of a given date, is the standard indicator for family planning activities. This figure is calculated at great expense. It is rarely disaggregated by index year, and certainly does not reflect the limits of the fiscal year for the R4 report.

### III. Comments of RIG's Specific Recommendations

#### Recommendation No 1.1:

"We recommend that USAID/Senegal: ensure its performance indicators in the R4 prepared in 1999 are objective and clearly defined regarding what specific results are to be measured"

To ensure that all the identified shortcomings and imperfections in reporting under the old strategy are addressed, the Mission is creating a permanent U.S. Direct Hire led Analysis, Monitoring and Evaluation (AME) team. It will be a centerpiece of the Mission's new structure charged with all the facets necessary for reliable, accurate, objectively verifiable data as defined in the CDIE TIPS.

The Mission is finalizing a Mission Order (MO) to be approved by December 30, 1998 which will specifically delineate the duties and responsibilities of the Analysis, Monitoring and Evaluation (AME) and the Strategic Objective Teams (SOTs). The SOTs shall develop, in concert with our partners and customers, performance indicators that will meet the criteria for assessing performance as recommended in TIPS. The SOTs will also be responsible for preparing and/or obtaining the documentation used in the development of the performance indicators, including baseline data and targets.

In an early Implementation Letter under the newly signed Strategic Objective Agreements with the Government, the Mission will include the following in the Joint Roles and Responsibilities Section: The SOTs and implementing partners shall conduct periodic meetings to ensure that all parties have a clear understanding of what data is to be collected and reported on, and shall emphasize the importance of data integrity.

The Mission can comply with this recommendation for the R4 prepared in 2000, not in 1999. The Mission has decided to focus its time and energies on putting in place improved monitoring systems for its new Country Plan 1998-2006, rather than try to improve indicators under former 1992-1997 strategy. The old strategy formally ends September 30, 1998. Most data for the R4 under the old strategy has already been collected and transmitted. Certain grants and contracts have been closed. As a result, it is the Mission's considered opinion that effort spent to "correct" past data and indicators would be at best a waste of resources, and probably impossible. Nor would it materially improve/change our current or future programming.

**Recommendation 1.2:**

"...ensure that the performance data identified in its R4 prepared in 1999 are supported, accurate, and validated; or fully disclose in the R4 data limitations and their implications for assessing the measurement and achievement of performance targets for each performance indicator, and a time frame for resolving the problems".

See response above. The above mentioned MO will task the AME with the responsibility for:

- preparing the statement of work for, and monitoring the performance of, a contractor responsible for data collection, analysis and establishment of data systems;
- maintaining the documentation (after the SOTs have prepared and/or obtained the documentation) that supports the development of the performance indicators, baseline data and targets;
- assisting the SOTs in developing performance and target indicators, taking into consideration CDIE TIPS and other Agency guidance;
- standardizing, where feasible, indicators and data collection, and analysis techniques;
- preparing the R4 report using the information provide to it by the SOTs.

The Mission is not in a position to guarantee that it can comply with the recommendation that it "fully disclose in the R4..." The Agency and the Africa Bureau have given the Mission very specific guidance on the information in and the length of the R4. The Mission does agree to implement the spirit of this recommendation by at least referring in the R4 to a separate memo to the Mission Director that provides full details about data limitations.

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The Mission hopes this addresses RIG's concerns. Based on the Management decision above, USAID/Senegal requests that Recommendations No-1.1 and 1.2. be considered resolved and closed.

Recommendation No-2:

"We recommend that USAID/Senegal, in preparing the fiscal year 1998 report under the Federal Managers' Financial Integrity Act, perform an assessment of internal controls related to program performance weaknesses identified in this report and report material weaknesses as applicable."

Mission concurs with Recommendation No-2 and has taken the following steps in the FY 98 FMFIA Review process:

- The PRM CORE Team has been assigned the responsibility for the reviewing the Management Controls Checklist's accountability unit entitled "PROGRAM ASSISTANCE";
- The FMFIA 98 instructions issued by MPI/AID/W, contain an additional checklist specifically designed to address issues related to the management control assessment of "CHECKLIST ITEMS ON PERFORMANCE DATA." In August 1998, the Mission Management Control Review Committee (MCRC) discussed the FY 98 FMFIA and mandated the PRM CORE Team to perform this additional review, to specifically address: (1) quality performance indicators; (2) performance data quality standards; and (3) consistency and comparability of performance data over time. It is anticipated that the use of the above mentioned checklists, will allow an in-depth analysis of the performance data reliability and will disclose whatever corrective actions are required.

Based upon the action described above by the Mission, USAID/Senegal requests that Recommendation #2 be closed.

