

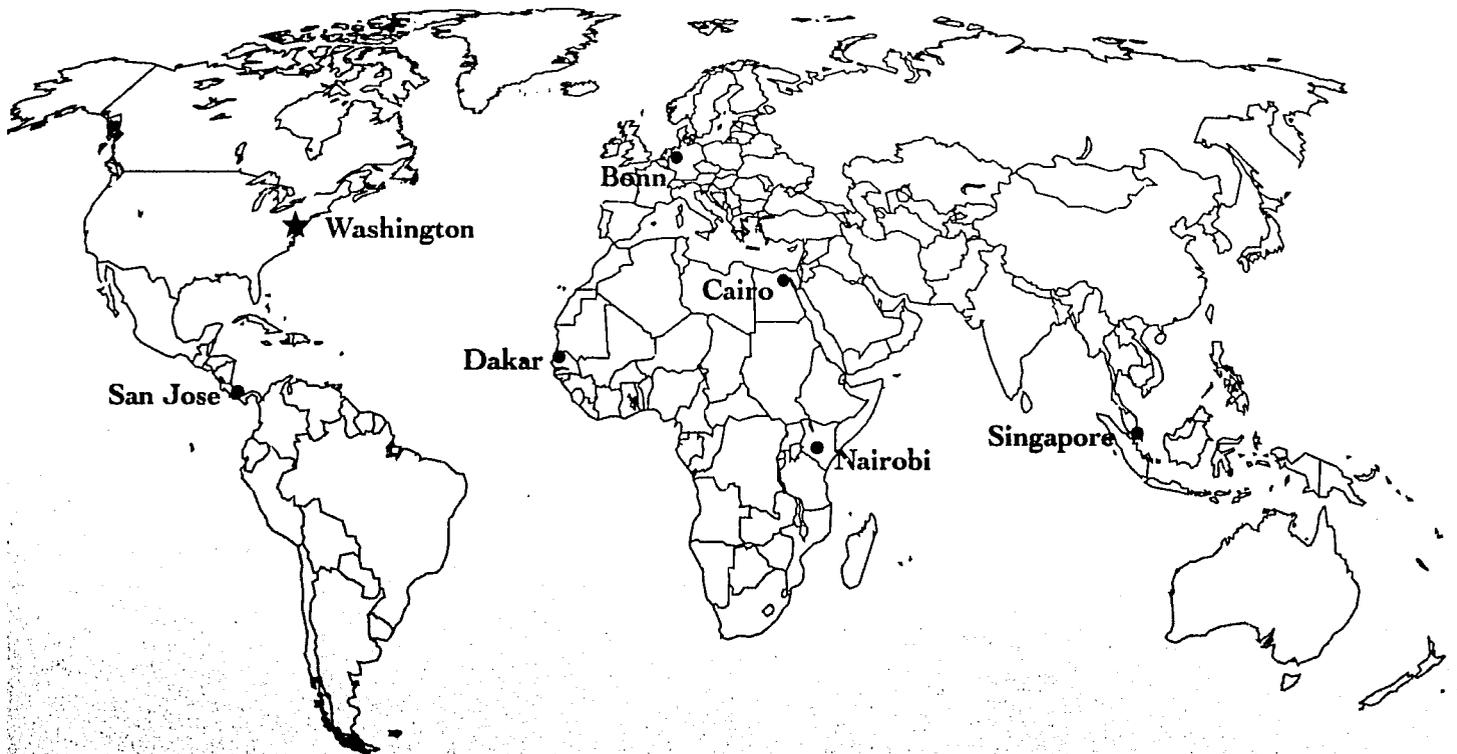
**Regional Inspector General for Audit  
Cairo, Egypt**

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**Audit of USAID/Egypt-Financed  
Population Activities**

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**Report No. 6-263-96-005  
December 26, 1995**



**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

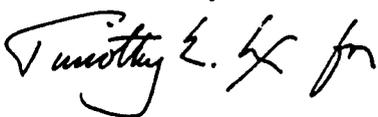


**UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
OFFICE OF THE REGIONAL INSPECTOR GENERAL/AUDIT**

CAIRO, EGYPT

December 26, 1995

**MEMORANDUM**

TO : Director USAID/Egypt, John R. Westley  
FROM : RIG/A/C, Lou Mundy   
SUBJECT: Audit of USAID/Egypt-Financed Population Activities

This is our report on the subject audit. We considered the Mission's comments on the draft report and have included them in Appendix III.

The report contains two recommendations for your action. Recommendation No. 1.1 is closed upon issuance of this report. Recommendation No. 1.2 is resolved and may be closed when the Mission obtains evidence that the State Information Service has established a reliable system for reporting on the number of community meetings held.

