SUMMARY OF AUDIT AND INVESTIGATIVE FINDINGS:

EDUCATION PROGRAMS OF THE

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

(FISCAL YEARS 2002–8)

November 2008

CONTENTS

INTRODUCTION

Each year, the U.S. Agency for International Development (USAID) spends approximately $500 million implementing its education strategy, which complements other foreign assistance programs worldwide. More than $300 million of this sum is devoted to basic education programs, which make up the cornerstone of this effort. At the same time, the Agency works to develop partnerships with governments, individual businesses, foundations, and organizations, colleges and universities, the faith community, and others to help fund these programs.

In its education strategy statement ("Education Strategy: Improving Lives Through Learning," April 2005), the Agency has made a commitment to improve and expand education programs. Goals of the strategy are to promote economic growth, reduce poverty, address inequities in income distribution, enhance revenues for income tax (which then can be reinvested in communities), improve lives of women and girls, and strengthen good governance and civil society. The strategy statement also notes USAID's desire to achieve the greatest impact possible through educational programs, with the recognition that these activities are potentially vulnerable to waste and inefficiency.

To assist implementers of USAID programs, the Office of Inspector General (OIG) is providing this summary report to share issues it has identified in its oversight of education programs.

This report contains examples of each of these issues, along with suggestions to improve the implementation of future education programs. OIG hopes that the report will benefit program implementers and looks forward to working with USAID to strengthen its education programs.

REVIEW OF AUDITS AND INVESTIGATIONS

During fiscal years 2002 through 2008, OIG conducted nine audits and one significant investigation of USAID programs involving education activities. The following sections summarize the findings of those audits and the pertinent investigative information.

This review found several issues that should be addressed in future education programs: (1) performance monitoring and oversight, (2) quality of data, (3) availability and use of technology, and (4) efficiency of operations.

Significant Audit Findings

Performance monitoring and oversight. Performance monitoring and oversight are important facets of program management. Missions should conduct site visits periodically, work with contractors to develop appropriate targets for output measures, and document the progress of their programs through accurate data collection and recordkeeping. Periodic site visits help to keep progress on track and discourage potential fraudulent activities. In five of the nine audits listed in this report, problems were encountered with monitoring and oversight.

For example, an audit conducted in Pakistan in 2008 could not determine whether the local Education Sector Reform Assistance Program had achieved its intended results because the audit team could not rely on the mission's monitoring of the program or on the contractor's reporting of the program's achievements against the targets. The mission did not document its approval of the contractor's monitoring and evaluation plans and work plans, oversee the program adequately through site visits, or maintain sufficient work files. Moreover, the mission did not follow up after program evaluations had been conducted, nor did it require the contractor to adhere to reporting requirements critical to monitoring the program performance. Therefore, the audit team could not make an independent assessment of the overall program results and impact.

Quality of data. The quality of data was also noted as a concern in five of the nine audits. We recognize that obtaining accurate data can be challenging in certain environments, but it is critical to assessing program success. In several instances, auditors were unable to determine whether programs had achieved results because data were missing or inappropriately tabulated. Poor data quality appears to be a systemic problem affecting various USAID program areas, including education.

An example comes from the 2005 audit conducted in Egypt. Even though USAID/Egypt had met or exceeded targets for its basic education performance indicators, errors were found in three of the four reported results selected for testing. In addition, one reported target was inaccurate (the target that USAID reported differed from the target in the performance plan). OIG recommended that the mission revise its performance management plan and its subsequent annual report to correct the errors.

Availability and use of technology. In its education strategy statement, USAID notes the importance of building institutional capacity, which includes the use of modern technology and, in particular, educational management information systems. In an audit conducted in Iraq in 2005, OIG recommended that appropriate computer equipment be installed at the Ministry of Education to support an educational management information system. Although the mission had developed a plan for the required equipment to be in place by February 2006, as of October 2006 the equipment had not been installed. The mission stated that the servers were delayed in the process of customs clearance. USAID will need to address similar challenges in the availability

and use of technology in order to improve data collection and to provide learning opportunities for students.

Efficiency of operations. USAID's education strategy seeks to make the most efficient use of available resources, avoiding waste and duplication whenever possible. The report of a 2008 audit conducted in Yemen cites management inefficiencies, such as multiple management layers and ineffective communication, that hindered the achievement of results. As part of the management oversight process, program implementers should examine initiatives periodically for opportunities to streamline operations.

The table below describes the types of findings noted by OIG in its audits.

