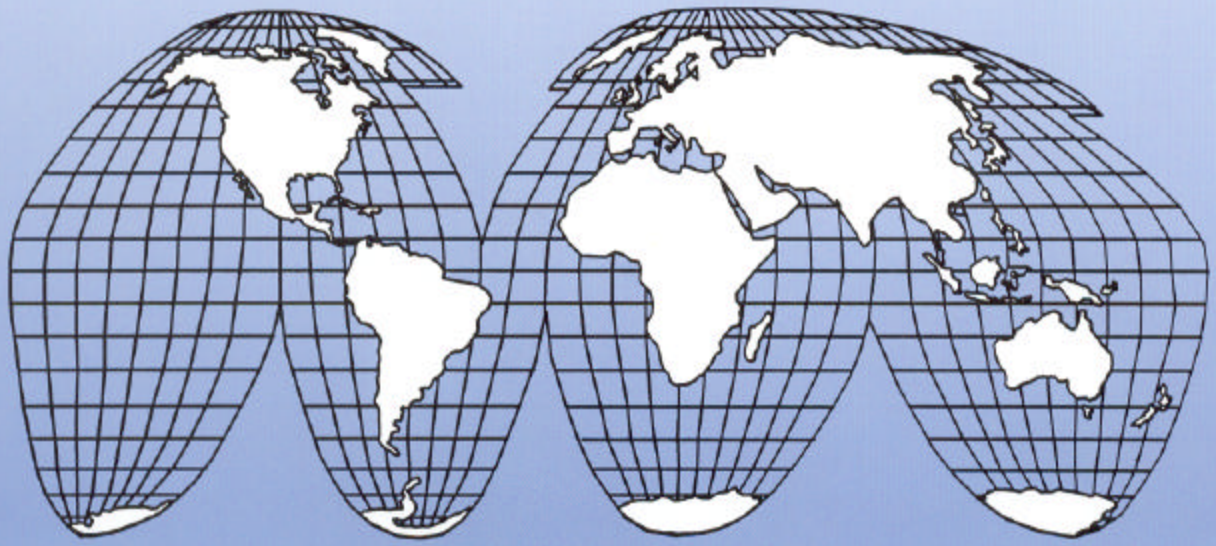
# USAID

## OFFICE OF INSPECTOR GENERAL

# Report on Agreed-Upon Procedures Related to Performance Monitoring for Indicators Appearing in the FY2003 Results Review and Resource Request Report for Selected Missions

**9-000-02-001-S**

**July 31, 2002**



**Washington, D.C.**

*Office of Inspector General*
*Performance Audits Division*

July 31, 2002

**MEMORANDUM**

**FOR:** DAA/PPC, George Wachtenheim

**FROM:** IG/A/PA, Dianne L. Rawl /s/

**SUBJECT:** Report of Agreed Upon Procedures Relating to USAID's Performance Monitoring for Indicators Appearing in the FY 2003 Results Review and Resource Request Report for Selected USAID Missions (Report No. 9-000-02-001-S)

The attached report contains the results of agreed-upon procedures performed at selected USAID operating units by Williams, Adley & Company, LLP under a contract with the Office of Inspector General. Our primary purpose for contracting for these procedures was to obtain an understanding of USAID's internal control structure related to performance measures contained in the Management Discussion and Analysis section of USAID's fiscal year 2001 financial statements.

This report is for your information only and contains no formal recommendations for action on your part. We provided your office with an opportunity to comment on this report. A copy of your submitted comments is included in the following pages.

In response to your first general comment, we agree that the discontinued use of the R4 system somewhat limits the utility of this report. However, we believe that its content discusses many important issues of concern regarding continuing noncompliance with program performance monitoring that are still relevant under the new Annual Report system. Your second general comment was that the report omitted information on which indicators were examined, making it difficult to assess whether the deficiencies affected the formal performance reporting system. We note that the report clearly states on page 1 that the procedures conducted by the contractor teams included only indicators appearing in the fiscal year 2003 R4 report. Thus, we disagree that this information was not included in the report.

We appreciate the cooperation and courtesies extended to Williams, Adley & Company, LLP during their reviews.

JUN 18, 2002

**MEMORANDUM**

TO: IG/A/PA, Dianne Rawl

FROM: DAA/PPC, George Wachtenheim /s/

SUBJECT: Report on Agreed Upon Procedures

Many thanks for giving us the opportunity to review and comment on the recent report on agreed-upon procedures performed at selected USAID operating units by Williams, Adley & Co. The report raises issues similar to those identified in previous audit reports and in our own experience. As such we found it very informative; once it is issued in final, we plan to give it wide distribution among our field missions and Washington offices.

That said, we have only two general comments about the report:

- First, we note that it is based on the old Results Review and Resource Request (R4) system, which USAID has replaced with the new Annual Report. The Annual Report relies on a more limited, standardized, and more reliable set of performance indicators than did the old R4 process. Given these changes in our approach to the gathering of annual performance data from our operating units, the utility of the findings of the Williams, Adley, & Co. report is somewhat limited.

- Second, it is unclear from the Williams, Adley, & Co. report whether the team examined all indicators contained in the Performance Management Plans of the missions they visited or only those indicators submitted as part of the R4 reporting. Since the data quality standards set forth in ADS 203 were

intended to apply only to those indicators actually reported in the R4, and not to other indicators contained in PMPs but not reported, this omission makes it difficult to assess whether the deficiencies noted by the team actually affected our formal performance reporting system.

Again, thanks for the opportunity to review and comment on this document. We look forward to its issuance in final form, and to working with you as we continue to refine our performance reporting processes.