Thank you for the cooperation and assistance extended to the audit staff on this engagement and your continued support of the audit program in Egypt.

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## **EXECUTIVE SUMMARY**

Both the Government of Egypt and USAID/Egypt have identified rapid population growth as a key constraint to economic development. Currently, the Mission provides assistance primarily through its Population/Family Planning III Project, a \$62 million, five-year effort. Although the project agreement was signed in September 1992, most of the activities financed by the project began in April 1994. The project is scheduled to end in July 1997. According to USAID/Egypt records, \$30 million had been obligated and \$6.2 million had been spent under the project as of March 31, 1995.

The audit was performed to answer the following questions:

- What progress has USAID/Egypt made toward achieving its strategic objective for population?
- Has USAID/Egypt progressed toward achieving the output targets specified in the project paper for the Population/Family Planning III Project?

The audit showed that USAID/Egypt has made satisfactory progress toward achieving its strategic objective for population. Each of the annual strategic objective targets and related program outcome targets has been met or exceeded. Moreover, for the items tested, the information USAID/Egypt used to monitor progress achievement of the program outcome and strategic objective was accurate.

The audit also showed that, while some activities have progressed more rapidly than others, USAID/Egypt has made satisfactory progress toward achieving the output targets specified in the project paper for the Population/Family Planning III Project. With respect to the accuracy of the information USAID/Egypt used to monitor progress toward output targets, for the items tested, the information was generally accurate. However, the audit identified some issues affecting the usefulness or accuracy of reported information. Specifically: the Mission needed to document the rationale for the conversion factors it used to calculate couple years of protection (CYP); reported information on CYP was not fully supported by client records and inventory records at the clinic level; reliable information on the number of local community meetings was not available; and information on Ministry of Health training activities was incorrectly reflected in one USAID/Egypt implementation report.

The audit report recommends that USAID/Egypt: (1) either use the Agency recommended conversion factors for calculating contraceptive couple years of protection (see page 3 for a definition) or document the rationale for the conversion factors it is using and (2) obtain evidence that the Government of Egypt's State Information Service has established a reliable system for reporting on the number of local community meetings held.

USAID/Egypt has implemented the first report recommendation and indicated that a new management information system would be operational in the State Information Service by March 1996. Accordingly, the first recommendation is closed and the second recommendation is resolved.

*Office of the Inspector General*

Office of the Inspector General  
December 26, 1995

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# INTRODUCTION

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## Background

Both the Government of Egypt and USAID/Egypt have identified rapid population growth as a key constraint to economic development. Although population growth has slowed in recent years, the rate of growth is still high and strains the ability of the society to educate, care for, and productively employ its people. Egypt's population, which stood at 58 million in 1992, is projected to grow to 108 million over 30 years.

The Mission's strategic objective for population is to reduce fertility: its aim is to help the Government of Egypt reach its target of reducing the total fertility rate<sup>1</sup> in Egypt from 3.9 in 1992 to 3.5 in 1997. The Mission's subsidiary program outcome objective is to increase the level and effectiveness of contraceptive use. Through its population activities, it plans to increase the contraceptive prevalence rate from 47 percent to 53 percent, and to reduce the extended use failure rate from 10 percent to 7 percent over the same time period.

Currently, the Mission provides assistance primarily through its Population/Family Planning III Project, a \$62 million, five-year effort. The project is managed by USAID/Egypt's Office of Population and is implemented by several Government of Egypt agencies, a local non-governmental organization, and a contractor hired by USAID/Egypt. Although the project agreement was signed in September 1992, most of the activities financed by the project began in April 1994. The project is scheduled to end in July 1997. According to USAID/Egypt records, \$30 million had been obligated and \$6.2 million had been spent under the project as of March 31, 1995. Additional information on the project's financial status is provided in Appendix II.

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<sup>1</sup> The indicators used by USAID/Egypt to monitor progress toward its strategic objective and program outcome are defined as follows. The total fertility rate is the average number of children a woman would have by the end of her childbearing years if she were to bear children at the currently observed age-specific fertility rates (e.g., fertility rates for women aged 15 - 19, 20 - 24, and so on through age 49). The contraceptive prevalence rate is the percentage of married women of reproductive age who use a contraceptive method (including traditional methods). The extended use failure rate is the percentage of women who become pregnant while using contraceptives or following discontinuation for any reason other than a desire to become pregnant.

## **Audit Objectives**

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The audit was performed to answer the following questions:

- What progress has USAID/Egypt made toward achieving its strategic objective for population?
- Has USAID/Egypt progressed toward achieving the output targets specified in the project paper for the Population/Family Planning III Project?

