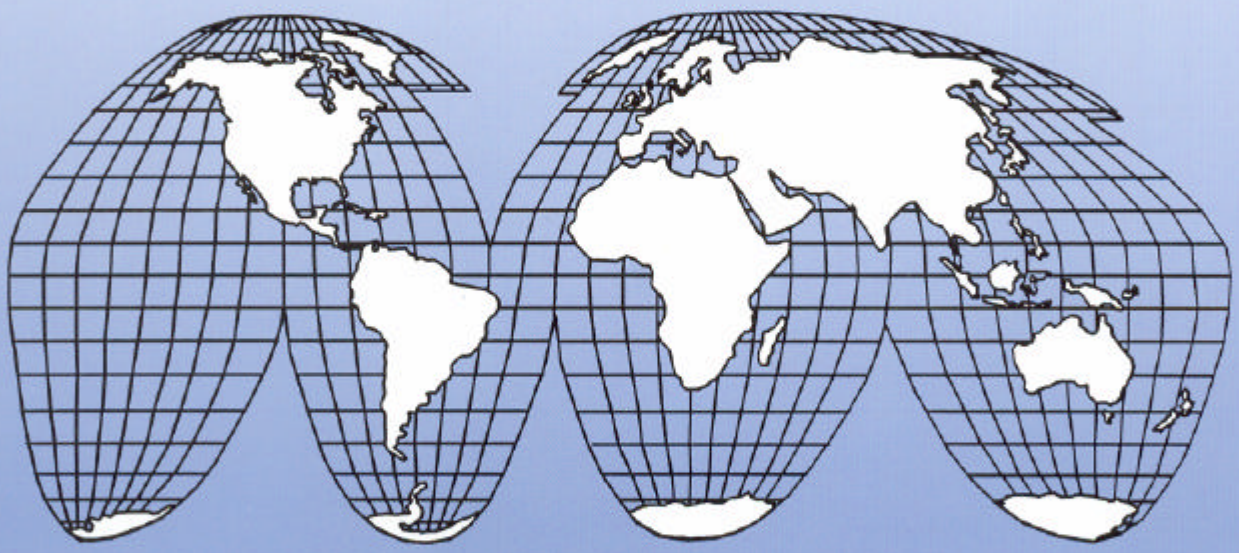
USAID

OFFICE OF INSPECTOR GENERAL

Audit of USAID/Russia's Monitoring of American International Health Alliance's Performance

Audit Report No. B-118-03-002-P

April 10, 2003



U.S. Agency for International Development
Budapest, Hungary

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MEMORANDUM

FOR: USAID/Russia Mission Director, Carol Peasley

FROM: Director of Audit Operations, RIG/Budapest, Nathan S. Lokos /s/

SUBJECT: Audit of USAID/Russia's Monitoring of American International Health Alliance's Performance (Report No. B-118-03-002-P)

This memorandum is our report on the subject audit. In preparing the report, we considered your comments on the draft report and included them in their entirety in Appendix II.

This audit was designed to test USAID/Russia's monitoring of American International Health Alliance's (AIHA) performance. We found that USAID/Russia was adequately monitoring AIHA's performance; however, we also identified monitoring and reporting aspects that could be strengthened. Therefore, this report contains three recommendations.

We consider that management decisions were made and final action taken on all three recommendations.

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

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Summary of Results

This audit was designed to assess the U.S. Agency for International Development/Russia's (USAID/Russia or Mission) monitoring of American International Health Alliance's (AIHA) performance.

We found that USAID/Russia was adequately monitoring AIHA's performance. Moreover, we determined that sites and activities— including primary health care clinics and women's wellness centers opened through AIHA and USAID/Russia cooperation— were in existence, operating as reported, and staffed by enthusiastic, well-trained Russian health professionals (see page 5-7). However, we did develop audit findings and make recommendations that USAID/Russia should improve its monitoring by:

- Obtaining and approving AIHA's monitoring and evaluation plan (see pages 7-8).
- Strengthening the quality of data published in AIHA's reporting of results (see pages 9-10).

USAID/Russia officials appreciated the careful review and the findings associated with this audit and took final action on all recommendations.

Background

USAID conducts assistance programs around the world. In order to implement these programs, USAID relies on the services of large institutional partners (grantees or contractors). Oftentimes, the same partner can be found to be implementing simultaneous programs in several countries within the same USAID geographical region. One such partner is the American International Health Alliance (AIHA). Since 1992, AIHA and USAID have collaborated in a public-private partnership between American health care providers, educators and leaders to improve health care services in 21 nations of Central and Eastern Europe (CEE) and the Newly Independent States of the former Soviet Union (NIS).

