



USAID
FROM THE AMERICAN PEOPLE

OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/UKRAINE'S DISPLACED CHILDREN AND ORPHANS FUND ACTIVITIES

AUDIT REPORT NO. 9-000-09-002-P
November 20, 2008

Washington, DC



USAID
FROM THE AMERICAN PEOPLE

Office of Inspector General

November 20, 2008

MEMORANDUM

TO: USAID/Ukraine, Director, Janina Jaruzelski

FROM: IG/A/PA, Director, Steven H. Bernstein /s/

SUBJECT: Audit of USAID/Ukraine's Displaced Children and Orphans Fund Activities
(Report Number 9-000-09-002-P)

This memorandum transmits the Office of Inspector General's final report on the subject audit. In finalizing the report, we carefully considered your comments on the draft report and included them in their entirety as appendix II. Furthermore, based on the additional supporting documentation you provided, we have made adjustments to the report language.

The report includes one recommendation for your action. Based on the information provided in your response to the draft report, we conclude that a management decision has been reached for this recommendation. Determination of final action will be made by the Audit Performance and Compliance Division (M/CFO/APC) upon completion of the planned actions.

I sincerely appreciate the cooperation and courtesies extended to my staff during this audit.

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SUMMARY OF RESULTS

The goal of the Families for Children program is to develop sustainable and replicable services for children who otherwise would be institutionalized or on the street. The program seeks to build a continuum of services in areas such as family preservation, domestic adoption, foster care, and family-type foster homes. As of fiscal year (FY) 2007, the program had a total life-of-project funding level of approximately \$3.2 million. The objective of this audit was to determine whether USAID's Displaced Children and Orphans Fund activities in Ukraine are achieving their intended results and to assess the program's impact (see page 3).

From October 2006 through June 2008, USAID/Ukraine's Families for Children program completed most of the activities included in its work plans. These activities focused on four major areas: community mobilization and capacity building, institutional reform, national-level technical assistance, and a grant program. During FY 2007, the program successfully completed 29 of 32 planned activities; during the first three quarters of FY 2008, the program successfully completed 37 of 40 planned activities (see pages 4–7).

Although the program completed most of the activities in the work plans, changes in project emphasis combined with monitoring and reporting weaknesses made it difficult for USAID/Ukraine to assess the program's progress or overall impact. Although Agency, bureau, and Federal guidance emphasize the need for missions to compare planned results with actual achievements, USAID/Ukraine did not collect and analyze such performance data for the Families for Children program. The implementing partner's reporting reflected outputs achieved during each implementation period, but neither the partner nor USAID had established output targets to allow an assessment of progress toward specific goals, such as the number of children served by the program. Furthermore, although the implementing partner had agreed to collect baseline data on broad outcome measures (such as changed public attitudes toward foster care), which would have facilitated an assessment of the program's overall impact, the partner never collected such data, and USAID/Ukraine never requested the data. Finally, during implementation, the partner did not pursue or achieve all of the cooperative agreement's specific targets and objectives. Changes to the objectives were not discussed with the USAID cognizant technical officer, and USAID/Ukraine did not develop new objectives against which program progress could be measured. As a result, USAID/Ukraine could not adequately assess the progress toward cooperative agreement targets and objectives, the achievement of planned outputs for each year, or the overall program impact (see pages 7–9).

These monitoring problems occurred, in part, because USAID/Ukraine changed the cognizant technical officer four times during the life of the project; this lack of continuity weakened mission monitoring efforts. To some extent, however, the monitoring problems also reflect a lack of management oversight and emphasis on program monitoring. To correct this situation, this audit recommends that USAID/Ukraine develop a comprehensive mission order on activity monitoring that requires the periodic evaluation of planned and actual progress toward the goals, objectives, and stated outputs of grants and contracts (see page 9).

In comments to the draft report, USAID/Ukraine officials concurred with the audit recommendation and agreed to develop within 90 days a mission order on program monitoring that more accurately reflects current reporting requirements, policies and regulatory changes. The proposed actions represent a management decision on the recommendation. Furthermore, in response to the additional documentation provided by USAID/Ukraine, the report language was adjusted to better represent mission monitoring activities (see page 10).