The audit scope and methodology are discussed in Appendix I.

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## **REPORT OF AUDIT FINDINGS**

Our answers to the following audit objectives are qualified to the extent of the effect, if any, of not having received appropriate written representations for the audit from USAID/Egypt officials directly responsible for the audited activities. Appendix I includes a discussion of this qualifier.

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### **What progress has USAID/Egypt made toward achieving its strategic objective for population?**

Through its own efforts and the efforts of the implementing agencies, USAID/Egypt has made satisfactory progress toward achieving its strategic objective for population. Each of the annual strategic objective targets and related program outcome targets has been met or exceeded.

Reliable information on the total fertility rate, the contraceptive prevalence rate, and the extended use failure rate can only be obtained through large surveys normally covering thousands of women. Because of the expense and effort involved, these surveys are performed in Egypt only once every four years. During the interim periods, USAID/Egypt relies on proxy indicators to measure progress toward its strategic objective. These proxy indicators, the targets established, and progress toward the targets are discussed below.

To measure progress toward its strategic objective of reduced fertility, the Mission uses the crude birth rate as its proxy indicator. From 1992 to 1993, the most recent year for which information has been reported by the Government of Egypt, the crude birth rate fell from 28.8 live births per 1,000 population to 28.2 births per 1,000. This compares favorably with the 1993 target of 28.7 births per 1,000.

To measure progress toward the program outcome of increased level and effective use of contraceptives, the Mission relies on two proxy indicators. The first of these is a synthetic contraceptive prevalence rate.<sup>2</sup> From 1992 to 1994, the synthetic contraceptive prevalence rate

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<sup>2</sup> The synthetic contraceptive prevalence rate is the number of couple years of protection (see below) provided by public sector and non-governmental organizations who report to the Government of Egypt's National Population Council, divided by the number of married women of reproductive age. While the synthetic contraceptive prevalence rate covers less than one-half of total prevalence in Egypt, it covers contraceptive prevalence attributable to organizations currently being assisted by USAID/Egypt. Couple years of protection (CYP) is an estimate of the contraceptive

increased from 21 percent to 25 percent, meeting the target for 1994. The second proxy indicator used to measure progress toward the program outcome is the percentage of couple years of protection attributable to more effective methods of contraception (intrauterine devices, injectables, and implanted contraceptives). From 1992 to 1994, the percentage of couple years of protection attributable to more effective methods increased from 89 percent to 92 percent, exceeding the 1994 target of 90 percent.

As part of the audit, we compared USAID/Egypt's strategic objective, program outcome, and performance indicators to criteria in USAID's Directive on Setting and Monitoring Program Strategies, and concluded that they met the criteria in the directive. Specifically, we concluded that:

- USAID/Egypt's strategic objective represents a significant development result which can be achieved, or toward which significant progress can be made, in a period of five to eight years.
- The program outcome contributes to achievement of the strategic objective and represents a measurable outcome of USAID-financed activities.
- The performance indicators used by USAID/Egypt clearly define success, specify the time frame within which results are expected, define methods of measuring progress, define the frequency of measurement, and include baseline data and performance targets.

It should be noted that USAID/Egypt was in the process of revising its population strategy during our audit. Since many of the details of the revised strategy had not been defined, we were unable to evaluate the extent to which the revised strategy complies with the criteria in USAID's Directive on Setting and Monitoring Program Strategies.

We also performed limited tests (described in Appendix I) to assess the accuracy of the information that USAID/Egypt used to monitor progress toward achieving the program outcome and strategic objective. For the items tested, the information was accurate in all significant respects.

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### **Has USAID/Egypt progressed toward achieving the output targets specified in the project paper for the Population/Family Planning III Project?**

While some activities have progressed more rapidly than others, USAID/Egypt has made satisfactory progress toward achieving the output targets specified in the project paper for the Population/Family Planning III Project.

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protection provided by family planning services. It is calculated by multiplying the quantity of each contraceptive method distributed to clients by a conversion factor. The conversion factors used by USAID/Egypt to calculate CYP are as follows: 1 intrauterine device = 2.5 CYP, 13 cycles of oral contraceptives = 1 CYP, 4 injectable contraceptive doses = 1 CYP, and 100 condoms or vaginal foaming tablets = 1 CYP.

**Progress Toward Output Targets** - The following table compares targets for the first full project year, ending June 30, 1995, with reported progress during the nine months ending March 31, 1995 (the cut-off date for the audit).

