Audit of USAID/Brazil's Performance Monitoring for Indicators

Audit Report No. 1-512-00-005-P
July 17, 2000

Regional Inspector General
San Salvador

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

RIG/San Salvador

July 17, 2000

MEMORANDUM

FOR: USAID/Brazil Director, Janice M. Weber

FROM: Acting RIG/A/San Salvador, Steven H. Bernstein

SUBJECT: Audit of USAID/Brazil's Performance Monitoring for Indicators (Report No. 1-512-00-005-P)

This memorandum is our report on the subject audit. In finalizing the report, we considered your comments on the draft report. Your comments on the draft report are included in Appendix II.

This report contains five recommendations for your action. Based on the information provided by the Mission, management decisions have been reached on these recommendations. A determination of final action for these recommendations will be made by the Office of Management Planning and Innovation (M/MPI/MIC) when planned corrective actions are completed.

I appreciate the cooperation and courtesy extended to my staff during the audit.

Background

Brazil is simply big. Its land mass exceeds the size of the continental United States, its population of over 160 million is the fifth largest in the world, its economy is the world's tenth largest, its Amazon basin is the world's largest tropical rain forest, its trade with the United States is the thirteenth largest in the world, and its approximate 60 million people living in poverty is the largest in the Western Hemisphere. Within this setting, USAID/Brazil has focused the majority of its approximate $14 million annual program in the

environment with smaller programs in HIV/AIDS, reproductive health, energy, and at-risk youth.

In March 1999, USAID/Brazil submitted its annual Results Review and Resource Request (R4)—the most significant performance report of the Mission—highlighting fiscal year 1998 program accomplishments and fiscal year 2001 strategic directions. Underpinning the Mission's annual R4 report is a USAID-prescribed performance monitoring system which encompasses: (1) establishing performance indicators; (2) preparing performance monitoring plans; (3) setting performance baselines; (4) collecting performance data; and (5) assessing data quality.

Audit Objectives

This audit is part of a worldwide series of audits that are being conducted by USAID's Office of Inspector General (OIG). USAID's Office of Policy and Program Coordination (PPC) requested the audits and, with the OIG, jointly developed the audit objective and methodology. The Office of the Regional Inspector General/San Salvador performed this audit to review the Mission's performance monitoring system and, specifically, to answer the following audit objective:

- Did USAID/Brazil monitor performance in accordance with Automated Directive System E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for fiscal year 2001?

Appendix I describes the audit's scope and methodology.

Audit Findings

Did USAID/Brazil monitor performance in accordance with Automated Directive System E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for fiscal year 2001?

USAID/Brazil generally monitored performance in accordance with Automated Directive System (ADS) E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its R4 report for fiscal year 2001.

In all, the Mission's R4 report included 20 performance indicators for on-going activities. In collaboration with the Mission's staff, we decided to focus our testing on eight performance indicators that encompassed all five of the Mission's strategic program areas. For these eight indicators, the

Mission had prepared a detailed performance monitoring plan that included indicator descriptions and units of measurement, data sources, data collection schedules, data calculation methodologies, and data acquisition and analysis responsibilities within the Mission. In addition, the Mission had established baseline data for all indicators in order to measure progress toward strategic objectives. The Mission's reported baseline data was always consistent in methodology with fiscal year 1998 reported results, except for one case in which the Mission used the best available data.

Nevertheless, in our review, we identified four aspects of the Mission's performance monitoring system that should be improved. The Mission needs to: (1) assess data sources and methodologies of its performance indicators; (2) ensure that reported results are accurate, supported, and complete; (3) be more precise in indicator definitions and data collection methodologies; and (4) update its performance monitoring plan at regular intervals. These areas are discussed below and are summarized in Appendix III.

Performance Indicators' Data Were Not Assessed

ADS E203.5.5e states that "Data quality will be assessed as part of the process of establishing performance indicators and choosing data collection sources and methods. Data quality will be reassessed as is necessary, but at intervals of no greater than three years." The USAID Center for Development Information and Evaluation issued TIPS Number 12 (Guidelines for Indicator and Data Quality) to provide guidance for assessing data quality. It states that it is important to take a critical look at performance measurement systems and data sources from time to time to make sure that indicators are still measuring what we think they are measuring and that data are being collected in the way that we intend. Assessments should be systematic, documented, and cover all performance indicators.