Conclusions: In order to improve and provide a more meaningful and realistic assessment of USAID monitoring activities and capacity in a developmental environment, the Mission submits that the OIG critically re-evaluate its data reliability tests. Since the OIG does not have staff trained in the subject matter disciplines particular to USAID's work, it should work in a collaborative manner with the assistance of USAID technical experts to modify or drop those tests which are not pertinent to the sector being examined.

The fundamental issues raised by this audit are important to USAID as an Agency and need to be discussed at a high policy level, not simply within the context of a country specific program. We look forward to continuing our efforts together with the OIG to carry out more effectively our respective duties.

file: PRMPUB/DOCS:OIG4.98  
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A. Reed DDIR

*Handwritten signature and date:*  
9/15/98

**Analysis of USAID/Senegal's 1996 Indicators and Results**  
 (as reflected in its R4 prepared in 1997) <sup>5</sup>

No.	Indicator	Objectively Verifiable	Supported	Accurate	Complete	Validated	Explanation of Problem
1	Total fertility rate (1.1)	Yes	Yes	No		Yes	Source documentation is 5.7% not the reported 5.8%
2	Modern contraceptive prevalence rate (1.2)	Yes	Yes	No		Yes	Source documentation is 7% not the reported 9%
3	Modern contraceptive prevalence rate (1.3)	Yes	Yes	No		Yes	Source documentation is 4.65% not the reported 4.8%
4	Under-five mortality rate (U5MR) (1.4)	Yes	Yes	Yes	Yes	Yes	
5	Infant mortality rate (IMR) (1.5)	Yes	Yes	No		Yes	Source documentation is 70.4 not the reported 65
6	Couple Years of Protection (CYP) (1.7)	Yes	Yes	No		No	Source documentation is 158,566 not the reported 177,000
7	Women of reproductive age who know at least 2 modern contraceptive methods (1.8)	Yes	Yes	No		Yes	Source documentation is 75% not the reported 70%
8	Proportion of women not using a contraceptive method desire to avoid or delay future births (1.9)	Yes	Yes	No		Yes	Source documentation is 62% not the reported 34%
9	Proportion of child diarrhea cases treated with ORS in target regions (1.10)	Yes	No			Yes	Mission unable to document source of data
10	Proportion of service delivery points (SDPs) offering a complete array of contraception methods, according to the facility type. (1.11)	Yes	Yes	Yes	Yes	No	No assessment performed. Data not validated
11	Proportion of family planning clients who receive adequate counseling on contraceptive choices (1.12)	Yes	Yes	Yes	Yes	No	No assessment performed. Data not validated



Analysis of USAID/Senegal's 1996 Indicators and Results  
(as reflected in its R4 prepared in 1997) <sup>5</sup>

No.	Indicator	Objectively Verifiable	Supported	Accurate	Complete	Validated	Explanation of Problem
12	Percentage of households using adapted technology: live fence (2.1)	No				No	No assessment performed. Data not validated
13	Percentage of households using adapted technology: compost (2.2)	No				No	No assessment performed. Data not validated
14	Percentage of households using adapted technology: improved seed (2.3)	No				No	No assessment performed. Data not validated
15	Percentage of households using adapted technology: windbreaks (2.4)	No				No	No assessment performed. Data not validated
16	Percentage of households using adapted technology: fallow land (2.5)	No				No	No assessment performed. Data not validated
17	Percentage of households using adapted technology: manure (2.6)	No				No	No assessment performed. Data not validated
18	Percentage of households using adapted technology: field trees (2.7)	No				No	No assessment performed. Data not validated
19	Number of loans processed in KAED participating villages (2.8)	Yes	Yes	Yes	Yes	No	No assessment performed. Data not validated
20	Reduced Marketing Margins (3.1)	Yes	Yes	Yes	Yes	No	No assessment performed. Data not validated
21	Increased Private Sector's Share of Marketed Products (3.2)	Yes	Yes	Yes	Yes	No	No assessment performed. Data not validated
22	Major Wholesale Cereal Traders in Dakar (3.3)	Yes	Yes	Yes	Yes	No	No assessment performed. Data not validated

**Analysis of USAID/Senegal's 1996 Indicators and Results  
(as reflected in its R4 prepared in 1997) <sup>5</sup>**

No.	Indicator	Objectively Verifiable	Supported	Accurate	Complete	Validated	Explanation of Problem
23	Major Wholesale Cereal Traders Outside Dakar (3.4)	Yes	Yes	Yes	Yes	No	No assessment performed. Data not validated
	"No" Answers	7	1	7	0	15	

<sup>5</sup> To avoid duplicating the problems related to the reported results (e.g. a reported result could be both not supported and not accurate), we classified indicator results as having only one problem according to the following hierarchy: not objectively verifiable, not supported, not accurate, and not complete. We did, however, classify results as not validated (if applicable) in addition to another problem because we believe that the requirement for operating units to assess the quality of data sources was a distinct function and potentially related to each of the types of problems included in the hierarchy. We did not assess whether a result was validated if the result was not objectively verifiable.