<i>Outputs</i>	<i>Target 7/1/94 - 6/30/95 (12 Months)</i>	<i>Achieved 7/1/94 - 3/31/95 (9 Months)</i>
Couple years of protection provided by USAID/Egypt-assisted agencies:		
• Ministry of Health	1,519,460	1,283,184
• Teaching Hospitals Organization	28,890	14,672
• Egyptian Family Planning Association/ Clinical Services Improvement	199,729	139,503
• Total	1,748,079	1,437,359
Number of doctors trained in clinical family planning by the Ministry of Health/Systems Development Subproject	3,475	1,178
Number of nurses trained in clinical family planning by the Ministry of Health/Systems Development Subproject	4,172	1,336
Number of private sector pharmacists trained	1,000	0
Number of new television productions	36	45
Number of local community meetings	2,000	4,068*
Percentage of governorates providing reliable, timely data on family planning services	71%	80%
* Audit tests indicated that the reported number of local community meetings is not reliable and may be overstated. The available information was not sufficient to calculate an accurate adjusted figure. Nonetheless, after considering the possible overstatement, we believe that the target for local community meetings was exceeded by a considerable margin.		

Based on the information above, we concluded that the most important output targets were being met or exceeded. Perhaps the most important output targets are those dealing with couple years of protection, since these are the targets most directly related to the strategic objective of reducing fertility. The figures reported above indicate that, overall, the project is ahead of schedule in providing couple years of protection. Also worthy of notice are the figures on television productions and community meetings, which indicate that these activities are significantly ahead of schedule.

Other activities are behind schedule. The Ministry of Health training activities, we were told, were delayed by several related factors. First, the effort required to organize quality improvement training was underestimated. The purpose of this training was to introduce new standards of practice, a revised record keeping system, and a new supervision system. The training required a substantial commitment of time by supervisory officials at every level, since the training utilized a "step down" approach in which supervisors trained their immediate subordinates, who then trained their subordinates, and so on. The Ministry reportedly decided not to begin other major training activities aimed at increasing demand for family planning services until the quality improvement training was completed. USAID/Egypt officials believed that this decision was appropriate and suggested that the training targets for the first project year may have been overambitious. They believed that the experience gained during the first project year would enable the Ministry to substantially increase the number of doctors and nurses trained in the second year.

Training for private sector pharmacists, which is to be managed by a USAID/Egypt contractor, was also delayed. This training had not begun at the time of our audit because of delays in planning the training, recruiting local staff to manage the activity, and awarding a subcontract to the firm selected to provide the training. USAID/Egypt staff believed that the contractor's performance had improved in recent months, after a staffing change, and expected the training to begin in March 1996.

In summary, although progress has not been uniformly satisfactory, the most important output targets are being met or exceeded. We are not making recommendations regarding the activities which are behind schedule because we concluded that corrective action had already been taken.

**Adequacy of Output Indicators** - We evaluated the key output indicators used by the Mission to monitor progress to see if they met criteria in USAID Handbook 3, Appendix 3K.<sup>3</sup> We concluded that the key output indicators met the following criteria in all significant respects:

- Plausible - indicators measure change which varies directly with progress toward planned targets.
- Independent - indicators measure progress toward output targets independent of progress toward higher level targets.
- Objectively verifiable - indicators present evidence which had the same meaning for both a skeptic and an advocate.
- Targeted - indicators include a magnitude, a target area, and a time period when the desired change is to be observed.

**Accuracy of Reported Information** - We performed limited tests (described in Appendix I) to determine if the information USAID/Egypt used to measure progress toward output targets was

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<sup>3</sup> Section E203.5.5(1) of the USAID Automated Directives System, which became effective on October 1, 1995 (during the audit), contains similar criteria for performance indicators.

accurate. For the items tested, the information was accurate except for certain issues affecting the usefulness or accuracy of reported information on couple years of protection (CYP), local community meetings, and Ministry of Health training activities. These issues, and the steps USAID/Egypt has already taken to address them, are discussed in the following section. We have also communicated certain less significant issues to USAID/Egypt management in a separate memorandum.

**The Usefulness and Accuracy of Reported Information on Some Outputs Could Be Improved**

Reported information on progress toward output targets must be accurate to permit management officials to draw sound conclusions and make appropriate decisions. Although the information we examined was generally accurate, we identified issues affecting the usefulness or accuracy of some of the reported information. Specifically: the Mission needed to document the rationale for the conversion factors it used to calculate couple years of protection (CYP); reported information on CYP was not fully supported by patient records and inventory records at the clinic level; reliable information on the number of local community meetings was not available; and information on Ministry of Health training activities was incorrectly reflected in one USAID/Egypt implementation report. Some of these issues have already been resolved but USAID/Egypt actions were still needed in two cases.