Due to staff not being familiar with the ADS requirement, the Mission had not assessed data quality for six of the eight performance indicators. In one case, independent audits served adequately as a data quality assessment for the reproductive health indicator, *financial sustainability of the Sociedade Civil Bem-Estar Familiar no Brazil (BEMFAM) program*. In another case, the environmental indicator, *number of conservation units in which government or private owners adopt aspects of sustainable management systems in addition to target areas*, was too simple to require a data quality assessment. For the remaining six indicators, the Mission had not systematically assessed its indicators' data quality.

The lack of familiarity with this ADS requirement has been repeatedly noted in prior OIG audit reports for different USAID missions. This can be

attributed, in part, to the ADS format. The requirement for data quality assessments is in section 203, which deals with monitoring and evaluating performance. However, the ADS requirement for data quality assessments is both for initial assessments when establishing indicators and reassessments at intervals no greater than three years. Nevertheless, ADS 201, which deals with planning, is silent about the requirement even though data quality assessments are part of the planning process. Additionally, the requirement/guidance lacks sufficient detail to guide missions in performing data quality assessments.

Beyond the data quality assessment requirement, USAID/Brazil should also be concerned with consistency of data collection methodologies. For example, the Mission's environmental performance indicators gather data from up to seven partners against the same performance indicator definition. Consequently, consistency of methodology is not only an issue from year to year, but also from different partner data sources within the same reporting period. For instance, for the environmental performance indicator, *number of persons trained (those with a high school diploma),* the reported result was inaccurate due to miscalculations of both the partners and the Mission.

> *Recommendation No. 1: We recommend that USAID/Brazil ensure that all performance indicators in its R4 prepared in 2001 be assessed (including consistency of methodologies across multiple reporting partners) and at regular intervals thereafter (but no less than every 3 years); or fully disclose in the R4: (1) why indicators were not assessed, (2) the resulting limitations in the confidence in data quality, and (3) a time frame for assessing the performance indicator.*

Reported Results Were At Times Inaccurate, Not Supported, Or Based On Incomplete Data

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. TIPS Number 12 notes that data reliability requires a consistent data collection process. Otherwise, errors can occur which compromise the accuracy of reported results.

Specifically, in regard to accuracy, for the purposes of this audit we employed two materiality thresholds. First, for transcription error, we used an accuracy threshold of 2 percent for the comparison of source documentation to the reported result. Second, for computational error, we employed an accuracy threshold of 5 percent for computations of results.

Based on these thresholds and criteria, six of the eight reported results were inaccurate, unsupported, or based on incomplete data. Descriptions of these cases are as follows.

- One AIDS performance indicator was *percentage changes of sales of female condoms.* The 1998 reported result was 276,065 units sold. However, documentation showed that the result was based on calendar year data instead of available fiscal year data as required by ADS 203.5.9a. The recalculated figure, based on the fiscal year, was 232,500 units—a difference of 16 percent.

- One at-risk youth performance indicator was *percentage of program-assisted youth promoted to the next school grade*. The 1998 reported result was 86 percent. Supporting documentation showed that the result was 86 percent, but was based on incomplete data with 25 percent of the program participants not being counted. This data limitation was not revealed in the R4. In addition, documentation showed that the reported 1996 baseline data was actually from 1992.

- One environmental performance indicator was *number of conservation units in which government or private owners adopt aspects of sustainable management systems in addition to target areas*. The 1998 reported result was 10 conservation units. According to Mission recalculated figures, the result was seven units—a difference of 30 percent. The correction was reported in the following year's R4.

- One environmental performance indicator was *number of persons trained (those with a high school diploma)*. The 1998 reported result was 3,582 person months and 3,826 persons trained—both cumulative figures from program inception. According to later recalculated figures by the Mission, these results were 3,676 persons months of training and 3,017 persons trained—differences of 3 percent and 21 percent, respectively. We tested the 1998 incremental increase of 949 person months of training and noted that the largest component of 591 person months of training came from World Wildlife Fund (WWF) programs. Within this figure of 591 person months, we asked WWF to provide supporting documentation for the largest component consisting of 264 person months of training. However, neither WWF nor the Mission had available documentation to support this calculation.