# Report on Agreed-Upon Procedures Related to

# Performance Monitoring for Indicators Appearing in the FY 2003 Results Review and Resource Request Report for Selected USAID Missions

**Presented to**

**United States Agency for International Development**
**Office of the Inspector General**
**Washington, DC**

**February 8, 2002**

**Prepared by**

**Williams, Adley & Company, LLP**

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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

United States Agency for International Development
Office of the Inspector General

Williams, Adley & Company, LLP was engaged by the United States Agency for International Development (USAID) Office of the Inspector General (OIG) to conduct certain agreed-upon procedures related to the performance monitoring for indicators appearing in the fiscal year (FY) 2003 Results Review and Resources Request (R4) Report. Section 1 of the attached report provides an introduction and background of the engagement. Results of the reviews are summarized in Section II. Section III of the report describes the objective, scope and methodology used in performing the reviews and includes a summary of the procedures performed. The procedures were performed from June 11, 2001 to July 21, 2001. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards* utilizing procedures agreed to by the OIG. The sufficiency of the procedures described in this report is the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures for the purpose for which this report has been requested or for any other purpose.

On the basis of our review, we found that required controls were not fully implemented by the missions to ensure compliance with USAID guidance related to R4 reports. The conditions noted for each mission are presented in Section IV of the attached report.

We were not engaged to, and did not perform an examination, the objective of which would be an expression of an opinion on district management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you.

This report is intended solely for the use of USAID.

Williams, Adley & Company, LLP /S/
July 21, 2001

## Section I
## Introduction and Background

### Introduction

Williams, Adley & Company, LLP was contracted by the USAID Office of the Inspector General to perform certain agreed-upon procedures at selected USAID Missions. The procedures related to performance monitoring for selected indicators appearing in the FY 2003 Results Review and Resources Request Report. This report presents the results of the procedures performed at each mission visited.

### Background

The Government Performance and Results Act of 1993 (Results Act) was passed to improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction. The Results Act was designed to improve Federal managers' service delivery by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality. It was also designed to improve Congressional decision-making by providing more reliable information on the status of efforts to achieve statutory objectives and on the relative effectiveness and efficiency of Federal programs and spending.

In 1995, USAID developed a new performance reporting system that included an organized process for monitoring the progress of a program, process, or activity towards its objective over time. USAID's new performance monitoring system required managers to: (1) establish performance indicators, (2) prepare performance monitoring plans, (3) set performance baselines, (4) collect performance data, and (5) periodically assess data quality.

One component of USAID's new performance monitoring system has been the preparation of annual Results Review and Resource Request (R4) reports. These reports are the most significant performance reports that the Agency's individual operating units send to their respective bureaus. USAID's Automated Directives System (ADS) requires that the information in the R4 reports be used, as appropriate, for internal analyses, responding to external inquiries, and reporting on USAID-wide results, including Results Act reporting.

## Section II
## Summary of Results

The table below provides a summary of the results from each mission visited. The details of the findings are presented in Section IV of this report.

| | *Data Quality Assessment Not Performed or Documented* | *Performance Monitoring Plans Not Complete or Updated* | *Data Limitation Not Properly Disclosed* |
|---|---|---|---|
| ***India*** | ✓ | ✓ | ✓ |
| ***Nicaragua*** | ✓ | ✓ | ✓ |
| ***Mali*** | | ✓ | |
| ***Kenya*** | | ✓ | |
| ***Kenya/REDSO*** | | ✓ | |
| ***Ukraine*** | ✓ | ✓ | ✓ |
| ***Ghana*** | ✓ | ✓ | ✓ |

## Section III
## Review Objective, Scope, and Methodology

### Objective

The overall objective of the procedures performed was to assist the OIG in its assessment of the selected missions' internal controls for monitoring performance indicators and in its determination of whether quality data is collected, maintained, processed and reported in the missions' R4 submission.

### Scope

The following USAID Missions were included in this review: India, Nicaragua, Mali, Kenya, Ukraine, and Ghana. With the exception of Ghana, where limited coverage procedures were performed, all missions were subject to full coverage procedures. The scope of work at the missions subject to full coverage procedures included: monitoring of performance plans, evaluating data quality assessments, reviewing the unit's self assessment, timing for results data, and Federal Managers' Financial Integrity Act (FMFIA) compliance. The scope of work in Ghana was limited to the following: timing for results data, follow-up on prior recommendations, review of the unit's self-assessment, and FMFIA compliance.

Fieldwork was conducted at the missions from June 11, 2001 through July 21, 2001.

### Methodology

We utilized the methodology provided by USAID OIG as fully described in the OIG audit program dated May 3, 2001. This methodology consisted primarily of procedures to determine whether the missions:

- Prepared performance monitoring plans that: (1) contained a detailed definition of the indicator that included all technical elements of the indicator, (2) identified all data sources, (3) described the data collection method in sufficient detail to enable it to be applied consistently in subsequent years, (4) specified frequency and schedule of data collection, and (5) assigned responsibility for collecting data

- Completed an assessment of data quality for the indicators at an interval of no greater than three years

- Reported data that was adequately supported by source documents

- Reported baseline data in the R4 that was comparable to the data reported for the indicator

- Disclosed known data limitations, if any, in the comments section of the R4 report

## Section IV
## Details of Findings and Recommendations

This section presents the results of our review at each of the six missions visited.

***India***

**Data Quality Assessment Was Not Documented**

Contrary to USAID guidance, we noted that the Data Quality Assessment (DQA) was not documented in the R4 "Comments" section for the following selected indicators: 2.2.1, 3.1.2 and 4.2. We also noted that DQAs were either not performed or not documented by the Strategic Objective (SO) teams for these indicators. The following paragraphs describe the situation noted for each of the 3 indicators reviewed:

- Indicator 2.2.1 - Contraceptive prevalence rate for the 28 PERFORM districts of Uttar Pradesh. Data quality is related to the reliability of the data obtained via the 1995 PERFORM baseline survey and of the data obtained by subsequent annual surveys. The mission believes the annual survey, fielded in January by local research groups that are managed by the mission's contractor, The Futures Group International, is comparable to the 1995 PERFORM survey. However, neither the mission nor an independent entity, however, has verified this comparability or performed an assessment of the data and/or system for generating the data provided by the Cooperating Agency (CA) and its subcontractors.

