

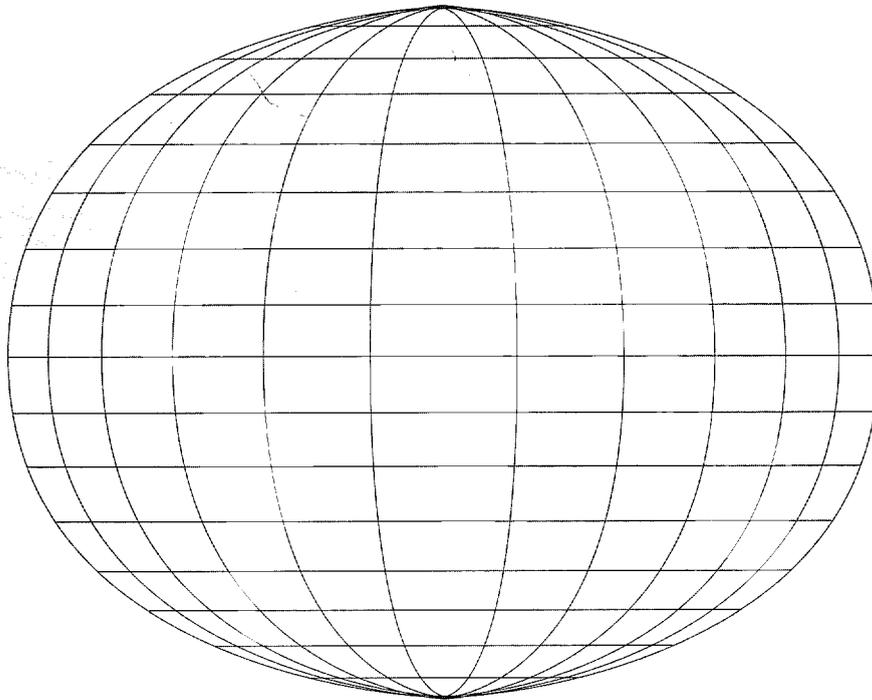
PD-ABN-575

Report of Audit

Performance Audits

WORLDWIDE AUDIT OF USAID'S POPULATION ACTIVITIES

Report No. 9-000-96-008
September 20, 1996



**OFFICE OF INSPECTOR GENERAL
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

September 20, 1996

MEMORANDUM FOR DAA/PPC, Nils Daulaire
DAA/G/PHN, Duff Gillespie

FROM: IG/A/PA, David M. Conner 

SUBJECT: Worldwide Audit of USAID's Population Activities
(Report No. 9-000-96-008)

This report summarizes the findings of a worldwide audit by the Office of the Inspector General (OIG) of population activities implemented by the United States Agency for International Development's (USAID's) Bureau for Global Programs, Field Support and Research, Washington, D.C. and missions in the Philippines, Bolivia, Bangladesh, Egypt, Ghana, Madagascar, Kenya, and the Dominican Republic. Appendix IV lists the nine audit reports in which we reported those findings.

It was too early to assess Global Bureau's progress toward its strategic objectives for its population program because the program's performance measurement period commenced less than a year ago. Also, because USAID/Philippines had only recently established a performance monitoring system, data to measure progress did not exist at the time of that audit.

For the remaining seven USAID offices, the audits found generally satisfactory progress toward achieving the strategic objectives and meeting (in some cases exceeding) the output targets for population activities.

The audit also revealed that (1) the usefulness and accuracy of USAID's information reports to assess progress toward strategic objectives could be improved, (2) performance indicators and targets used to measure progress toward outputs could be better defined, and (3) USAID's monitoring of the recipient countries' management of Agency-funded commodities, equipment and other resources could be strengthened.

To correct the aforementioned deficiencies, the 9 audit reports made a total of 21 recommendations. USAID's responses to the findings and recommendations were very positive, as a result of which actions were taken by management to address the problems.

Management's comments are included in Appendix II herein. Because this is a summary report, and in view of the generally positive nature of the findings as well as USAID's prompt actions taken to address the deficiencies in the nine audit reports, we are not making any recommendations in this report.

I appreciate the cooperation and courtesies extended to the OIG audit staff during this worldwide audit.

Background

Rapid population growth is inextricably linked to the factors that keep nations poor. If the developing countries' population problems are ignored, they will ultimately have a negative impact upon the United States because of the evolution of an impoverished and overcrowded world. To combat this threat, USAID has channeled its technical leadership and support for population programs.

These efforts have significantly contributed toward lowering maternal and infant mortality and fertility, thereby making substantial progress toward stabilizing the world's population. To illustrate, annual world population growth rates dropped from 2 percent in the 1960s to 1.57 percent in the 1990s (the lowest growth rate in fifty years), despite a decrease in child mortality and an increase in adult life expectancy.