BACKGROUND

Like many countries that were formerly part of the Soviet Union, Ukraine underwent rapid social, economic, and political changes that brought about a serious crisis in terms of the increasing number of children living on the streets or in institutions. The abandonment of children was acceptable and even preferable for families struggling with poverty, substance abuse, physical or psychological health conditions, domestic violence, or unemployment. For children who were abused at home, the only child protection service available was removal from the home and placement in institutions. These institutions readily accepted children, and few social services existed at the community level to help a family continue parenting their child. Efforts to reform Ukraine's institutional system have been moderately successful, but alternative systems to assist children at risk have been slow to develop.

USAID's Displaced Children and Orphans Fund finances projects that help families and communities improve the well-being of vulnerable children. In 2004, the Fund agreed to provide financing for the Families for Children program to be implemented through a cooperative agreement managed by USAID/Ukraine. As of fiscal year (FY) 2007, the program had expended \$2.4 million out of a total life-of-project funding level of approximately \$3.2 million.

The goal of the Families for Children program is to develop sustainable and replicable family-based services for children who otherwise would be institutionalized or on the streets. The program seeks to build a continuum of services in areas such as family preservation, domestic adoption, and foster care/family-type homes by:

- Improving the knowledge, skills, and competencies of child welfare service providers and beneficiaries.
- Increasing public awareness and community involvement in child welfare issues.
- Strengthening the commitment of the government and nongovernmental organizations to develop family preservation, adoption, and foster care/family-type homes.
- Initiating a shift in placement decisions in the best interest of the child.

AUDIT OBJECTIVE

This audit was included in the Office of Inspector General's FY 2008 annual plan and was conducted to answer the following question:

- Are USAID/Ukraine's Displaced Children and Orphans Fund activities achieving planned results, and what has been the impact?

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

AUDIT FINDINGS

From October 2006 through June 2008, USAID/Ukraine’s Families for Children program completed most of the planned activities in its work plans. These activities supported the overall goal of developing sustainable and replicable family-care models of service for children who would otherwise be institutionalized or on the street. However, because of changes to the program during implementation, the program did not achieve the specific targets and objectives stated in the cooperative agreement. Furthermore, because of monitoring weaknesses, USAID/Ukraine was unable to fully assess annual progress and the program’s overall impact at the local and national levels.

Families for Children Program Completed Most Planned Activities

The Families for Children program completed more than 90 percent of its planned activities as specified in the work plans for fiscal years (FYs) 2007 and 2008. During FY 2007, the program successfully completed 29 of 32 planned activities; and during the first three quarters of FY 2008, the program successfully completed 37 of 40 planned activities. Table 1 shows details regarding the completion of work plan activities:

Table 1. Status of Work Plan Activities, FYs 2007 and 2008 (as of June 30, 2008)

	FY 2007 Work Plan	%	FY 2008 Work Plan	%	Total Number of Activities	Percentage of Total Activities
Completed as Planned	24	75	36	90	60	83
Substantially	5	16	1	2.5	6	8
Not Completed	3	9	1	2.5	4	6
Pending	0	0	2	5	2	3
TOTAL	32	100	40	100	72	100

The activities specified in the work plans for FYs 2007 and 2008 focused on four major program areas: community mobilization and capacity building, institutional reform, national-level technical assistance, and a grant program. Notable achievements in these four program areas are discussed below.

Community Mobilization and Capacity Building: The program completed or substantially completed 23 of 25 planned activities, including the establishment of community-based relief nurseries designed to prevent child abuse and neglect. Relief nurseries target at-risk children 6 years old or younger and provide early-childhood therapy combined with parent education and regular home visits. To assist in development, the program brought technical experts from the United States to provide skills training for the administrators and service providers of its nine relief nurseries. As of March 2008, the nine nurseries had served a total of 128 families and 184 children.

¹ “Substantially completed” activities were either completed later than planned or were subject to minor scope adjustments during implementation.



Photograph of a social worker with a child at a relief nursery in Gorlovka, Ukraine. Photo taken by an OIG auditor on June 26, 2008.

During FY 2007, as part of its efforts to replicate activities in new regions, the Families for Children program initiated work in two new regions: Odessa in southern Ukraine and Donetsk in eastern Ukraine. The implementing partner conducted community workshops on family care and set up study tours to the United States to provide administrators and counselors from these new regions with hands-on training in the development of child welfare programs. The program also established local community councils composed of service providers and decision makers to gain the community support crucial to implementing family-based care activities.

However, although the program expanded in two regions during FY 2007, it did not expand as planned into a third region in the western city of Ternopil. After completing a preliminary assessment, the implementing partner found that most at-risk children in Ukraine's western region were not put into orphanages but instead were placed with relatives. As a result, the partner scaled back the planned expansion from three regions to two.