  The Strategic Objective (SO) team overseeing this indicator stated that a DQA had been performed on this indicator based on the built-in quality controls used to mitigate sampling and non-sampling errors. The SO annual survey is based on interviews and data collection skills employed by the Demographic Health Survey (DHS) agency. According to the strategic objective members, the subcontractor employed DHS methodologies and most of their quality controls when conducting the annual survey. However, the team was unable to provide documentation that this had occurred during FY 2000.

- Indicator 3.1.2 - Average number of Anganwadi Centers conducting at least one monthly nutrition and health day with take home ration and immunization/ante-natal check up. This indicator was established during FY 2000 but we found no evidence that a DQA was performed for or documented in the FY 2002 R4 report. There is no mention of a DQA in the FY 2003 “Comment” section either. According to the SO team members, while no formal and specific data quality assessment was performed solely for this indicator at the time it was established, the SO team believed that reliance could be placed on the DQAs performed for the other indicators within the SO. Since these DQAs were performed within the

last two years, the SO team thought it impractical to perform a DQA just for this indicator at this time.

- Indicator 4.2 - Increased number of firms that meet international environmental quality standards in selected industrial sectors. This indicator was first reported in the FY 2002 R4 report. The SO team did not conduct a DQA for this performance indicator because they felt the quality of the data was based on the ISO 14001 certificate itself. The team, however, indicated that a DQA for SO4 is scheduled for later in FY 2001.

USAID's Automated Directives System, Section 203.3.6.6, *Assessing the Quality of Performance Data*, states that operating units are to "…assess data quality when establishing the performance indicators and when choosing data collection sources and methods. For each indicator reported in the R4 performance data tables, data quality must be reassessed as needed but no less than once every three years". Further, when conducting data quality assessments, "…operating units must review data collection, maintenance, and processing procedures to ensure that they are consistently applied and continue to be adequate. Document the assessment in the *Comments* section of the appropriate R4 performance data table. Retain documentation of assessment in the performance management files. Such documentation may be as simple as memoranda of conversations with data sources and other informed officials." This criteria also applies to "data collected …through independent entities contracted for this purpose".

In a 1998 OIG Report of Audit for USAID/India R4, Audit Report No. B-386-98-006-P, it states that data obtained from a contractor "would only be considered from a reliable source if USAID or an independent entity had performed an assessment of the data and/or system for generating the data and found the data or system to be reliable".

**Data Source Was Not Specific**

The R4 report for the SO2 performance indicator 2.2.1 did not specify the data source for the annual population-based survey for the years 1998 through 2000. The R4 report notes that this annual population-based survey is comparable to the 1995 PERFORM survey. The Performance Data Table simply states that the survey is "fielded in January each year". Per the SO team and review of source documents, the Futures Group International (FGI) manages this survey. FGI employs Indian research groups as local subcontractors to implement the annual SO2 survey. The R4 narrative summary for this SO did list the FGI as a major contractor and grantee, but did not indicate that FGI oversaw USAID/India's SO2 annual survey.

Because this SO2 indicator did not have an updated PMP, we viewed and tested the R4 as if it were the PMP for the indicator. Therefore, we expected the R4 to contain the same information as the PMP and serve the same function.

Per USAID's TIPS Number 7 procedures, Section 1.2 *Data Source*, the data source should be identified for each performance indicator. "The source is the entity from which

the data is obtained, usually the organization that conducts the data collection effort. Data sources may include...contractors, or activity implementing agencies. Be as specific about the source as possible, so the same source can be used routinely".

The SO team noted that the Futures Group International was mentioned in the narrative of the R4 report. The team indicated that they did not find it necessary to mention them again in the Performance Data Table for this indicator.

Without specific data sources identified in the R4, it is difficult to determine if the data collection methods remain consistent over the years and to determine the comparability of the results.

**Data Limitations Were Not Always Disclosed**

The R4 Performance Data Table for the SO2 performance indicator 2.2.1 did not indicate any data limitations related to the method of data collection used, i.e., obtaining data through the 1995 PERFORM baseline survey and the annual surveys. Specifically, the "Comments" section did not disclose the normal or potential sampling errors arising from how the surveys were taken.

The SO2 team stated that reporting data limitations regarding the PERFORM baseline survey or the annual SO2 survey was not required because: a) they had not seen other missions putting such limitations in the Performance Data Tables, and b) they had expressed confidence in the methodologies used by the SO2 survey takers, noting that they mirrored those employed by DHS (the gold-standard of health survey collection data). The local research organizations who take the SO2 survey were managed by the mission's CA, the Futures Group International. FGI provides technical assistance to improve the data quality from the design of the survey to data collection, analysis and reporting.

The current description of the data limitations in the Performance Data table, however, presents no details of any inherent survey limitations. Therefore, users of this information have no means of determining the degree of reliance to place on the data.

We also noted for the SO4 performance indicator 4.2, the FY 2003 R4 stated that the data reported represents the Government of India's (GOI) fiscal year, April lst through March 3lst. The scopes of the results, however, were noted as follows: for FY 1999, the first year of reporting this performance indicator, the results were reported for the GOI FY. For year 2000, the current results data went beyond March 31st to December 2000. There was no explanation in the R4 report as to why the current results were through December and not through March. We noted that as of March 2000 the cumulative total of firms receiving certification would have been 8, only one more that the 1999 results. As of December 2000, the total was 17.

The reason for using the December 2000 cut-off date, per mission personnel, was that a new technical assistance contractor Tetra Tech was hired in September 1999 and they needed time to start up and become a part of the Clean Technologies Initiative. The mission believed that using the March 31st cut-off date would not be fair to Tetra Tech since they were just then making contact and progress with firms wanting to receive the ISO certificate. The SO4 team leader indicated that for FY 2002, the results would go back to the March 31st cut-off date and there would be an explanation of the changing cut-off dates in the next R4 report.