On September 30, 1998, USAID awarded a basic agreement to AIHA and subsequently funded six sub-agreements awarded to AIHA under that basic agreement. One of these sub-agreements (Cooperative Agreement No. EE-A-00-98-00009-00) awarded $14.9 million (Total Estimated Cost) to AIHA to implement the U.S./NIS Health Partnership Program in Russia.

Under this program, AIHA establishes partnerships that are voluntary and community-based, in which the U.S. community's

health-related institutions are paired with similar institutions in communities in the NIS or CEE. AIHA's Health Partnership Program in Russia is designed to support USAID/Russia's effort to improve the effectiveness of primary health care services, with special attention to the health of women and children and improving disease prevention and control practices.

As of June 2002, AIHA had established nine partnerships in Russia which were implementing activities at numerous sites—including Sakhalin and Khabarovsk in the Russian Far East, former closed nuclear cites such as Sarov and Snezhinsk and the rural central Siberian city of Tomsk, among others.[1] During the audit, OIG auditors made site visits throughout Russia to test activities at four partnership locations associated with the cooperative agreement between AIHA and USAID/Russia. (See map below)

This map highlights the four Cities with American International Health Alliance sites visited by the OIG audit team.

Our audit was limited to evaluating USAID/Russia monitoring of AIHA's performance in Russia under Cooperative Agreement number EE-A-00-98-00009-00 from September 30, 1998 through June 30, 2002. As of June 30, 2002, USAID/Russia had obligated $12.7 million and disbursed $9.2 million in support for AIHA activities in Russia.

[1] These locations include both areas designated by Russian and U.S. policy makers as regional initiative areas for U.S. Government assistance as well as areas that were priorities for U.S. Government investment.

Audit Objective

As part of its Fiscal Year 2002 Audit Plan, the USAID Office of Inspector General (OIG) included an audit examining USAID's monitoring of a large institutional partner implementing USAID-funded activities in several countries within the Europe and Eurasia Region. The American International Health Alliance (AIHA) met these criteria. Accordingly, USAID/Russia's monitoring of AIHA's USAID-funded activities was selected for audit. The OIG performed this audit to answer the following objective:

> **Did USAID/Russia monitor American International Health Alliance's performance to ensure that intended results were achieved?**

The scope and methodology of this audit are detailed in Appendix I.

Audit Findings

Did USAID/Russia monitor American International Health Alliance's performance to ensure that intended results were achieved?

We found that USAID/Russia was adequately monitoring AIHA's performance to ensure that intended results were achieved. However, we also determined that USAID/Russia should strengthen its monitoring of AIHA by 1) approving AIHA's monitoring and evaluation plan and 2) working with AIHA to improve the quality of data published in AIHA's reporting on results.

Nevertheless, USAID/Russia:

- assessed possible partnership sites,
- reviewed and approved health partnership work plans, and
- approved the designation of key positions and key personnel.

Moreover, the Mission also concurred with all of the underlying health partnerships and participated in AIHA's health clinic openings and conferences. In our opinion, this monitoring helped to ensure that intended results were being achieved.

During the audit, OIG auditors made site visits throughout Russia to test activities at four partnership locations associated with the cooperative agreement between AIHA and USAID/Russia. While on these site visits, we determined that sites and activities—including primary health care clinics and women's wellness centers opened

through AIHA and USAID/Russia cooperation— were in existence, operating as reported, and staffed by enthusiastic, well-trained Russian health professionals. (See photographs 1, 2 and 3 below)

Photo # 1 OIG Audit Manager, Jacqueline Bell with Women's Wellness Center Director and AIHA Program Coordinator in a USAID-AIHA supported training room in Samara, Russia.

Photo # 2 AIHA trained nurses in Korsakov Central Hospital's Asthma School on Far Eastern Russia's Sakhalin Island.

Photo # 3 Health Professionals in Samara Polyclinic # 15's newly established Women's Wellness Center studying a birthing video as part of AIHA & USAID sponsored training.

We found that the Mission's monitoring of AIHA's activities was generally effective. USAID/Russia staff was well informed about AIHA's successes and challenges, had visited most sites, and had a strong working relationship with the AIHA/Russia staff. However, as mentioned above, we identified certain monitoring and reporting elements that could be strengthened. The following sections discuss these issues in detail.