List of Audit Reports, Fiscal Years 2002–8

Mission/Report	Description of Findings	Types of Findings
USAID/Pakistan 5-391-08-004-P (March 28, 2008)	The mission did not provide adequate oversight for the program.	Site visits
	The audit team could not rely on the contractor's reporting of program achievements.	Quality of data
	The mission did not document approval of substantive program changes and corresponding budgets.	Oversight
	The mission did not follow up appropriately after program evaluations.	Performance monitoring Corrective action not taken
USAID/Yemen 6-279-08-003-P (February 10, 2008)	The mission did not assess implementers' progress toward achieving program objectives and was not substantially involved with the monitoring and evaluation plans.	Performance monitoring
	Cooperative agreements with the contractors produced management inefficiencies and costs to the mission (e.g., multiple management layers and ineffective communication hindered the achievement of results).	Efficiency of operations
	No consistent set of indicators existed to measure performance.	Performance monitoring
USAID/Iraq E-267-07-003-P (February 4, 2007)	Approximately one-third of performance measures did not have adequate supporting documentation to verify reported outputs.	Quality of data
	Computer equipment and an education management information system had not been installed as recommended in the prior audit.	Availability and use of technology
USAID/Iraq E-267-06-001-P (December 20, 2005)	The Ministry of Education lacked appropriate computer equipment to operate an education management information system being developed by the contractor.	Availability and use of technology
USAID/Afghanistan 5-306-05-005-P (April 14, 2005)	Seven out of ten activities achieved their planned outputs. In the three that did not, (1) textbook distribution was delayed, (2) accelerated classes did	Performance targets

Mission/Report	Description of Findings	Types of Findings
	not start on time, and (3) targets for female student enrollment were not achieved.	
USAID/Egypt 6-263-05-002-P (March 31, 2005)	Reporting errors were found in three out of four results selected for testing, and one reported target was inaccurate (the reported target differed from the performance plan).	Quality of data

Performance monitoring |
| USAID/Iraq A-000-04-004-P (September 23, 2004) | USAID complied with Federal regulations and awarded phase II of the basic education phase in Iraq under full and open competition. | Compliance with regulations |
| USAID/Iraq E-266-04-001-P (March 19, 2004) | USAID did not accurately report data and results for its education activities; seven out of eight items reported were different from the amounts verified by the audit. | Quality of data |
| USAID/Benin 7-680-02-005-P (September 13, 2002) | A contractor did not consistently report required and agreed-upon information on program performance. The contractor reported on 43 percent of the targeted measures. | Quality of data

Performance monitoring |
| | Another contractor did not prepare or submit timely quarterly performance reports (one report had not been submitted in more than 1 year). | Performance monitoring |
| | The mission had made informal commitments totaling $334,000. Funds were spent although the mission had not executed a "miscellaneous commitment document" as required by USAID policy. The mission had taken steps to correct the problem before the audit took place. | Informal commitments |

Significant Investigative Activity

OIG is committed to investigating allegations of waste, fraud, and abuse within USAID programs. One significant investigation, which took place in Bulgaria in 2007, revealed almost $40,000 of fraudulent charges by a high-ranking faculty member of a university receiving funding from USAID and other sources. The funding was intended to help the school achieve financial stability to support its educational program.

The funding was provided under the American Universities and Hospitals Abroad program, which is meant to provide foreign nationals with the benefits of American ideas and practices in education and medicine; serve as demonstration and study centers that foster interchange, mutual understanding, and favorable relations with the United States; and promote civil societies. The OIG investigation found that not only did the program not track U.S. Government funds, but the subject of the investigation also used part of the funding to purchase food, entertainment, and business-class airfare. A bill for collection has been issued to the university.

CONCLUSION AND AREAS FOR EXAMINATION

OIG recognizes the importance of USAID education programs and their contributions to strengthening economies and improving the lives of people in developing nations. It also commends USAID for the steps it has taken to improve data collection systems to enable educators, stakeholders, and donors to better assess education needs and develop appropriate policies and strategies. Access to accurate, meaningful performance data is crucial to the success of these programs, as is consistent, regular oversight of programs.

In summary, OIG suggests that the Agency take the following actions when implementing new education initiatives:

1. Conduct random site visits periodically to ensure that programs are being carried out as intended.

2. Monitor performance reports regularly and take steps to verify the accuracy of performance data received from implementing partners.

3. Work closely with contractors to ensure that program implementation plans are viable and that USAID approval is obtained prior to any program modifications.

4. Identify ways to increase efficiency, whether through using technology or streamlining management and administrative processes.

These suggestions describe just a few areas that USAID might examine in the implementation of its education programs. Although the findings summarized in this report are not unique to USAID education programs, OIG believes it is valuable to bring these issues to the attention of program implementers, particularly in light of the substantial funding devoted to these initiatives. OIG looks forward to working with USAID in its oversight of worldwide education programs.