The current description of the data limitations in the Performance Data Table does not explain why the cut-off date for the data has changed from one year to the next. The users of this information are left to wonder if there are other data limitations that have not been divulged, and/or if data is being manipulated to promote better performance results.

USAID's FY 2003 Results Review and Resource Request (R4) Guidance, Section C - Performance Data Tables, says to "use the 'comments' section of each data table to elaborate on the following: interpretation of the reported data, particularly to add qualitative interpretation to quantitative data, and significant data limitations and their implications for measuring performance results against anticipated performance targets."

USAID's Automated Directives System, Section 203.3.6. 1, states "any data quality limitations must be noted in either the text or in the notes section of the R4 data table".

**Performance Indicator Misleading**

In the R4 Performance Data Table for SO4 performance indicator 4.2, the definition states that the actual numbers represent firms that have "obtained ISO 14001 certification." A note in the "Comments" section identifies the actual numbers of firms that have received certificates as of December 2000. After reviewing copies of the certificates, however, it was noted that for 3 of the 17 firms (i.e., SRF, Rubamin, and Bongaigaon Refinery) the certificates were not effective until January and February 2001. It appears that the definition is misleading because some firms have not actually obtained the ISO certification.

Per ADS Section 203.3.6.5a, performance indicators that are reported in the R4 report should be… unambiguous about 1) what is being measured. Objective indicators are uni-dimensional and operationally precise.

According to the SO4 team leader, the 3 firms were recommended for certification by the Tetra Tech/CTI group in the calendar year 2000 but were not actually certified by the certifying agencies until 2001. The team leader indicated that it may take a couple of weeks, or even a month or more, before firms receive the actual ISO certificate after being recommended for certification.

Without a more precise definition, the user may be led to believe that all the firms have actually received the ISO certification. Firms recommended for certification may not actually receive certification. Including recommended firms, without including this as part of the indicator definition, may be interpreted as a way for the USAID/India to artificially improve its performance results.

**Performance Monitoring Plans Are Not Updated**

USAID/India has formally approved Performance Monitoring Plans (PMP) dated April 1996 for SO2, SO3, and SO4. These PMPs, however, have not been updated to include the new performance indicators selected for testing in SO3 and SO4, and the updated performance indicator selected in SO2. Thus, the PMPs do not reflect what USAID/India is currently doing.

For each selected indicator we were unable to trace the following to the PMP: the definition of the performance indicator, data source, data limitations and how the unit would address the known limitations, method of collecting data, frequency and schedule, assignment of responsibilities, and the method to assess data quality.

USAID's Automated Directives System, Section 201.3.4.13.a, states that "SO Teams should review and update their PMPs at least annually as part of the Portfolio Review and R4 preparation".

ADS, Section 201.3.4.13.a, also states that, at a minimum, PMPs must:

- Provide a detailed description of the performance indicators to be tracked
- Specify the source, method, and schedule for data collection and assign responsibility for data collection to a specific office, team, or individual
- Describe the known data limitations, discuss the significance of the limitations for judging the extent to which goals have been achieved, and describe completed or planned actions to address these limitations
- Describe the quality assessment procedures that will be used to verify and validate the measured values of actual performance

Mission officials stated that the PMP was scheduled to be updated for 1998 but was put on hold after India performed nuclear tests and the United States imposed sanctions on aid to India. During FY 99, the USAID/India was uncertain as to how many of its programs, if any, would survive.

In 2000, the USAID/India intended to update the PMP, but a new strategic plan was then in development. Additionally, USAID/India experienced significant staff turnover and a new United States administration began. As a result, updating the PMP was postponed until 2001.

In early 2001, PricewaterhouseCoopers and the Center for Development and Information Exchange (CDIE) came out to USAID/India and provided to project managers a PMP development workshop. In June 2001, the USAID/India Director went to USAID/Washington to present some parameter papers including the strategic plans for the near future. The USAID/India is awaiting comments and approval from USAID/Washington before completing its update of the PMP.

Without properly updated PMPs for the strategic objectives, the SO Team is lacking in the major management tool it needs to adequately plan, monitor, and assess performance results and to achieve performance improvement. The process of updating a PMP is important to the SO Team for its own self-assessment and awareness of what its goals are; this process supports a results-focused program management.

***Nicaragua***

**Data Quality Limitations Were Not Always Disclosed**

Contrary to USAID guidance, USAID/Nicaragua did not disclose data limitations in the R4 for Strategic Objective 1.5 – Decrease in Human Rights Violation. The indicator measures the number of human rights violations reported in a given year. The categories of complaints include: abuse of authority, physical assault, arbitrary/illegal arrest, torture, and others. During an interview with the Strategic Objective team leader, we were told that the mission relies on data collected by the Nicaraguan Association for Human Rights (ANPDH). The data collected, however, does not cover the whole geographic region or the entire population affected. This limits the degree to which the data can be relied upon as a statistical representation of the population as a whole.

USAID's FY 2003 Results Review and Resource Request (R4) Guidance, Section C - Performance Data Tables, says to "use the 'comment' section of each data table to elaborate on the following: interpretation of the reported data, particularly to add qualitative interpretation to quantitative data, and significant data limitations and their implications for measuring performance results against anticipated performance targets".

According to mission officials, this occurred because SO team members may have been unaware of the need to include them in the mission's R4. As a result of not disclosing the above data limitation, readers of the mission's R4 report might misinterpret reported results as being accurate and reflective of the population as a whole. Consequently, USAID management, Congress, and the public did not have sufficient information to determine how much reliance could be placed on the data reported for the indicator in question.