The program also planned for several senior leaders from two of Ukraine's child-welfare and adoptive service government agencies to attend an international child-welfare conference in late 2007. However, these leaders were unable to attend because of schedule conflicts; therefore, the activity was not completed as planned.

Institutional Reform: In recent years, the Ukrainian government has begun to reform its policies toward institutionalizing children. The Families for Children program responded to these changes by introducing deinstitutionalization activities into its work plans. During FYs 2007 and 2008, the program completed all five planned activities, including providing local administrators and service providers with technical resources such as a best practice guide on the 10 key steps to deinstitutionalization. The implementer also conducted individual child assessments and developed permanency plans for children at five different institutions. As a result, the implementing partner successfully placed 44 children into family care (e.g., reintegration with birth families, placement into a relative's home, domestic adoption, or foster care).

National-Level Technical Assistance: The program completed or substantially completed 14 of 16 technical assistance activities, including a nationwide adoption survey in conjunction with the Ukrainian government. However, the partner's planned effort to develop a new child welfare curriculum for Ukrainian universities proved to be too ambitious; instead, the partner developed an educational program titled "Making Parenting a Pleasure" that was translated for Ukrainian service providers to be disseminated throughout Ukraine's centers for social services.

Grant Program: The Families for Children program supported numerous child-welfare activities through a well-managed and effective grant program. The grant selection process followed clear selection criteria and formal procedures to ensure fairness and transparency in the selection process. As part of the grant process, the implementing partner trained grant recipients to collect and submit financial and results data using standard reporting forms designed to reduce submission errors. The partner also maintained a comprehensive database that tracked grant financial data and reported results.

For FYs 2007 and 2008, the program completed or substantially completed eight of nine grant program activities. Accomplishments include the award of more than \$290,000 for 22 grants in FY 2007 and 19 grants from October 2007 to March 2008 in three program areas: direct services, public awareness campaigns, and training. Grants awarded during this period included the following:

- An award of \$5,500 to renovate a bathroom for a family with eight foster children in Kyivo-Svyatoshinskii, Ukraine
- An award of \$5,500 for a rehabilitative summer camp for 130 older at-risk children in Brovarsky, Ukraine
- An award of more than \$8,550 for a relief nursery at the Center for Social Services in Gorlovka, Ukraine



Photographs showing before-and-after conditions at a grant-supported relief nursery in Gorlovka, Ukraine. Photographs provided by the USAID implementing partner.

Other Activities: Other activities included collaborating with donors and partners and developing an exit strategy to help ensure the sustainability of program activities. The program completed or substantially completed 16 of 17 activities. It did not complete its activity related to locally sustainable mechanisms. The implementing partner intended to use subgranting to develop locally sustainable social service agencies by sharpening their sustainability plans and strengthening their organizational capacities to manage, raise funds, and advocate for the long term. However, the implementer chose to focus on its strengths in training and technical assistance rather than its subgrantees' plans to create sustainability.

USAID/Ukraine Should Monitor Program Outputs and Results More Closely

Summary: Federal regulations and USAID guidance require missions to monitor the quality and timeliness of outputs produced by implementing partners as described in grant agreements, and to compare actual performance with planned results for grants and contracts. However, USAID/Ukraine did not closely monitor the program's implementation to ensure that the grantee achieved the specific outputs described in the grant agreement and did not obtain data that compared expected and achieved results. These problems resulted from (1) lack of continuity by mission staff responsible for monitoring the project and (2) lack of mission guidance and management attention to the requirements for tracking outputs. Unless the mission closely monitors the status of outputs, projects will have an increased risk of failing to achieve their objectives.

According to USAID's Automated Directives System 202.3.6, monitoring the quality and timeliness of outputs produced by implementing partners is a major task of mission personnel. Automated Directives System 202.3.6 further states that these outputs, which are included in grant agreement program descriptions, are critical to achieving results. According to Automated Directives System 303.2, mission cognizant technical officers are responsible for monitoring and evaluating the recipient and its performance during the award by:

- Maintaining contact, including site visits and liaison, with the recipient
- Reviewing and analyzing reports
- Verifying timely performance by the implementing partner and monitoring reporting requirements
- Ensuring compliance with the terms and conditions of the award

According to Europe and Eurasia Bureau Operating Policy 311, missions are required to develop activity monitoring guidance to ensure that they compare actual performance with planned results for grants and contracts. Furthermore, according to Section 226.51 of Title 22 of the U.S. Code of Federal Regulations, the implementing partner should provide performance reports that generally contain a comparison of actual

accomplishments with the goals and objectives established for the period and, if appropriate, reasons why established goals were not met.