**Recommendation No. 1 We recommend that USAID/Egypt:**

- 1.1 either use the USAID-recommended conversion factors for calculating couple years of protection or document the rationale for the conversion factors it is using, and**
- 1.2 obtain evidence that the State Information Service has established a reliable system for reporting on the number of local community meetings held.**

As discussed in the following sections, the audit identified certain issues affecting the usefulness or accuracy of reported information on progress toward output targets.

**Conversion Factors for CYP** - In 1991, a USAID Task Force on Program Performance Indicators recommended the use of standard conversion factors to calculate CYP. The Task Force recognized that in some countries these factors might need to be adjusted to reflect local conditions, but stated that the rationale for such adjustments should be clearly stated. While USAID/Egypt was using different conversion factors, we were not able to find a clearly stated rationale for the factors being used.

The recommended conversion factors and the factors used by USAID/Egypt are compared in the following table:

<i>Method</i>	<i>Recommended Factors</i>	<i>USAID/Egypt Factors</i>
Intrauterine devices (IUDs)	1 IUD = 3.5 CYP	1 IUD = 2.5 CYP

<i>Method</i>	<i>Recommended Factors</i>	<i>USAID/Egypt Factors</i>
Oral contraceptives	15 cycles = 1 CYP	13 cycles = 1 CYP
Injectable contraceptives	4 doses = 1 CYP	4 doses = 1 CYP
Condoms	150 units = 1 CYP	100 units = 1 CYP
Vaginal foaming tablets	150 units = 1 CYP	100 units = 1 CYP

Because intrauterine devices are by far the most popular contraceptive method in Egypt, the net effect of using USAID/Egypt's conversion factors was to reduce the total number of CYP reported by about 35 percent, in comparison to the CYP that would have been reported if the USAID-recommended conversion factors were used instead.

USAID/Egypt officials were not aware of the need to document the rationale for using conversion factors different from the recommended conversion factors. We believe that USAID/Egypt should either use the recommended factors or document its rationale for using different factors.

**Evidence for CYP Reported** - For the cases we examined, the couple years of protection reported to USAID accurately reflected the quantity of contraceptives distributed, as recorded at the clinic level in client registers. However, in the Ministry of Health, the information recorded in the client registers was not supported by patient records for 98 percent of the couple years of protection we attempted to trace. The absence of client records was due to a shortage of forms during the time period we examined, a lack of training for nurses who were responsible for keeping the records, inadequate filing systems that made it difficult to find patient records even when they were kept, and other factors.

In addition, in the Ministry of Health, the information in the client registers was not supported by inventory records in 42 percent of the cases we examined. Generally, this occurred because the personnel responsible for the inventory records were not present in the clinics during our visits, and we were told that the inventory records were not available for inspection.

The effect, if any, of the absence of these records on the accuracy of the information reported to USAID/Egypt cannot be estimated. We are not making a recommendation because most of these problems are being addressed by the quality improvement program being implemented in the Ministry of Health and because USAID/Egypt is closely monitoring implementation of the program.

**Information on Local Community Meetings** - The information reported by the State Information Service (SIS) on the number of local community meetings held was not accurate. In examining the documentation available to support 1,361 of the 2,944 meetings reported, we found that the reported number was not fully supported and the available supporting documentation indicated that the number was overstated. The SIS was able to provide reports from 8 of 10 regional offices stating that 1,198 (88 percent) of the reported 1,361 meetings were held. The SIS could only provide written minutes for the meetings reported by one regional

office since the minutes from the other regional offices had been destroyed. In comparing the regional office's report to the written minutes, we found that only 81 (69 percent) of the 118 meetings reported by the office were appropriately supported. For the remaining 37 meetings, no written minutes were available or they showed that the meetings were held after the end of the reporting period.<sup>4</sup>

Inaccurate and partially unsupported information was reported to USAID because the SIS had not established a reliable reporting system. A reliable system would provide for:

- Disclosure of any unusual items or ambiguities in the data which could cause users of the information to draw incorrect conclusions.
- Retention of documentary evidence which supports reported information.
- Reporting policies and management controls which provide reasonable assurance that information is reported accurately and consistently in each time period.<sup>5</sup>

The system used by the SIS did not meet any of these criteria. For example, meetings held after the end of the reporting period were reported to USAID without disclosure. Also, we were told by the official responsible for reporting on public meetings that he destroyed all of the supporting documentation once a year. This was not in accordance with the grant agreement and project implementation letter 5A Section 1, which required that records be retained until three years after the last disbursement by USAID. Finally, after discussing the reporting system with SIS officials and reviewing the available records, we concluded that there were few management controls that would provide reasonable assurance of accurate and consistent treatment of items in different reporting periods.