USAID/Russia Needs to Obtain and Approve AIHA's Monitoring and Evaluation Plan

USAID planning guidance, Automated Directives System Section 201.3.4.13, states that managing performance requires access to useful and timely information. Currently, USAID/Russia receives a variety of performance information from AIHA, information that we believe has generally been sufficient to properly manage the performance of this activity. However, four years into this activity, USAID/Russia had not yet received and approved AIHA's final monitoring and evaluation plan (M & E Plan). Such an approved M&E plan is required by AIHA's cooperative agreement.

We believe this situation arose because:

1. Both USAID and AIHA officials knew that extensive monitoring and evaluation was taking place, and

2. AIHA had continually reported that it was developing an M & E plan for submission.

In our opinion, USAID/Russia's approval of AIHA's M&E plan would formalize key monitoring elements such as agreed-upon performance indicators, data collection methodologies, frequency and reporting requirements—key elements that are important to the success of USAID activities. Without such an approved plan, we believe that the Mission faces unnecessary risk to the continued success of this activity.

Moreover, in the absence of a final approved M&E plan defining AIHA's reporting requirements, AIHA has not systematically reported some performance information which could benefit the Mission. For example, USAID/Russia was interested in having AIHA report on the number of new health services provided by its partnerships. Unfortunately, this data has not been defined and presented in AIHA's quarterly reports.

AIHA's cooperative agreement—EE-A-00-98-0009-00—requires that a monitoring and evaluation plan be approved by USAID. Furthermore, both AIHA and USAID/Russia have expressed their desire to develop and approve a monitoring and evaluation plan. Nevertheless, although the agreement was signed on September 30, 1998, a final monitoring and evaluation plan had not been approved four years into this activity. We are making the following recommendation to address this situation:

> **Recommendation No. 1: We recommend that USAID/Russia require that the American International Health Alliance submit a monitoring and evaluation plan for Mission concurrence, as soon as possible. This plan should support the Mission's Performance Monitoring Plan and incorporate agreed-upon performance measures.**

After the conclusion of this audit's field work, on November 29, 2002, USAID/Russia approved AIHA's Monitoring and Evaluation Plan for Russia. In addition, an AIHA/Russia results framework and specific indicator reference sheets were also produced and approved that provide detailed indicator definitions, targets, and primary data sources. Therefore, the OIG considers that final action has been taken on this recommendation upon issuance of this report.

The Quality of AIHA's Performance Reporting Should be Strengthened

USAID guidance states that results-oriented management relies on managers informing their decisions with performance information.[2] Moreover, this guidance states that sound decisions require accurate, current and reliable information. However, in testing data in AIHA's quarterly report to USAID we found that not all of it was accurate, consistent and comparable. For example:

- On Sakhalin Island, in the Far East of Russia, the Korsakov Central District Hospital is the main AIHA site for primary health care. The partnership's on-site data coordinator stated that he was asked to report the total number of patient visits for preventive treatment. However, since the AIHA supported facility is a regional hospital, with more curative treatments than preventive visits, he reported the preventive visits throughout the entire region—rather than such visits specifically made to the AIHA supported facility. Consequently, the number of patient visits in AIHA's reporting to USAID was overstated.

- In the industrial region of Samara, the partnership's information coordinator stated that the statistics reported for patient visits were grossly understated. This was attributed to difficulties in getting physicians to properly document preventive patient visits. Further the coordinator stated that a comparison of patient registrations and physician-supplied data revealed that while 7,000 visits had been registered, data provided by physicians reflected only 3,000 visits.

- Some AIHA partnership sites didn't report any data or only reported partial information. While this was properly disclosed in AIHA's quarterly report, it is further evidence that not all reported data is accurate, consistent and comparable.

We believe that this situation primarily arose from AIHA's implementation of a new system to collect and report performance data. As part of this system, AIHA developed and disseminated a new monthly statistical reporting form as well as extensive data definitions and instructions for completing this form. However, as with any new system, additional time and effort must be invested in fine tuning the collection and reporting of data.

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[2] This guidance is found in the USAID Center for Development Information and Evaluation, Performance Monitoring and Evaluation TIPS No. 12- "Guidelines for Indicator and Data Quality."