**Data Quality of Performance Indicators Was Not Assessed**

Contrary to USAID guidance, USAID/Nicaragua did not indicate in the R4 that the required Data Quality Assessments (DQA) for the three performance indicators: 5 – Decrease in Human Rights Violations, 3 – Agricultural Growth Rate, and 9 – Births

Attended by Trained Personnel were performed. Although, in various conversations with team members, it was stated that DQA were conducted primarily through field visits, the SO teams did not provide any evidence to support the performance of a DQA. We noted that each Strategic Objective team does not have a documentation system in place to record their assessment of the data from their sources. The team members indicated they rely primarily on field visits to assess data quality.

USAID guidance under ADS 203.3.6.6 requires operating units to perform DQAs when performance indicators are established and at least every three years thereafter. Additionally, ADS 203.3.6.6 states that when conducting data quality assessments, operating units must document the assessment in the "Comments" section of the R4 performance data table and retain documentation of the assessment in the SO Team's performance management files.

These conditions resulted because mission personnel were either unaware of the requirements or unclear how to implement the requirements. Without performing required DQAs, USAID/Nicaragua cannot be assured that data quality met validity, timeliness, and reliability for result-oriented management, and poor quality data could adversely affect management decisions relating to the use of scarce program funds.

**Performance Monitoring Plans Were Incomplete**

Contrary to USAID guidance, USAID/Nicaragua did not provide a clear definition for Strategic Objective 2, indicator 3 - Agricultural Growth Rate - in its Performance Monitoring Plan. The definition does not precisely define all technical elements of the indicator statement.

We also found that each selected SO's data source was not referenced in the PMP as dictated in TIPS 7. TIPS 7 states that the PMP should define, in detail, the data source. For example, it should state the data source as ABC organization, report number XYZ. Although the PMP states Central Bank National Accounts Department as the data source for SO2, it does not provide the publication number or which edition should be used.

Additionally, we found that the performance monitoring plans for SOs 1, 2, and 3 indicators did not list the frequency, schedule and the responsibility of the data collection. Through inquiry of the team leaders, we determined how often data was collected, and who was responsible for handling/interpreting the data. This information, however, was not disclosed in the PMP. According to the TIPS 7, the PMP must describe the frequency and schedule of data collection. In the case of SO1, the PMP did indicate how often data is collected from one of their sources. The PMP, however, did not explain in detail the methodology of data collection for any of the selected indicators as mapped out in TIPS 7. For example, the PMP related to the Decrease in Human Rights Violations indicates what the indicator measures, ie the number of human rights violations reported in a given year, but does not discuss how the data was obtained, when, or how often.

ADS 201.3.4.13a states "Performance monitoring plans shall be prepared for each strategic objective. Specifically, PMPs shall provide detailed descriptions of the performance indicators to be tracked and specify the source, method, and schedule for data collection". TIPS No 7 indicates that information included in a PMP 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. In addition, TIPS 7 states that the PMP should specify the method or approach to data collection for each indicator. Sufficient details on the data collection or calculation method should be provided to enable the method to be replicated.

TIPS 7 states that the performance monitoring plans must describe the frequency and schedule of data collection, and designate data collection responsibilities to an office, team, or individual.

Mission personnel indicated that they may not have been aware of USAID's requirement to define the performance indicators, map out the methodology used in acquiring data, and to make a detailed reference to the data source as indicated in the ADS.

Without precise indicator definitions and data collection methodologies in the mission's performance monitoring plan, USAID/Nicaragua may be left without critical tools for planning, managing, and documenting data collection. Without the precise frequency, schedule, and list of responsible parties in the mission's performance monitoring plan, USAID/Nicaragua may be left without critical tools for planning how performance information will be reported, reviewed, and used for effective managing for results.

***Mali***

**Performance Monitoring Plans Were Incomplete and Outdated**

Contrary to USAID guidance, USAID/Mali did not provide clear data sources in its Performance Monitoring Plans for indicator 2.1.1, and for the indicator 3.1, the data sources listed are vague.

SO2 data sources indicated in the PMP were: producers, DNA/DNSI, Extension Service, SIM, Banks, NGOs, and NBFIs. The PMP, however, did not provide a legend to these acronyms nor identify which bank or NGO it was referring to.

Additionally, indicator 2.1.1 did not adequately define the data collection method. The information provided in the PMP does not describe the survey type, when and where it will be given, or who will administer the survey.

The data source for SO3 as stated in the PMP was private voluntary organizations (PVO) progress reports. The PMP did not specify which PVO or which specific progress reports were referenced.

ADS 201.3.4.13a states "Performance monitoring plans shall be prepared for each strategic objective. Information included in a PMP 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, PMPs shall provide detailed descriptions of the performance indicators to be tracked and specify the source, method, and schedule for data collection". In addition, TIPS 7 states that the PMP should specify the method or approach to data collection for each indicator. Sufficient details on the data collection or calculation method should be provided to enable the method to be replicated. According to TIPS 7 the plan should identify the data source for each performance indicator. The plan should be as specific as possible so that the same source may be used routinely.

Switching data sources for the same indicator over time may lead to inconsistencies and misinterpretations. These conditions occurred because, as mission personnel indicated, the teams did not fully understand the requirements.

Without the precise data sources and data collection methods in the mission's PMP, USAID/Mali may be left without critical tools for planning how performance information will be reported, reviewed, and used for effective managing for results. The lack of specific data sources increases the risk of inconsistent and incomparable performance information from year to year.

We also noted that for indicator 2.1.1 - "Absolute volume of paddy produced in given year in SEG targeted areas" and indicator 1.3 - "Percentage of target COs for which there is evidence that for any single reason", the performance indicator definitions were not the same in the PMP as they were in the R4 report. The PMP information should form the substance of the R4 report submission.

ADS 201.3.4.13 "Planning for Performance Management" states …"In addition, strategic objective teams are required to review and update their PMPs at least annually as part of the Portfolio and R4 preparation".

The SO team leaders indicated that the team members did not fully understand the PMP and R4 report requirements.