As a result, neither the State Information Service nor USAID/Egypt had accurate information on the number of local community meetings held. To correct the problems discussed above, USAID/Egypt needs to obtain evidence that the State Information Service has established a reliable reporting system. This can probably be accomplished most expeditiously by providing reporting instructions to the State Information Service and verifying that these instructions are followed.

**Ministry of Health Training Information** - USAID/Egypt's semi-annual implementation report for the period ending on March 31, 1995 reported that, as of December 31, 1994, the Ministry of Health had trained 1,132 doctors and 1,026 nurses in clinical family planning. These

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<sup>4</sup> The reporting period ended on December 31, 1994, but the reported number of meetings included meetings held from January 3, 1995 through January 22, 1995.

<sup>5</sup> These criteria are based on our interpretation of the U.S. General Accounting Office's internal control standards on "Documentation," "Recording of Transactions and Events," "Separation of Duties," and "Supervision." Our interpretation of these standards is not authoritative and alternative criteria could be advanced. However, we believe that any reasonable alternative criteria for reliable information would not significantly affect our conclusions.

reported figures overstated the number of doctors trained by 20 percent and understated the number of nurses trained by 8 percent, based on information we obtained from the Ministry of Health and the project technical assistance contractor. These errors were due primarily to the incorrect inclusion of training for management officials and the exclusion of clinical training provided to some doctors and nurses. These errors were subsequently corrected and USAID/Egypt records for later periods correctly reflected the information reported by the Ministry of Health. A USAID/Egypt official also stated that a training management and information system designed by the technical assistance contractor is providing clearer information on the number of doctors and nurses trained, making it less likely that similar errors could be made in the future. For these reasons, we are not making a recommendation.

## **MANAGEMENT COMMENTS AND OUR EVALUATION**

USAID/Egypt agreed with the report recommendations. The Mission has implemented Recommendation No. 1.1 by documenting the rationale for the current conversion factors used to compute couple years of protection. Accordingly, Recommendation No. 1.1 is closed upon issuance of this report.

In response to Recommendation No. 1.2, which deals with reporting on the number of local community meetings held, the Mission stated that a new management information system would be operational in the State Information Service by March 1996. The Mission also undertook a review of certain financial records at the State Information Service. The Mission concluded that the financial records it reviewed were reliable and requested that Recommendation No. 1.2 be closed on this basis. However, because the Mission did not review the records that the State Information Service actually uses to prepare progress reports on the number of meetings held, we are unable to close the recommendation at this time. Based on the Mission's commitment to implement an improved management information system, we are classifying the recommendation as resolved. The recommendation may be closed once the Mission obtains evidence that the State Information Service has implemented a reliable system for reporting on the number of local community meetings held.

## SCOPE AND METHODOLOGY

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### Scope

We conducted our audit in accordance with generally accepted government auditing standards. These standards require auditors to obtain written representations from management when they deem them useful. The office of Inspector General deems such representations necessary to support potentially positive findings. USAID/Egypt's Director provided us a management representation letter for the audit that contained essential assertions about the activities we audited. However, USAID/Egypt officials directly responsible for these activities did not provide written representations. As a result, our answers to the audit objectives are qualified to the extent of the effect, if any, of not having such representations.

The audit fieldwork was performed from August 28, 1995 through October 25, 1995. For audit objective 1, dealing with progress toward USAID/Egypt's strategic objective for population, the audit covered the period from January 1, 1992 through March 31, 1995. For audit objective 2, dealing with progress toward output targets, the audit covered the period from September 23, 1992 through March 31, 1995.

The audit covered USAID/Egypt's strategic objective and program outcome for population activities, as well as key outputs financed under the Population/Family Planning III Project. The audit did not cover outputs financed by other USAID/Egypt projects which may have an indirect effect on achievement of the strategic objective and program outcome.

Fieldwork was performed in four Government of Egypt implementing agencies: the Ministry of Health, the Egyptian Family Planning Association/Clinical Services Improvement, the State Information Service, and the Teaching Hospitals Organization. The fieldwork covered seven governorates in Egypt: Beni Suef, Giza, Damiat, Port Said, Suez, Ismailia, and Fayoum.

We limited our conclusions to the items tested. That is, we did not attempt to project the results of the audit tests to the populations from which the tested items were drawn.

As part of the audit, we assessed the management controls used by USAID/Egypt's Office of Population to provide reasonable assurance that baseline information and reported information on progress toward targets was accurate. To perform this assessment, we obtained an understanding of the significant management controls, determined if the controls were implemented, and assessed control risk. We did not evaluate compliance with applicable laws and regulations because we did not identify any laws and regulations significant to the audit objectives.