In the program's cooperative agreement, the implementing partner stated that the monitoring and reporting process would depict discernable changes in target area data, and that the program would issue reports that highlight progress toward achieving objectives as given in the indicators and activities stated within the planning matrix. To provide a framework for the results report, the partner developed a results matrix based on the program objectives and indicators to measure its progress. The matrix included both output and outcome (impact) indicators.

However, although the mission monitored the program's overall progress and tracked progress toward some indicators, USAID/Ukraine's cognizant technical officers did not monitor the Families for Children program to ensure that all of the specific cooperative agreement outputs were met, that the implementing partner provided accurate data on all output targets and actual achievements, and that the partner reported on all data included in the performance monitoring plan.

No output targets established: According to the cooperative agreement, the implementing partner was to report on progress toward achieving targets for the indicators included in the planning matrix; these reports would meet the requirements in the U.S. Code of Federal Regulations. However, the partner's biannual reports focused primarily on outputs achieved during the reporting period (e.g., level of effort) and generally contained little information comparing planned activities to achievements. Furthermore, the submitted planning matrix did not contain specific planned achievements for each work period. As of June 2008, USAID and the implementing partner were attempting to retroactively establish appropriate output targets for each year of the project.

No data collected on program impact: According to the implementing partner's monitoring plan, the program would collect data related to numerous indicators designed to measure outcomes—the overall program impact. Proposed indicators included the following:

- Percentage of families in crisis receiving quality social services and support
- Percentage increase in alternate care placements
- Percentage of children placed into family-type care
- Percentage of population with improved attitudes toward adoption and foster care

Despite the implementing partner's commitment to collect these data, the partner did not develop baseline or incremental data related to these indicators. According to the implementing partner, USAID was interested only in current numbers/results; therefore, the partner did not develop data regarding the outcome measures. The current cognizant technical officer confirmed that USAID/Ukraine had not requested these data.

No evaluation of progress toward cooperative agreement targets and objectives:

According to the cooperative agreement, the implementing partner established specific performance targets in a number of areas, including the following:

- Double the number of children served who are at risk of falling out of family care in the target areas through family preservation services.
- Increase the number of sustainable foster-type homes by two in each region.
- Double the number of children per annum in target areas who are placed into Ukrainian adoptive families.

During project implementation, however, the implementing partner abandoned these specific numerical targets and did not report on progress toward these objectives. According to the implementing partner, these specific objectives were abandoned or not tracked for a variety of reasons. For example, the government of Ukraine took on much greater responsibility for providing support for foster homes, making it less important for the program to work in this area. Also, Ukraine's privacy laws make it difficult to keep track of how many children were placed into adoptive families. However, although the program continued to pursue its overall goal—developing a continuum of services for family preservation—the changes to objectives and proposed targets were not discussed or approved by the USAID cognizant technical officer, and USAID/Ukraine did not develop new objectives against which program progress could be measured.

These monitoring problems occurred, in part, because USAID/Ukraine changed the cognizant technical officer four times during the life of the project. These changes reduced management continuity and weakened mission monitoring efforts. To some extent, however, the monitoring problems reflect a lack of management oversight and emphasis on program monitoring. For example, USAID/Ukraine did not develop mission guidance regarding program monitoring and evaluation that required the comparison of planned results with actual grant outputs and delineated clear responsibilities for the collection of such data.

As noted in ADS 202.3.6, delays in completing outputs provide an early warning that results may not be achieved as planned. Without consistent data regarding progress toward annual output and outcome targets and project objectives, USAID/Ukraine was unable to determine whether the program was developing as intended. Because USAID/Ukraine did not closely monitor the status of outputs, the project had an increased risk of failing to achieve its objectives. To correct this problem, this audit makes the following recommendation:

Recommendation No. 1: We recommend that the Director, USAID/Ukraine develop a comprehensive mission order on activity monitoring that requires the periodic evaluation of planned and actual progress toward the goals, objectives, and stated outputs of grants and contracts.

EVALUATION OF MANAGEMENT COMMENTS

In its written comments to the draft report, USAID/Ukraine officials concurred with the audit recommendation and agreed to develop within 90 days a mission order on program monitoring that more accurately reflects current reporting requirements, policies, and regulatory changes. The proposed actions represent a management decision on the recommendation.