Because this condition occurred, the R4 may not be fully reflective of the program performance and may not provide the user with the data necessary to make informed decisions.

***Kenya***

**Performance Monitoring Plan Was Incomplete**

Contrary to USAID guidance, USAID/Kenya did not have a complete Performance Monitoring Plan (PMP) for one of the three indicators reviewed. The PMP for SO1, Indicator 1.1 did not describe how the data was to be collected and did not include how

the data was to be manipulated. Mission officials indicated that this condition occurred because the strategic objective team members did not appear to fully understand the level of detail required.

ADS 201.3.4.13a states "Performance monitoring plans shall be prepared for each strategic objective. Specifically, PMPs shall provide detailed descriptions of the performance indicators to be tracked and specify the source, method, and schedule for data collection". In addition, TIPS 7 states that the PMP should specify the method or approach to data collection for each indicator. Sufficient details on the data collection or calculation method should be provided to enable the method to be replicated. Additionally, TIPS No. 7 states that information included in a PMP 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.

By not including the method to collect data, it is more difficult to ensure consistency and comparability in subsequent years. Without precise indicator data collection methodologies in the mission's Performance Monitoring Plan, USAID/Kenya may be left without critical tools for planning, managing, and documenting data collection.

***Kenya/REDSO***

**The R4 Was Incomplete**

Because a PMP had not been prepared for the indicators tested, the R4 was used as the PMP by the SO team. Therefore, the R4 was reviewed for all the elements of a PMP. The SO teams did not explain in the R4 the method to collect data for the three indicators tested. The R4 did not indicate how the data is generated. The indicators selected were as follows:

- Indicator 1.1 - Effective program and technical support to ESA missions – improved management of REDSO/ESA services: percent of REDSO/ESA planned service days and task achieved.

- Indicator 2.3 - Increased utilization of critical information by USAID and other decision-makers in the region – economic growth – enhanced dissemination of critical regional development information: number of persons and institutions receiving information

- Indicator 3.1 - Establish a strong basis for implementation of the Greater Horn of Africa Initiative (GHAI) – regional information on food security and conflict accessible to African implementers and policymakers: government ministries connected to the internet

TIPS 7 states that the plan should specify the method or approach to data collection for each indicator. Sufficient detail on the data collection or calculation method should be provided to enable the method to be replicated.

These conditions occurred because SO team members indicated that they did not appear to fully understand the requirements and thus these items were omitted. The team members have subsequently received training and will correct these omissions in the next submission.

The lack of specific data collection methods increases the risk of inconsistent and incomparable performance information from year to year.

**Performance Monitoring Plan Was Not Developed**

Contrary to USAID guidance, we found that REDSO/ESA has not developed performance monitoring plans for SO1 - Effective program and technical support to ESA Missions; SO2 - Increased utilization of critical information by USAID and other decision makers in the region, economic growth; and SO3 - Establish a strong basis for implementation of the Greater Horn of Africa Initiative. According to the SO teams, they are in the process of putting together a new performance monitoring plan. We were told, however, that the updated PMP will not effect the current strategic objectives and their indicators.

According to ADS 201.3.4.13 "Planning for Performance Management", "a written PMP document must be in place for each SO within one year of strategy approval unless otherwise prescribed by the respective bureau in the strategy review reporting cable".

According to REDSO personnel, REDSO/ESA has attempted to finalize their PMP for almost three years. USAID/Washington sent REDSO/ESA several cables asking them to change their PMP. Although REDSO/ESA has not received approval from USAID/Washington, REDSO/ESA still reported on the SOs without a performance-monitoring plan.

As a result of this condition, the production of the R4 and the processing of the performance information lack guidance, focus, and structure.

**Performance Monitoring Plans Were Not Complete**

Contrary to USAID guidance, the data sources identified in the R4 submission for SO1, SO2, and SO3 lacked precision. Because a PMP had not been prepared for the indicators tested, the R4 was used as the PMP by the SO team. Therefore, the R4 was reviewed for all the elements of a PMP. For indicator 1.1, Effective program and technical support to ESA missions – improved management of REDSO/ESA services: percent of REDSO/ESA planned service days and task achieved, the SO team indicated the data source as TDY Reports (STARS data). For indicator 2.3, Increased utilization of critical information by USAID and other decision-makers in the region – economic growth – enhanced dissemination of critical regional development information: number of persons and institutions receiving information, the SO team stated the data source as quarterly reports and records from program implementers. For indicator 3.1, Establish a strong

basis for implementation of the Greater Horn of Africa Initiative – regional information on food security and conflict accessible to African implementers and policymakers: government ministries connected to the internet, the SO team stated the data source as REDSO/ESA activity reports. The R4 report did not indicate any specifics related to which reports or which records from program implementers were actually used in providing the data reported.

According to TIPS 7 the plan should identify the data source for each performance indicator. The plan should be as specific as possible so that the same source can be used routinely. Switching data sources for the same indicator over time may lead to inconsistencies and misinterpretations.

Mission officials stated that this condition occurred because the SO teams did not fully understand the USAID requirements. The lack of specific data sources increases the risk of inconsistent and incomparable performance information from year to year.

***Ukraine***

**Performance Monitoring Plans Were Incomplete**

Contrary to USAID guidance, we noted that in the Performance Monitoring Plan for indicator 1.3b., "Industrial Production," the definition was vague and did not fully explain what the indicator measures.

The methodologies for gathering data outlined in the PMP for SOs 1.3a and 1.3b are unclear as to the process of how the data is collected. The PMP included a brief description as to where the information came from, but did not explain the process as to how the data is acquired. For example, the methodology for SO1.3b, indicator number 1, "Industrial Production," stated only to check internet industrial production rate statistics. Which specific statistics to check and how to find them was not identified or explained, thus making it difficult for comparable performance data to be collected over time.