In discussing this finding, USAID/Russia officials stated that they had not used the specific data tested for making decisions. Nor, according to these officials, was that data passed on to stakeholders through further USAID reporting. However, AIHA's quarterly report includes data for six separate USAID cooperative agreements with AIHA covering 21 countries and is distributed to multiple USAID missions. Moreover, AIHA's report receives further distribution inside and outside of USAID because it is posted on AIHA's website. As a result, unless AIHA's reporting is improved, decision makers inside and outside of USAID may face heightened risk of basing their decisions on unreliable data. Accordingly, we are making the following recommendations.

> **Recommendation No. 2: We recommend that USAID/Russia notify American International Health Alliance of the problems identified with data quality and require that future quarterly reporting include consistent and comparable data related directly to AIHA's activity.**
>
> **Recommendation No. 3: We recommend that USAID/Russia provide guidance to mission staff concerning the importance and necessity of testing samples of reported data when performing field site visits.**

In a letter dated March 10, 2003, USAID/Russia's Director of the office responsible for this cooperative agreement wrote to the Executive Director of AIHA. This letter followed up AIHA and USAID/Russia's staff discussions with formal notification of the data quality problems associated with Recommendation No. 2, as requested by the OIG. Therefore, the OIG considers that final action has been taken on this recommendation upon issuance of this report.

On March 7, 2003, USAID/Russia's director of Program and Project Development transmitted "Guidance on Testing Reported Data" to all USAID/Russia's Activity Managers and Office Chiefs. This guidance included instructions to test samples of data reported during site visits, especially data relied upon for performance indicators, and to document such testing. Further, this guidance stated that technical office directors were responsible to ensure activities were monitored and the quality of data is checked. Therefore, the OIG considers that final action has been taken on Recommendation No. 3 upon issuance of this report.

Management Comments and Our Evaluation

USAID/Russia officials appreciated the careful review and the findings associated with this audit and took final action on all recommendations. Their comments are included verbatim as Appendix II of this report.

Scope and Methodology

Scope

The Office of the Regional Inspector General/Budapest conducted an audit, in accordance with generally accepted government auditing standards, to determine if USAID/Russia monitored American International Health Alliance's (AIHA) performance. Our audit was limited to evaluating USAID/Russia monitoring of AIHA's performance in Russia under cooperative agreement number EE-A-00-98-00009-00 from September 30, 1998 through June 30, 2002. As of June 30, 2002, USAID/Russia had obligated $12.7 million and disbursed $9.2 million in support for AIHA activities in Russia. The audit was conducted at USAID/Russia and AIHA offices in Moscow, Russia, and at four AIHA partnership activity sites in Tomsk, Khabarovsk, Sakhalin and Samara, Russia. Our fieldwork was performed from August 12, 2002 through September 26, 2002.

Methodology

Specifically, the audit objective was to determine if USAID/Russia monitored AIHA's performance to ensure that intended results were achieved in Russia. To answer our audit objective we also examined the management/internal controls at USAID/Russia, including:

1. USAID/Russia's strategic planning, program implementation and financial documents;
2. USAID/Russia's guidance and internal control assessments required under the Federal Managers' Financial Integrity Act (FMFIA);
3. external evaluations and assessments of USAID/Russia's program activities; and
4. progress and activity reports prepared by USAID/Russia and AIHA officials.

We also obtained and analyzed criteria applicable to this audit contained in:

1. ADS Chapters 200, 201, 202, and 203;
2. Cooperative agreements EE-A-00-98-00033-00 and EE-A-00-98-00009-00, as amended;
3. USAID/Russia Mission Orders; and
4. other applicable guidance.

Finally, we interviewed key officials at USAID/Russia, AIHA, and intended beneficiaries. We also conducted field trips to selected activity sites in Russia to observe project implementation, inspect USAID–funded property and equipment, verify reported information, and assess the effectiveness of USAID/Russia and AIHA monitoring of performance and progress towards accomplishment of program results and strategic objectives. The four AIHA Partnership activities visited were selected on a judgmental basis.

Management Comments

March 11, 2003

TO: Director of Audit Operations, RIG/Budapest, Nathan S. Lokos

FROM: Mission Director, USAID/Russia, Carol Peasley /s/

SUBJECT: Response to Draft Audit Report on Audit of USAID/Russia's Monitoring of American International Health Alliance's Performance

The Mission appreciates the careful review and the findings from the audit report on USAID/Russia's monitoring of American International Health Alliance's (AIHA) performance. This audit fully supports our efforts to continue strengthening and improving our procedures and systems in monitoring program activities.