USAID/Ukraine also provided numerous additional examples of monitoring activities that had taken place during the program. In response, we have clarified in the report that the mission monitored the program's overall progress and tracked progress toward some indicators. We believe that mission's proposed actions will help to ensure that all cooperative agreement outputs are met, that implementing partners provide accurate data on all output targets and actual achievements, and that the partners report on all data included in the performance monitoring plan.

SCOPE AND METHODOLOGY

Scope

The Performance Audits Division conducted this performance audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. The audit objective was to determine whether USAID's Displaced Children and Orphans Fund activities in Ukraine are achieving their intended results and to assess the program's impact.

We selected the annual work plans for fiscal years (FYs) 2007 and 2008 and evaluated progress toward all planned activities contained in these plans from October 1, 2006, through June 30, 2008. The audit excluded some program activities that addressed human immunodeficiency virus issues, as the Displaced Children and Orphans Fund did not finance these activities.

In planning and performing the audit, we assessed management controls related to the development, implementation, use, and management review of performance measures and indicators. Specifically, we reviewed (1) the mission's current performance management plan, (2) Agency and mission legal authorities related to performance measures, and (3) the mission's FY 2007 Federal Managers Financial Integrity Act process and results.

We also reviewed the performance indicators for program activities as well as the performance data collected and reported under these indicators. We conducted the audit at USAID/Ukraine in Kiev and at various implementing partner site locations in Ukraine from June 17 to July 3, 2008.

Methodology

To determine whether USAID/Ukraine's Family for Children program activities were achieving planned results, the audit team first met with and interviewed USAID/Ukraine staff in the mission's Office of Health and Social Transition to gain an understanding of the program history and status. We reviewed relevant documentation such as the cooperative agreements, mission correspondence, internal worksheets used to measure results, semiannual progress reports, field trip reports, and grant agreement selection and reporting documents. We also tested a judgmental sample of outputs under each project and verified reported progress related to these outputs during site visits and interviews with each implementing partner. Based on the collective results, we determined the progress of each project toward the achievement of planned outputs.

To determine whether USAID/Ukraine's Displaced Children and Orphans Fund activities were achieving their planned outputs, we first compared the planned work outlined in the implementing partner's cooperative agreement with the work plans to ensure consistency. We then reviewed the work accomplished as reported in the implementer's

reports and compared actual accomplishments to the specific outputs as defined in the agreements and approved work plans. This comparison entailed examining supporting records, including documented deliverables and the implementer's progress reports, for evidence that the activity had achieved intended results. Activities were judged to have been substantially completed if they either were completed later than planned or were subject to minor scope adjustments during implementation.

To assess the mission's compliance with requirements to document program performance, we reviewed correspondence, assessment reports, and other data maintained by the mission. We also tested a judgmental sample of outputs under each project and verified reported progress related to these outputs during site visits and interviews with the implementing partner staff, local officials, and beneficiaries. Based on the collective results, we determined the progress of each project toward the achievement of planned outputs and the impact on overall objectives.

In addition, we reviewed applicable policies, procedures, and management controls related to the management for results, including Automated Directives System chapters 202, 203, and 303, as well as Title 22 of the U.S. Code of Federal Regulations. We then evaluated the mission's compliance with relevant program management controls and policies.

In assessing each project's progress toward its overall objectives, we established a materiality threshold of 85 percent. If a project's work plan adequately reflected the overall contract goals and the contractor had achieved at least 85 percent of its planned outputs during the audit period, the project was judged to be making acceptable progress toward its overall objectives.

MANAGEMENT COMMENTS

DATE: October 20, 2008

TO: Steven H. Bernstein, Director, IG/A/PA

FROM: Sarah Wines, Acting Director /s/

SUBJECT: Audit of USAID/Ukraine's Displaced Children and Orphans Fund Activities

REF: Audit Report Number 9-xxx-xx-xxx-P

This memorandum transmits the Mission's response to the Regional Inspector General's aft report on the audit of USAID/Ukraine's Displaced Children and Orphans Fund (DCOF) activity, the Families for Children (FCP) Project implemented by Holt International.

The stated objective of this worldwide audit, as outlined in a Memorandum from Steven Bernstein dated March 31, 2008, was to determine whether USAID's Displaced Children and Orphans activity was implementing activities to ensure that intended results were achieved. The audit also sought to examine what the impact of activities has been to date.