- One environmental performance indicator was *national and local policies which support biodiversity conservation and natural resources management implemented and/or policy implementation improved*. The 1998 reported result was 12 policy initiatives. The Mission had supporting documentation for 11 of these policies—a difference of 8 percent. One policy did not attain 80 percent of its benchmarks for the

year, which consisted of two planned for fiscal year 1997 and two for fiscal year 1998. It attained the two planned for fiscal year 1997, but not the two for fiscal year 1998. In addition, the reported figure is supposed to be a cumulative figure, but the 2001 R4 did not note this. This particular performance indicator also had several shortcomings in its definition and unit of measure which are discussed later.

- One reproductive health performance indicator was *financial sustainability of the BEMFAM program*. The 1998 reported result was 72 percent. (This result was accidentally omitted from the 2001 R4, but was tested based on the reported result in a draft of the 2002 R4.) However, supporting documentation showed that the result was 62 percent—a difference of 14 percent.

Although in several cases, the Mission staff had identified these errors in reported results prior to the start of the audit, the inaccuracy of the reported results can be generally attributable, in part, to a lack of clear procedures and methodology to assess the quality of data sources. Mission management and staff have not generally assessed data sources and methodologies as discussed in the preceding section. Mission management noted that they have spent a considerable amount of time assessing the quality of their indicators, but not a commensurate amount of time assessing the quality of data underlying those same indicators. Management also noted that they have probably relied too heavily on their partners to ensure the quality of the data so as to avoid micro-managing. In addition to these management issues, errors were also due to simple miscalculations and an over-reliance on initial oral reporting from partners.

USAID/Brazil officials also noted that almost half of the Mission portfolio in fiscal year 1999 was directly funded by Washington bureau actions. Consequently, Washington bureaus have been heavily involved in designing results frameworks and resultant indicators for the AIDS, energy, reproductive health, and at-risk youth strategic program areas. However, indicators are often established that are theoretically good, but are not practical due to constraints in data collection. For example, the at-risk youth results framework has been revised (with almost all new sets of indicators) three times in the past five years. Additionally, local partners report principally to Washington bureaus with local reporting being of secondary importance.

TIPS Number 12 notes that sound decisions by USAID management require accurate, current, and reliable information. However, without reliable performance data, decision makers have little assurance whether an operating unit exceeded or fell short in achieving its program objectives and related targets. In our opinion, the problems cited in this report with respect to the accuracy, support, and completeness of results reporting impair

USAID/Brazil's and USAID management's ability to (1) measure progress in achieving program objectives and (2) use performance information in budget allocation decisions. In regard to ensuring that performance data in its R4 are accurate, supported, and complete, the Mission should review, for the R4 prepared in 2001, all indicator results for accuracy, support, and completeness prior to issuance.

> *Recommendation No. 2: We recommend that USAID/Brazil ensure that the performance results in its R4 prepared in 2001 are accurate, supported, and based on complete data, or, if complete data are not available, that the lack thereof be communicated in the R4 comments section.*

Some Indicator Definitions and Data Collection Methodologies Lacked Precision

ADS E203.5.5b states that "Performance monitoring plans shall be prepared for … each operating unit's strategic plan. Information included in a performance monitoring plan shall enable comparable performance data to be collected over time, even in the event of staff turnover, and shall clearly articulate expectations in terms of schedule and responsibility. Specifically, performance monitoring plans shall provide a detailed definition of the performance indicators that will be tracked; specify the source, method of collection and schedule of collection for all required data; and assign responsibility for collection to a specific office, team or individual." TIPS Number 7 (Preparing a Performance Monitoring Plan) provides further guidelines for preparing mission performance monitoring plans.

Using this criteria, five of the eight performance indicators needed more precise definitions and/or data collection methodologies. Descriptions of these cases are as follows.

- One AIDS performance indicator was *percentage changes of sales of female condoms.* The 1998 reported result was 276,065 units sold, which was based on calendar year data. The recalculated fiscal year result was 232,500 units. The data collection method in the performance monitoring plan noted "Sales Tracking Reports and Invoices." However, this general description was not detailed enough to allow for consistent future data collection. No "Sales Tracking Report" or invoices were used for data collection. The actual data collection method for the fiscal year 2001 R4 report utilized a report entitled, "Quarterly AIDS Mark Progress Report." As such, it (or whichever specific source is used) should be explicitly included in the performance monitoring plan.