The audit was subject to one significant limitation. In reviewing reported information on contraceptives distributed, we attempted to trace some of the information to client records and inventory records at the clinic level. As discussed on page 8, client records were not available for 98 percent and inventory records were not available for 42 percent of the information we attempted to trace. The effect, if any, of the absence of these records on the audit results cannot be estimated.

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## **Methodology**

### **Audit Objective 1**

In answering the audit objective, which dealt with progress toward USAID/Egypt's strategic objective for population activities, we interviewed USAID/Egypt, implementing agency, and contractor officials to obtain an understanding of the Mission's population strategy, the activities being undertaken, and the reporting system. We also reviewed USAID/Egypt's action plan, performance measurement plan, and other planning documents. In reviewing progress toward the strategic objective and program outcome, we compared established targets with reported information on progress toward the targets. We also traced baseline data and reported information to the 1992 Egyptian Demographic and Health Survey, Government of Egypt vital statistics, and service statistics reported by the Government of Egypt's National Population Council. To test the reliability of service statistics, we compared reported service statistics with clinic level reports in six governorates during the period from October 1, 1994 through December 31, 1994. This comparison covered 25,929 couple years of protection, or less than 1 percent of the total couple years of protection reported by the National Population Council during 1994. The governorates and the time period covered were selected judgmentally. We relied on judgmental sampling techniques because of time constraints.

### **Audit Objective 2**

To answer the audit objective, which dealt with progress toward output targets, we first selected 10 key outputs for detailed review. In conjunction with staff in USAID/Egypt's Office of Population, we selected those outputs which were most directly related to accomplishment of the program outcome and strategic objective. To assess progress toward the output targets, we compared established targets with reported progress. Where this comparison revealed significant shortfalls in performance, we interviewed responsible officials and reviewed implementation reports and other documentation to obtain an explanation.

To determine whether reported information was accurate, we traced information in USAID/Egypt's semi-annual implementation reports as of March 31, 1995 (which generally reflected progress as of December 31, 1994) to implementing agency reports and supporting documentation. Details are provided in the following table. (Note that the "reported" amounts shown in the table differ from amounts shown on page 5 of this report primarily because of different reporting cut-off dates.)

<i>Item Reported/Tested</i>	<i>Amount Reported/ Tested</i>
<b>Couple years of protection (CYP) reported for the Ministry of Health</b>	<b>1,282,262</b>
Traced to implementing agency reports	1,282,262
Traced to governorate reports	79,414
Traced to district reports	58,471
Traced to clinic reports	23,839
Traced to client register	9,341
Traced to patient records	3,315
Traced to inventory records	7,103

<b>CYP reported for the Egyptian Family Planning Association/Clinical Services Improvement</b>	<b>94,985</b>
Traced to implementing agency reports	94,985
Traced to client register	1,153
Traced to patient records	48
Traced to inventory records	1,153

<b>CYP reported for the Teaching Hospital Organization</b>	<b>14,982</b>
Traced to implementing agency reports	14,982
Traced to client register	445
Traced to inventory records	445

<b>Trained doctors reported for the Ministry of Health</b>	<b>1,132</b>
Traced to implementing agency reports	1,132
Traced to per diem records and/or sign in sheets	185

<i>Item Reported/Tested</i>	<i>Amount Reported/ Tested</i>
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<b>Trained nurses reported for the Ministry of Health</b>	<b>1,026</b>
Traced to implementing agency reports	1,026
Traced to per diem records and/or sign in sheets	211

<b>Number of new television productions reported for the State Information Service</b>	<b>36</b>
Traced to implementing agency reports	36
Traced to contracts and reports from broadcasters	26

<b>Number of local community meetings reported for the State Information Service</b>	<b>2,944</b>
Traced to implementing agency reports	2,944
Traced to regional office reports	1,361
Traced to written minutes of meetings	118

The information tested was selected judgmentally, due to time constraints. In considering the results of our tests, we considered errors exceeding 5 percent of the amount tested to be significant.