The audit outlined two findings:

First, it determined that the Families for Children Project had completed as planned or substantially completed over 90 percent of planned activities outlined in FY 2007 and 2008 work plans. Specifically, 29 of 32 planned activities were successfully completed during FY 2007, and 37 of 40 planned activities for FY 2008 were successfully completed. The mission is in agreement with this finding, emphasizing the important role that the project has played in assisting the Ministry of Family, Youth and Sports to catalyze and begin to operationalize child welfare reforms.

Second, the audit determined that USAID/Ukraine had not provided sufficient management oversight or monitoring or program implementation, indicating that as a result, USAID/Ukraine was unable to assess program progress annually or overall impact at both national and local level. The report states that this was due to both frequent changes in project management and lack of management attention to the requirements for tracking outputs. The Mission wishes to point out that a Mission Order on Monitoring (0100.3) had been in place since June 3, 1998. This MO outlined the responsibilities for systematic and regular monitoring and review of activities. However, the Mission acknowledges that frequent turnover of project managers during the first few years of the project was not optimal. However, with a strong CTO in place since May 2007, a recently finalized monitoring and evaluation framework completed, and ongoing Mission portfolio

review processes in place, the Mission believes that it will be able, within the remaining life of the project, to fully address audit comments.

The audit makes the following recommendation:

Recommendation No. 1:

We recommend that the Director, USAID/Ukraine, develop an updated comprehensive Mission Order on activity monitoring that requires the periodic evaluation of planned and actual progress towards the goals, objectives, and stated outputs of grants and contracts.

The Mission agrees to the recommendation that it update its current Mission Order on Activity Monitoring in order to reflect more accurately the new reporting framework in which USAID is operating as well as to incorporate any regulatory changes and Mission policies put in place since 1998. The Mission requests that it be given a ninety day period within which to complete this revision. The Mission will also ensure broad understanding of the revised Mission Order through wide participation of relevant staff in the revision process, as well as presentations of the new requirements once the Mission Order has been completed. As part of this process, the Mission will build on content included in Attachment A, Mission Order 0100.3 on Activity Reporting, which is attached for your reference.

The Mission acknowledges that due to frequent changes in CTOs during the first few years of the project, the lack of comprehensive documentation available may appear to indicate that CTOs may not have been fully compliant with ADS 202.3.6 in monitoring the quality and timeliness of outputs produced by implementing partners. However, the Mission would like to note that during the past fifteen months, since the current CTO assumed management of the project, the CTO has made significant effort to ensure that she is providing appropriate oversight of programs funded by USAID in compliance with ADS 303.2 requirements to monitor the quality and timeliness of outputs produced by implementing partners and ensure progress toward planned results. This can be seen through the following illustrative documents:

- The attached e-mail chain (Attachment B) initiated in November 2007 attempts to ensure that there is a valid monitoring and evaluation plan for the project. This e-mail chain references the 2007 portfolio review process and discussions with the then-CTO on progress against planned results and indicators. The CTO also references a Results Framework attached to the e-mail chain, indicating that the framework best represents the project's monitoring and evaluation plan. Finally, the CTO references the need for performance reports to outline progress towards the indicators and benchmarks included in the Program Description in line with Cooperative Agreement Section A.5.2, Reporting.

The e-mail chain references discussions at the start of the project related to reporting requirements and format. A review of this discussion chain affirms that the CTO made visible efforts to put in place an appropriate system against which she could monitor progress.

- The attached January 2008 portfolio review reporting document (Attachment C) articulates results statements for the five areas of focus outlined in the FCP Program Extension document dated May 2007. The May 2007 FCP Program Extension document, which was incorporated into the Cooperative Agreement as Attachment B, Program Description in Section III of Modification Number 02, dated August 17, 2007, reflects results against which the CTO has regularly monitored progress.
- The attached draft Results Framework developed by the CTO in coordination with the implementing partner, dated March 31, 2008, (Attachment D) outlines project objectives, indicators, targets and accomplishments against targets for the life of the project, FY 2005 through FY 2008.
- The attached series of e-mails between the Program Coordination and Strategy Office (PCS) and the CTO outline a process of dialogue to finalize the project results framework and establish final FCP indicators and targets (Attachment E).
- The attached Results Framework dated September 1, 2008, represents the final agreed on monitoring and evaluation framework for the project (Attachment F).

Attached for your information also please find Portfolio Review Guidance for 2007 and 2008 (Attachment G) as illustration of a regularized Mission process for monitoring performance and reviewing and reporting on progress toward planned results.

Based on the above, the Mission requests your agreement with our management response as stated in this memorandum for the audit recommendation.