- One energy performance indicator was *clean and efficient energy projects under development, which are funded by mechanisms, created, leveraged, or supported by USAID*. The 1999 reported result was one project. The indicator definition in the performance monitoring plan used a unit of measure of "projects" whereas the indicator was actually measuring programs, each with numerous projects. In addition, the performance monitoring plan's data collection methodology (as well as data sources) was vague. During the course of the audit fieldwork, these ambiguities were corrected by the Mission in its performance monitoring plan.

- One environmental performance indicator was *number of conservation units in which government or private owners adopt aspects of sustainable management systems in addition to target areas*. The 1998 reported result was 10 conservation units. The recalculated result was seven units. The method of data collection outlined in the performance monitoring plan is vague. It discussed broader dissemination activities and stated that representatives will be subsequently surveyed (through questionnaires, site visits) to identify the extent to which sustainable management practices have been adopted. This did not indicate which representatives (or who) were to be surveyed and explicitly by what means. The data source was also vague in that it cited a survey of conservation units as opposed to a survey of the organizations themselves. In addition, the reported result was a cumulative figure, but the performance monitoring plan, as well as the fiscal year 2001 R4, did not note this.

- One reproductive health performance indicator was *financial sustainability of the BEMFAM program*. The 1998 reported result was 72 percent. The documented result was 62 percent. The R4 indicator description and the performance monitoring plan definition differed in terminology (resources versus revenues) and data calculation. The R4 indicator description was "percentage of BEMFAM expenses covered by locally generated resources." The performance monitoring plan indicator definition was "the difference between the institution total expenses (including acquisition of commodities) and the generated revenues from the commercial activities." In addition, the data collection method in the performance monitoring plan was vague. It stated "data will be provided by BEMFAM's accounting system."

Without precise indicator definitions and data collection methodologies in the Mission's performance monitoring plan, USAID/Brazil was without a critical tool for planning, managing, and documenting data collection. For example, the errors cited in reporting fiscal year 1998 results can be attributable, in part, to deficiencies in the performance monitoring plan. The performance monitoring plan contributes to the effectiveness of the

Mission's performance monitoring system by ensuring that comparable data will be collected on a regular and timely basis. Without precise indicator definitions and data collection methodologies, USAID/Brazil did not have assurance that it was maintaining essential controls to the operation of a credible and useful performance-based management system. Otherwise, results reporting may be disrupted or compromised by staff turnover, data may not be comparable from one period to the next, and the Mission does not have a detailed roadmap to manage its performance monitoring process. Performance monitoring plans bring together the details of the performance monitoring process that would otherwise only be found in a myriad of contractor, grantee, host government and Mission documents.

> *Recommendation No. 3: We recommend that USAID/Brazil correct its performance monitoring plan to precisely define performance indicators, including units of measurement, and to precisely describe performance indicator data collection methodologies.*

As discussed in detail below, in one case the indicator definition, unit of measurement, and data collection method were severely flawed and confusing in several respects. Consequently, the indicator purpose, "to report the progress of selected policy-related initiatives supported by USAID," was neither measurable nor clear from the indicator results.

- One environmental performance indicator was *national and local policies which support biodiversity conservation and natural resources management implemented and/or policy implementation improved*. The 1998 reported result was 12 policy initiatives. The documented result was 11 policy initiatives. The unit of measure was the "number of policy-related activities that have met at least 80 percent of their annual benchmarks divided by the total number of policy-related activities underway (cumulative)." However, the indicator was flawed in several respects.

  1. First, meeting the 80 percent threshold, required, in effect, meeting 100 percent of the annual benchmarks. This was as a result of the number of benchmarks never being more than four in any one year and usually less. Accordingly, the 80 percent figure was of no consequence and implied a greater level of sophistication than the indicator actually measured.

  2. Second, it was unclear when a benchmark was not attained in a particular year, whether it was then added to the benchmarks for possible attainment in the following year to determine the percentage of benchmarks that were attained.