As discussed below, we have taken the final actions mentioned in the audit report for audit recommendation numbers 2 and 3. Based upon these actions, we request closure of these recommendations upon issuance of the final report. We are also providing the following Management Comments regarding the body of the Discussion Draft report in order to clarify specific points.

Management Comments:

Footnote 1 on page 3 should be revised. The Russian Far East, Tomsk and some of the other AIHA sites (e.g., Samara) are Regional Initiative (RI) sites. The formerly closed nuclear cities cited, while priorities for USG investment for other reasons, are not RI sites.

We also request that the following sentence on page 5 be modified: "Without such an approved plan, we believe that the Mission faces heightened risk to the success of this activity." In fact, the report notes that the monitoring of the program by USAID/Russia that occurred in the absence of the approved plan "…helped to ensure that intended results were being achieved" (page 4). In addition, the M&E plan is a measuring instrument, rather than a guarantor of success of any activity. It is also noteworthy that, even in the absence of a finalized M&E plan, the activity in fact has been judged successful by the US and Russian partners, the Ministry of Health of the Russian Federation, the US Congress, and a panel of external evaluators. We would propose the following revision: "Without such an approved plan, we believe that the Mission will be less able to scientifically document success."

Final Actions taken to close audit recommendations:

Recommendation No. 1:

> **We recommend that USAID/Russia require that the American International Health Alliance submit a monitoring and evaluation plan for Mission concurrence, as soon as possible. This plan should support the Mission's Performance Monitoring Plan and incorporate agreed-upon performance measures.**

As stated in the draft audit report, the OIG considers final action taken on this audit recommendation given the additional steps performed by the Mission.

Recommendation No. 2:

> **We recommend that USAID/Russia notify American International Health Alliance of the problems identified with data quality and require that future quarterly reporting include consistent and comparable data related directly to AIHA's activity.**

The Mission has notified AIHA, both verbally and per attached memo, of the problems identified with data quality and that USAID requires future quarterly reports include consistent and comparable data related to that AIHA's activity (see Attachment I).

As the Discussion Draft reports, this is a complex activity due to the indirect relationships between these particular data and the USAID/Russia program given AIHA's status as a regional and country-specific program. We also cannot but agree with the conclusion made in the Discussion Draft (page 6) that "as with any new system, additional time and effort must be invested in fine-tuning the collection and reporting of data." Based on the results of field review of the RIG auditors, AIHA agreed to make additional efforts to train and support their staff in order to ensure the quality of data before reporting it to USAID.

A thorough data quality assessment was also conducted jointly by USAID/Russia and AIHA during the development of and prior to the final approval of the Russia Montoring & Evaluation (M&E) Plan. Tools for data collection were carefully selected and data verification methods were considered. During regular field trips, USAID/Russia health officials monitor program implementation, and, as part of routine procedures, check and verify to the extent possible both the qualitative and quantitative data submitted by AIHA to USAID on a quarterly basis. In all cases when inconsistencies or inaccuracies are revealed, AIHA is informed and a clarification is required. (Note: the number of patient visits is not included in AIHA's M&E plan for Russia approved by the Mission. It is, however, still part of AIHA's NIS-wide strategy, and AIHA reports to USAID on it in the Quarterly and Annual reports.)

In addition, the Mission Health staff conducted a rigorous data quality assessment of the data reported by the Mission in its Performance Monitoring Plan to ensure information on our activities is reliable and valid. This review sought to ensure that the data meet quality criteria and capture the most meaningful achievements of the health program, including AIHA's activity.

Based on the above actions, we request a management decision be issued and final actions taken to close recommendation number 2 be considered by OIG in the final report.

Recommendation No. 3:

> **We recommend that USAID/Russia provide guidance to mission staff concerning the importance and necessity of testing samples of reported data when performing field site visits..**

USAID/Russia recognizes the importance of ensuring that data reported by implementing partners is in accordance with ADS standards for data quality. A notice with guidance on testing reported data was sent to the Mission staff requesting periodic checks during field trips of a sample of the data reported by implementing partners (Attachment II). The results of these tests should be documented and kept in project files.

Also, last year the Mission developed the Mission's Guidelines on the Data Quality Assessment (DQA) procedures that also included sample checklists. Late last year, the first DQA was completed. Field trips were conducted as necessary in the course of the DQA process. All reported measurement data used in the annual report (or other formal reporting to Washington) went through the DQA analysis.

Based on the above actions, we request a management decision be issued and final actions taken to close recommendation number 3 be considered by OIG in the final report.

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