ADS 201.3.4.13a states "Performance monitoring plans shall be prepared for each strategic objective. Specifically, PMPs shall provide detailed descriptions of the performance indicators to be tracked and specify the source, method, and schedule for data collection". TIPS No. 7 states that information included in a PMP 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. In addition, TIPS 7 states that the PMP should specify the method or approach to data collection for each indicator. Sufficient details on the data collection or calculation method should be provided to enable the method to be replicated.

These conditions occurred because mission personnel indicated that they may not have been aware of USAID's requirement to define the indicators and map out the methodology used in acquiring data.

Without precise indicator definitions and data collection methodologies in the mission's performance monitoring plan, USAID/Ukraine may be left without critical tools for planning, managing, and documenting data collection.

**Data Limitations Were Not Disclosed and Data Quality Assessment Not Performed**

Data limitations were not disclosed in the R4 summary of SO1.3b. The R4 summary mentions possible negatives, but does not relate them directly to the SO, or the indicator. ADS 203.3.6.1 "R4 Report Content" states, "any data quality limitations must be noted in either the text or in the 'notes' section of the R4 data table.

Also, we found that a data quality assessment was not performed for SO1.3b. The team relied on data available in a general publication provided by the "Intelligent Unit" as their primary data source. The SO team leader indicated that the publication was reliable. The team, however, has not undertaken any effort to assess the extent upon which the data can be relied nor has the team leader documented his assessment that the publication is reliable.

We found that the data quality assessment was not performed as required for SO1.3a. In an interview with the SO1.3a team leader, we were told that DQAs were conducted, however, we were not provided with evidence to support that DQAs were performed. The team relied on data provided by a local agency, the Land Resource Committee, and from a USAID contractor, RONCO. We noted that the team did not have a formal system in place to access the data from the local agency or from the contractor. According to the team, data from the local agency is adjusted by about 15% to compensate for possible overstatements.

USAID's R4 guidance requires that data quality assessments be performed when indicators are initially established and updated at least every three years thereafter. Also, ADS 203.3.6.6 states that when conducting data quality assessments, operating units must document the assessment in the "Comments" section of the R4 performance data table and retain documentation of the assessment in the SO Team's performance management files.

This condition occurred because mission personnel indicated that they may have been unaware of the need to include the data limitations in the mission's R4 report.

Because of these conditions, USAID management, Congress, and the public did not have sufficient information to determine the degree of reliance to be placed on the data reported for the indicator in question. Also, without the required data quality assessments, USAID/Ukraine will not have an adequate level of assurance that data quality met validity, timeliness, and reliability standards for results-oriented management, the lack of which could have an adverse effect upon decision making.

**PMP and R4 Results Data are Not Adequately Supported**

The data reported in the PMP for SO1.3b lacked supporting documentation. The SO team was unable to provide documentation to support performance data reported in the PMP for SO1 indicator 1.3b - "Industrial Production." The PMP indicated that the performance data reported for the indicator was obtained from the "Economist Intelligence Unit," without a reference to the specific publication date and page number. Also, SO personnel were unable to provide a copy of the magazine being used as the data source.

GAO publication Standards for Internal Control in the Federal Government requires Federal agencies to develop and implement internal management control systems that:

- Compare actual program results against those anticipated
- Provide for complete, reliable, and consistent information
- Ensure that performance information is clearly documented and that the documentation is readily available for examination

According to the SO team, this condition occurred because the SO team was not aware of USAID guidance related to documentation of data source.

This problem would impair USAID/Ukraine's and USAID management's ability to measure progress in achieving program objectives and use performance information in budget allocation decisions.

**Performance Indicator Was Irrelevant and Inapplicable**

Performance indicator 2.1 was no longer relevant to the strategic objective. SO1.3a, indicator 2.1 – "Increased access to land for private farming" - measures the number of legally valid land titles issued to privatize landowners in the Ukraine. In order for land to be considered privately owned, a sole individual or couple must own it. If a company or companies own the land, it is considered collectively owned. Over the years, the collective landowners began to take over small acres of land that belonged to some of the smaller landowners. To prevent this from continuing, the Government of the Ukraine passed a decree in 1999 to legally dissolve all collective farms forcing them to "privatize". Since the decree was passed, a few collective farms have privatized and some have been included in the data that was collected by both RONCO and the Land Resource Committee. Because all collective farms have legally been liquidated, there is no way to distinguish what is genuinely privately owned. Although the SO indicated this information as a limitation, team 1.3a continued to use the indicator as a unit of measure in the 2003 R4 report.

ADS 203.3.6.3 "Selection of Performance Indicators for R4 Reporting" states that "Indicators selected for R4 reporting must measure change that is clearly and reasonably attributable, at least in part, to USAID efforts". Attribution exists when the links between

the outputs produced by USAID's financed activities and the results being measured are clear and significant.

The Government of the Ukraine legally dissolved all collective farms and replaced them by private sector companies. This measure no longer effectively reflects the performance of the SO/program, but because it continues to be included uninformed users may use this outdated information to make decisions.

***Ghana***

**Performance Monitoring Plans Need to be Prepared or Updated and Improved**

The FY 2000 audit report included a recommendation to improve Performance Monitoring Plans for all objectives in the mission. We obtained and reviewed the performance monitoring plans for strategic objectives 1, 2, and 3 and noted several areas where the recommendation made in 2000 had not been adequately addressed. The following paragraphs discuss our findings on two of the indicators reviewed:

- SO1 - Increase in Private Sector Growth, Indicator - Number of financial institutions providing credit to USAID Ghana assisted micro-enterprises did not adequately identify the data collection method. Based upon our review of the revised indicator reference sheet for this indicator, we noted that the data collection method has not been specifically stated. The reference indicator sheet states that the data collection method is "…institutions of the implementing grantee of the Micro-enterprise component of TIRP (Technoserve) works with and is captured in their own M&E reporting system." This explanation gives no indication of what type of information is being collected and how it is compiled and reported to USAID/Ghana. Also, it is not specific in its explanations so that future users can apply the same methodology to the information, so that data collected and reported will not be compromised.