3. Third, although this indicator was noted as a cumulative result, it was not being assessed as such. Consequently, if a policy was already counted, then it would not be available for counting again in future years. Yet, Mission staff were assessing policy related initiatives of policies already counted in prior years yet on different benchmarks. Additionally, once a policy was counted in a particular year as having met its target, it was then supposed to be carried forward in the cumulative total in out-years. However, this had two effects: (1) there could have been (and likely were) additional important benchmarks that the partner was working to achieve that were not being measured and (2) future positive and negative results were not being measured—the attainment or lack of attainment of policy related activities.

The purpose of the indicator according to the performance monitoring plan was "to report the progress of selected policy—related initiatives supported by USAID." However, as structured, the Mission's performance indicator definition, including the unit of measurement, did not effectively measure this progress.

Recommendation No. 4: We recommend that USAID/Brazil revise the performance indicator, national and local policies which support biodiversity conservation and natural resources management implemented and/or policy implementation improved, so as to have a precise indicator definition, unit of measurement, and data collection method allowing for clarity and measurable progress.

Performance Monitoring Plan Needs To Be Updated At Regular Intervals

TIPS Number 7 states that "performance monitoring plans should be updated as needed to ensure plans, schedules, and assignments remain current." USAID/Brazil had not updated its performance monitoring plan prior to the start of the fiscal year 2002 R4 preparation and data collection, even though some indicator characteristics, including data collection methodologies, had changed.

Recommendation No. 5: We recommend that USAID/Brazil establish a specific schedule to update its performance monitoring plan at regular intervals.

Management Comments and Our Evaluation

USAID/Brazil agreed with the report and it is planning to implement each of the five report recommendations. Based on the information provided by the Mission, management decisions have been reached on Recommendation Nos. 1, 2, 3, 4, and 5.

Scope and Methodology

Scope

The Office of the Regional Inspector General/San Salvador conducted an audit, in accordance with generally accepted government auditing standards, to determine if USAID/Brazil was monitoring performance in accordance with USAID guidance as demonstrated by indicators appearing in its fiscal year 2001 R4 report. The audit covered indicators in all five strategic program areas of the Mission. In fiscal years 1998 and 1999, USAID/Brazil obligated $13.9 million and $13.5 million, respectively, in support of these five program areas. The audit was conducted at USAID/Brazil in the capital city, Brasilia, from March 21, 2000, through May 18, 2000.

Methodology

Specifically, the audit objective was to determine if USAID/Brazil monitored performance in accordance with Automated Directive System E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for fiscal year 2001. In answering the audit objective, we tested whether the Mission:

- established indicator baseline data either in the strategic plan or a subsequent R4 report;
- prepared a performance monitoring plan that contained a detailed definition of indicators that set forth precisely all technical elements of the indicator statements;
- prepared a performance monitoring plan that identified all data sources;
- prepared a performance monitoring plan that described the data collection method in sufficient detail to enable consistent use in subsequent years;
- prepared a performance monitoring plan that specified frequency and schedule of data collection;
- prepared a performance monitoring plan that assigned responsibility for collecting data;
- completed an assessment of data quality for the indicators either at the establishment of the indicator or at an interval 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 in fiscal year 1998; and
- disclosed known data limitations (if any) in the comments section of the R4 report.

In order to test these aspects of the Mission's performance monitoring system, we interviewed officials as well as reviewed and tested documentation at USAID/Brazil. Such documentation included Mission

staffing and organization; annual Mission R4 reports; supporting documentation for R4 reported results; Mission strategic plan for fiscal years 1998 to 2002; Mission internal control assessment for fiscal year 1999; Mission performance monitoring plan and revision; Bureau reviews of Mission results; USAID and Bureau R4 guidance including USAID Center for Development Information and Evaluation (CDIE) TIPS Numbers 6, 7, 8, and 12; Mission procurement plans; Mission historical funding data; and Brazil country data. We also reviewed applicable prior Office of Inspector General audit reports.