## Federal Laws and Regulations, and USAID Guidance Relevant to Measuring Program Performance

There are numerous federal laws and regulations requiring USAID (and other federal agencies) to develop and implement internal management controls to measure and report on program performance. Discussed below are examples of those requirements as well as related USAID policies and procedures.

### Laws and Regulations

Chief Financial Officers Act of 1990 requires management internal controls which provide for (1) complete, reliable, consistent, and timely information which is prepared on a uniform basis and which is responsive to the financial information needs of agency management; and (2) the systematic measurement of performance.

Standards for Internal Controls in the Federal Government issued by the U.S. General Accounting Office in 1983 requires systems of internal controls that ensure that all transactions and other significant events are to be clearly documented, and that the documentation be readily available for examination.

OMB Circular No. A-123 (dated June 21, 1995), which is the executive branch's implementing policy for compliance with the Federal Managers' Financial Integrity Act of 1982, requires agencies to have management internal controls to ensure that (1) programs achieve their intended results; and (2) reliable and timely information is obtained, maintained, reported and used for decision making.

OMB Bulletin 93-06 (dated January 8, 1993) requires agencies to have internal control systems to provide reasonable assurance that support for reported performance results are properly recorded and accounted for to permit preparation of reliable and complete performance information.

The Foreign Assistance Act (Section 621A), as amended in 1968, requires USAID to develop and implement a management system that provides for comparing actual results of programs and projects with those anticipated when they were undertaken. The system should provide information to USAID and to Congress that relates USAID resources, expenditures, and budget projections to program objectives and results in order to assist in the evaluation of program performance.

## USAID Policies and Procedures

The most recent USAID system, known as the Automated Directives System for Managing for Results (ADS 200 Series), for measuring and reporting on program performance was initiated in October 1995. This new system requires (Section 203.5.1a) that operating units establish performance monitoring systems to regularly collect and analyze data which will enable them to track performance and objectively report on the progress in achieving strategic objectives and intermediate results. The system also requires (Sections 203.5.5, 203.5.5e, E203.5.5 and 203.5.9a) operating units to:

- establish objective performance indicators (with related baseline data and targets) to measure progress in achieving program objectives;
- critically assess the performance data at regular intervals to ensure that reported performance data are of reasonable quality and accurately reflect performance; and
- prepare an annual Results Review and Resource Request (R4) report which must include performance information on progress in achieving its program objectives for the immediate past fiscal year.

TIPS No. 6 "Selecting Performance Indicators," which is supplemental guidance to the ADS, defines objective as:

"An objective indicator has no ambiguity about what is being measured. That is, there is general agreement over interpretation of the results. It is both unidimensional and operationally precise. To be unidimensional means that it measures only one phenomenon at a time. ... Operational precision means no ambiguity over what kind of data would be collected for an indicator. For example, while *number of successful export firms* is ambiguous, something like *number of export firms experiencing an annual increase in revenues of at least 5 percent* is operationally precise."

TIPS No. 7 "Preparing a Performance Monitoring Plan," which is also supplemental guidance to the ADS, stipulates that each performance indicator needs a detailed definition. The definition should be detailed enough to ensure that different people at different times, given the task of collecting data for a given indicator, would collect identical types of data. The definition should be precise about all technical elements of the indicator statement. For example, the TIPS states:

"As an illustration, consider the indicator *number of small enterprises receiving loans from the private banking system*. How are small enterprises defined – all enterprises with 20 or fewer employees, or 50 or 100? What types of institutions are considered part of the private banking sector – credit unions, government-private sector joint-venture financial institutions?"

ADS Section E203.5.5 also requires operating units to (1) assess data quality as part of the process of establishing performance indicators and choosing data collection sources and methods; (2) collect results data for each performance indicator on a regular basis; and (3) reassess data quality as is necessary but at intervals of no greater than three years. These policies and procedures also state that if data for a performance indicator prove to be unavailable or too costly to collect, the indicator may need to be changed.

In addition, ADS Section 203.5.8c states that the USAID will conduct a review of performance on an annual basis which will include analyzing operating units' performance and "shall focus on the immediate past fiscal year," but may also review performance for prior years.

USAID guidance issued in January 1997 for preparing the R4s stated that the goal of the guidance was to generate R4s which ensure that USAID/Washington management has the information they need to make results-based resource allocations among operating units and report on the USAID's achievements. The guidance also stated that the most effective R4s are those that (1) assess performance over the life of objectives, with an emphasis on the past year, using established indicators, baseline data and targets; and (2) state explicitly whether and how much progress or results surpassed, met or fell short of expectations. The guidance stated that the results should cover actual performance through fiscal year 1996.