- SO3 - Improved Family Health: Couple Years Protection indicator - the data collection method was not adequately identified. The revised indicator reference sheet states that "routine health information was collected at the clinic level". This statement does not clearly indicate the type of information collected and relied upon. This brief description does not lend any specific information in order to ensure that the data collection method and information collected remains consistent from year to year, even if personnel changes.

- Also, SO3 - Contraceptive Prevalence Rate indicator - did not adequately explain the data collection method used. The indicator reference sheet stated that the data was collected through a "nationally representative sample survey". The indicator did not state the type of information gathered on the survey, the number of people to be surveyed, or the method of disseminating the survey. The information in this indicator was generic and gave no details that could be used in years to come in order to ensure that the method used to collect the data is consistent.

ADS 203 states that the performance monitoring plan should include information that will allow comparable data to be collected from year to year. ADS 201.3.4.13a states that the plans are to provide a detailed description of the performance indicators that will be tracked. The PMP should also specify the source, method, and schedule for data collection.

We noted that USAID/Ghana has put in place procedures such as monthly meetings and semi-annual reviews of performance monitoring plans in order to ensure that performance monitoring plans are adequately prepared and maintained. The outstanding exceptions, however, noted from the fiscal year 2000 audit recommendation number one indicate that additional procedures may be necessary in order for USAID/Ghana to ensure that all strategic objectives fully comply with the standards set forth by USAID.

SO1's team felt that they had adequately considered the recommendation from the FY 2000 audit and had made adjustments accordingly. It was their opinion that since the indicator refers to financial institutions that lend credit to USAID/Ghana-assisted entrepreneurs, that anyone reading the indicator information should assume that the information being collected is financial information relating to the number of businesses that were granted lines of credit. SO3's team stated that the information being collected is the general information given to the nurse at the clinic when each patient registers for each visit. Mission officials stated that the strategic objective team felt that the explanation given was the only way they could describe the data being used for this indicator.

**Data Quality Assessments Were Not Performed**

The FY 2000 audit report included the recommendation that USAID/Ghana establish procedures to ensure that data quality assessments are completed and documented at required intervals for indicators in its Results Review and Resource Requests (R4) in accordance with USAID and federal guidance. We obtained and reviewed the R4 and the PMPs for strategic objectives 1, 2, and 3. We noted that the data quality assessments recommendation had not been adequately addressed. The following paragraphs discuss our findings on two of the strategic objectives:

- In SO1 - Increase in Private Sector Growth - we reviewed the following indicators: increased visits and revenue to central region tourist sites, and number of financial institutions providing credit to USAID/Ghana assisted micro-enterprises. We noted that the indicators did not include an actual assessment of the quality of the data collected. We observed that the indicators included an explanation of when the data was initially assessed and plans for assessments in the future, however, the plans did not give an actual report or summary of an assessment of the quality of the data being collected and submitted to USAID/Ghana.

- We reviewed the following indicators for SO3 - Improved Family Health: couple years protection; condom sales; and full immunization of children. We noted that the data quality assessment was not reported for the couple years protection and the full immunization of children indicators. The couple years protection indicator reference sheet stated that "PPAG/MOH (Planned Parenthood Association of Ghana/Ministry of Health) 1996; EngenderHealth continuous from project onset; GSMF part of annual financial and warehouse audit (sales figures)". Although this description gives some information regarding the sources of data, there was no indication of an assessment of the quality of the data being provided by these agencies. We also noted that the full immunization of children indicator only indicated that the initial data quality assessment took place in 1998. No detailed information was given about the results of that assessment.

According to ADS 203.3.6.6, "Assessing the Quality of Performance Data," operating units are to "assess data quality when establishing the performance indicators and when choosing data collection sources and methods. For each indicator reported in the R4 performance data tables, data quality must be reassessed as needed but no less than once every three years…Further, when conducting data quality assessments, operating units must document the assessment in the "Comments" section of the appropriate R4 performance data table and retain documentation of the assessment".

Although strategic objective team members explained that they had performed the data quality assessments, they did not include this information in the R4. The current description in the indicator reference sheet gives no indication that the quality of the data collected has been assessed and is reliable. Failure to provide information on the reliability of the data may raise questions as to the actual results of data reported.

**Data Reported In R4 Was Not Documented or Data Limitation Was Not Disclosed**

The FY 2000 audit report included the recommendation that USAID/Ghana revise its procedures to ensure that data reported in the Mission's Results Review and Resource Request reports are supported by adequate documentation, have comparable baselines, and disclose any data limitations in accordance with USAID and Federal guidance. We obtained and reviewed the PMPs for strategic objectives 1, 2, and 3 and noted several areas where the recommendation made in 2000 had not been adequately addressed.

- In SO1 - Increase in Private Sector Growth - we reviewed the following indicators: value of selected non-traditional exports, and increased visits and revenue to central region tourist sites. We noted that the strategic objective team did not report data limitations for increased visits and revenue to central region tourist sites in the R4 as required.

- We reviewed theR4 for the following indicators for SO3 - Improved Family Health: couple years protection; condom sales; and full immunization of children. We noted that the strategic objective team did not report data limitations on any of

the three indicators. The limitations were included in the PMP but are also required to be included in the R4.

According to ADS 203.3.6.1, "any data limitations must be noted in either the text or in the notes section of the R4 data table".

We noted that these conditions occurred because in some instances the strategic objective team had identified issues that they considered limitations of the information being collected, however, the team neglected to include the data limitations in the R4 report.

As a result of not disclosing the above data limitation, readers of the mission's R4 might misinterpret reported results as being accurate and reflective of the population as a whole. Consequently, USAID management, Congress, and the public did not have sufficient information to determine the level of reliance to be placed on the data reported.