Our audit opinion to answer the audit objective was based on many and varied factors. For example, for each performance indicator we assessed five aspects in the Mission's performance monitoring plan (definition including unit of measurement, data sources, data collection methodology, data collection schedule, and responsibilities) as well as indicator data quality assessments, baseline data, and source documentation. Although we did numerically summarize these aspects (for example, see Appendix III) and also used numerical materiality thresholds for assessing accuracy, the combination of these varied factors could not adequately be reduced collectively to one strict overall numerical scoring system or threshold in forming our audit opinion. Consequently, we relied on our professional judgement.

The Mission's R4 included 20 performance indicators for on-going activities. At the beginning of the audit fieldwork, we devised a methodology, in collaboration with the Mission staff, to focus our testing on eight indicators. (In the case of two indicators, we tested 1999 reported results, instead of 1998, due to the closing of the prior energy program and the use of new indicators for the AIDS program.) These eight indicators were chosen so as to cover all five of the Mission's strategic program areas with an emphasis on environmental indicators (three were chosen) given that the majority of the Mission's approximate $14 million annual program was for the environment. Five criteria were used to determine which performance indicators were reviewed. The primary criteria were as follows.

- First, did the performance indicator measure activities which currently represent the most important components of the program?
- Second, was the specific performance indicator reported in both the fiscal year 2001 and fiscal year 2002 R4s?

The secondary criteria were as follows.

- Third, was the performance indicator unidimensional, measuring just one data element?

- Fourth, did the indicator measure program results as opposed to participation or outputs?
- Fifth, did the performance indicator measure the sustainability of the program?

In assessing accuracy, we employed two materiality thresholds. First, for transcription error, we used an accuracy threshold of 2 percent for the comparison of source documentation to the reported result. Second, for computational error, we employed an accuracy threshold of 5 percent for computations of results. Our review did not assess several aspects of the Mission's performance monitoring for indicators including (1) the development and supporting documentation of out-year targets and (2) results reported in the narrative portion of the R4.

We also reviewed applicable internal controls to obtain a sufficient understanding of the design of relevant internal control policies and procedures. The relevant internal controls were limited to the Mission's systems for R4 results reporting.

Memorandum

To: Acting RIG/A/San Salvador, Steven H. Bernstein

From: USAID/Brazil Director, Janice M. Weber

Date: 07/03/00

Ref: Audit of USAID/Brazil's Performance Monitoring for Indicators (Report No. 1-512-00-xxx-P)

I am extremely pleased at the results of this audit - not because the Mission is doing everything correctly, but because our staff have a more complete understanding of what is required. Two years ago there were some programs operating in USAID/Brazil without any baseline data, so some officers have been fixated on getting the basics right. In addition, as mentioned in the audit, we have contractors and grantees with which we work who believe some areas are none of the Mission's business. They have even written to the Mission, citing OMB circulars, as to what information they are not required to submit to Missions. This is especially a problem with USAID/W-based instruments.

Agency auditors and PPC must work closely with the Contracts Office in accurately briefing contractors' headquarters. USAID should not be seen as overstepping its bounds when requesting detailed information from contractors and grantees that will verify data accuracy, such as this audit recommends. All of our contractors must be partners with us in the achievement of our strategic objectives. They should understand that it is USAID's responsibility to verify accuracy of the data that are designed to demonstrate the achievement of results. We are all stewards of the U.S. taxpayers' money and should be equally concerned about the veracity of what we report as results. Otherwise, we are fooling ourselves as to the success (or lack thereof) of our development efforts.

The Mission greatly appreciates the collegial, constructive manner in which this audit was performed. The Mission learned a great deal from this effort and we intend to assimilate this information into our everyday *modus operandi* in order to ensure the results we think we are achieving are genuine. Moreover, we hope to bring back at least one of the auditors to present an expanded data quality workshop at our annual partners meetings in November.

These meetings not only include current non-governmental organization partners and contractors, but also private sector and GOB partners.

The following are the Mission's comments on the specific recommendations:

Recommendation 1:

Discussion will take place on the data quality aspects of our portfolios at our annual partners meetings in AIDS, Environment and Energy and with our grantee for At-RiskYouth during the first quarter of FY 2001. In addition to the data quality assessment occurring during the annual partners meetings, such a review will also be incorporated into our Performance Monitoring Plan (PMP) and our Mission Portfolio Reviews as an annual requirement. As the Mission proceeds with the development of our new Strategic Plan over the next two years we will be especially careful to build in data quality assessments wherever relevant.