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<b>Project Financial Status as of March 31, 1995 (Unaudited)</b>			
<b>Project Element</b>	<b>Planned Life of Project through 7/31/97</b>	<b>Obligations as of 3/31/95</b>	<b>Expenditures as of 3/31/95</b>
Contraceptives	\$7,484,000	\$3,100,000	\$1,058
Implementation Goods and Services	25,903,000	11,500,000	3,458,422
Local Costs	23,958,000	12,245,000	2,113,548
Evaluation, Audit, and Buy-Ins	4,655,000	3,155,000	582,301
<b>Total</b>	<b>\$62,000,000</b>	<b>\$30,000,000</b>	<b>\$6,155,329</b>

Source: USAID/Egypt Office of Population and Mission Accounting and Control System Report P07A

<b>Estimated Expenditures by Input (Unaudited)</b>		
<b>Input</b>	<b>Planned Life of Project</b>	<b>Expenditures as of 3/31/95</b>
Technical Assistance	\$19,522,084	\$3,410,772
Participant Training	1,188,950	125,908
In-Country Training	4,295,207	309,017
Commodities	8,983,559	355,915
Contraceptives	7,484,000	1,058
Renovation and Rental	1,945,718	74,034
Research	1,230,399	2,294
Information, Education, and Communication Activities	3,626,820	623,974
Monitoring	1,263,315	118,869
General Administration and Miscellaneous	12,459,948	1,133,489
<b>Total</b>	<b>\$62,000,000</b>	<b>\$6,155,330</b>

Source: Estimates by USAID/Egypt Office of Population and auditors

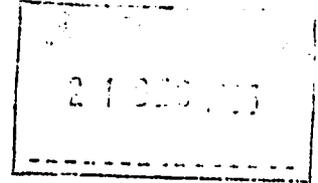


CAIRO, EGYPT

UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

December 14, 1995

**MEMORANDUM**



TO : Louis Mundy, RIG/A  
FROM : John R. Westley, DIR  
Subject : Audit of USAID/Egypt-Financed Population  
Activities - Draft Report dated November 2, 1995

Following is the Mission response to the two recommendations under the subject draft report:

**Recommendation No. 1:**

**We recommend that USAID/Egypt:**

- 1.1 either use the USAID-recommended conversion factors for calculating couple years protection or document the rationale for the conversion factors it is using.

**Mission Response:**

Based on 1992 DHS data and in line with the national population program, Mission will continue to use CYP standard assumptions to measure program progress in Egypt. As such, Mission has documented its rationale for continuing to use these conversion factors (copy attached).

Based on this action, Mission requests closure of recommendation 1.1.

- 1.2 obtain evidence that the State Information Service has established a reliable system for reporting on the number of local community meetings held.

**Mission Response:**

In response to the audit recommendation, HRDC Office of Population received a formal letter from its implementing agency, State Information Services (SIS), under the Population Project.

In order to clarify any additional issues pertaining to the overall operations of the Management Information System (MIS) at SIS relative to providing a reliable tracking mechanism for reporting on the number of community meetings, we offer the following explanation:

The MIS which will be functional by March 1996, will provide a reliable data management system for capturing all information related to the various components of the Information, Education and Communication (IEC) project managed by SIS. The inclusion of the minutes of the local community meetings supports only one of three different sub-project outputs which we depend upon to achieve our overall program objectives.

SIS has reported that, on a monthly basis, all expenditures related to the local meetings, summarized under one line item "Interpersonal Communication & Local Activities Sector", are verified and tabulated in their vouchering to the Mission. All of the supporting documents for these expenditures are maintained by the Finance Department, and they would serve as proof of payment for an outlay of cash for the specific community-based meetings having taken place. A sample of the tabulated document is available with FM for review upon request.

To verify this synopsis, the Mission reviewed the SIS processed voucher which was submitted on December 10, 1995, i.e. after issuance of the draft report. We requested that SIS provide us with samples of their financial documents supporting the reported LE 182,170 in expenditures for September 1995 against the "Interpersonal Communication & Local Activities Sector" line item. We have been able to satisfy ourselves that a reliable financial system exists within SIS for tabulating the results of community meetings from the minutes as the source document provided to SIS. Thus SIS has proven, and the Mission has verified, that one of the established outputs for the community outreach program can be objectively verified and supported through the SIS financial records.

To satisfy the audit finding, the Mission instructed SIS to physically retain all meeting minutes from each community center after consolidation by the regional office, into monthly progress reports to SIS and quarterly reports to USAID. However, based on the SIS response to this letter dated December 5, 1995, they adequately demonstrated, and the Mission has verified, that alternative proof of the reported activity is readily accessible

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for audit purposes.

In conclusion, since the MIS will be functional by March 1996, in the interim, SIS has agreed to retain local activity reports for a minimum of six months after inputting into the MIS system, and since the Mission has verified through the vouchering process the existence of support documents for these local activities, **we request closure of this audit recommendation.**

The Mission appreciates the constructive cooperation provided by RIG/A/C during the audit process and regrets the delay in responding to the draft audit report.

Att: a/s

cc: FM/FA:HElKhodary  
HRDC/P:TKhalil  
HRDC/P:LPerry

**Regional Inspector General  
for Audit, Cairo, Egypt**

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