Recommendation 2:

Mission will establish the procedures and a methodology to assess the quality of data sources, independently from partner reports. These procedures and methodology (to be included in the PMP) will be the subject of a Local Mission Order that will be issued by the end of fiscal year 2000. As cited above, the Mission will also work with partners in order to improve data quality that will be included in the R4 prepared in 2001 and in every R4 thereafter.

Recommendation 3:

Each SO Team will review its entire portfolio of activities in light of ADS E203.5.5b and Tips Number 7, and make all necessary adjustments to indicator definitions, sources, and data collection methodologies, schedules and responsibilities in the PMP by February 2001.

Recommendation 4:

The performance indicator "National and local policies which support biodiversity conservation and natural resources management implemented and/or policy implementation improved, so as to have a precise indicator definition, unit of measurement, and data collection method allowing for clarity and measurable progress" will be revised during the November 2000 annual environment partners meeting and finalized by the end of calendar year 2000.

Recommendation 5:

The PMP will be updated by the end of calendar year 2000, immediately before the development of the R4 due in 2001. Thereafter, the Mission will review the PMP yearly, in

our annual partner meetings during the first quarter of each fiscal year and again during our Mission Portfolio Reviews prior to R4 development in February.

With regard to the Scope and Methodology in Appendix I, Mission management confirms the accuracy of the description of the scope and methodology of the draft audit. The audit team was extremely collaborative during the selection of indicators for study, ensuring that both the objective of the audit and Mission management would be well-served by those indicators selected.

The audit team gave a pre-brief to management as well as staff and kept management updated during the audit's progress as to potential findings. There was an exit briefing for management in which an opportunity was provided for the Mission to correct any perceived inaccuracies or incorrect nuances.

In addition, audit staff gave an excellent final workshop to Mission officers and selected partners, which was extremely helpful in pinpointing problem areas and possible solutions.

The Mission is grateful for the assistance provided us during the audit team's stay in Brasília. This audit will improve the quality of this Mission's performance. I am confident that other Missions would surely benefit from similar efforts.

SUMMARY OF USAID/BRAZIL'S PERFORMANCE MONITORING CONTROLS

Indicator Number	Abbreviated Indicator Name	1. Baseline Established?	In the Performance Monitoring Plan… 2. Indicator Precisely Defined?	3. Data Sources Identified?	4. Data Collection Method Described?	5. Data Collection Schedule Specified?	6. Responsibility Assigned?	7. Data Quality Assessment Done?	In the R4… 8. Data Agrees with Source?	9. Baseline Comparable to 1998 Result?	10. Data Limitations Disclosed (if any)?
SO1 Environment SO1 #2	Number of conservation units with adopted systems in addition to target areas	Yes	Yes	Yes	**No**	Yes	Yes	N/A	**No**	Yes	N/A
SO1 Environment IR2 #2	Number of persons trained (with high school diploma)	Yes	Yes	Yes	Yes	Yes	Yes	**No**	**No**	Yes	N/A
SO1 Environment IR 1.3-a	Policies implemented or implementation improved	Yes	**No**	Yes	**No**	Yes	Yes	**No**	**No**	Yes	N/A
SO2 Energy IR3 #1	Clean projects under development that are supported by USAID	Yes	**No**	**No**	**No**	Yes	Yes	**No**	Yes	Yes	N/A
SO3 AIDS SO3 #1	Number of effective programs or organizations	Yes	Yes	Yes	Yes	Yes	Yes	**No**	Yes	N/A	N/A
SO3 AIDS IR3 #1	Percent changes of sales of female condoms	N/A	Yes	Yes	**No**	Yes	Yes	**No**	**No**	N/A	N/A
SO4 Reproductive Health IR2 #1	Financial sustainability of the BEMFAM program	Yes	**No**	**No**	**No**	Yes	Yes	Yes	**No**	Yes	N/A
SpO1 Risk Youth IR2 #1	Percent of program youth promoted to next grade	Yes	Yes	Yes	Yes	Yes	Yes	**No**	Yes	**No**	**No**
Total No (x out of 8)		0	3	2	5	0	0	6	5	1	1