USAID's goal is to stabilize the world's population and protect health by focusing on the following four priorities:

- preventing unintended pregnancies and, therefore, the need for abortions by increased access to family planning information and services;
- reducing deaths from preventible diseases of children under five through improved child survival practices;
- decreasing women's deaths due to pregnancy and childbirth through improved maternal health services and wider use of family planning; and

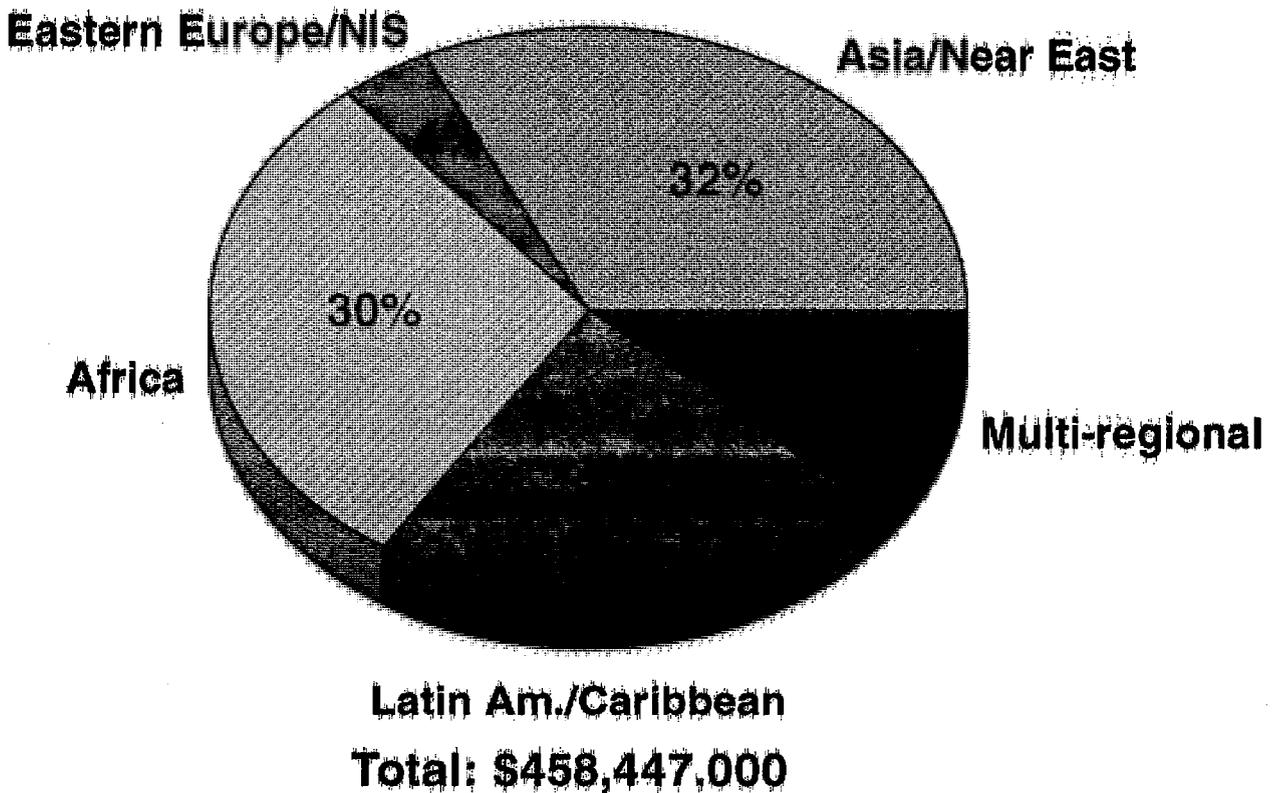
- reducing the spread of sexually transmitted infections, including HIV/AIDS, through increased access to information and services.

A closely related objective under the Agency's economic growth goal is

- increasing basic education, particularly for girls and women.

USAID's expenditures for its population assistance programs for fiscal year 1995 totaled \$458.4 million, as shown by the chart below.

USAID Population Assistance by Region FY 1995 Expenditures



Audit Objectives

The Inspector General's Division of Performance Audits in Washington, D.C. and its regional offices in Cairo, Dakar, Singapore, Nairobi and San Salvador performed audits at nine USAID locations to answer the following questions:

What progress did selected USAID offices make toward their strategic objectives for population?

Did selected USAID offices make progress toward the output targets for population activities in their project papers?

Appendix I describes the audits' scope and methodology.

Summary of Audit Findings

In answering the two audit objectives, we have provided a consolidated summary of some significant findings from the nine audit reports issued in this worldwide audit. For further details of the results of each individual audit, please refer to the table in Appendix III, or to the audit reports listed in Appendix IV.

What progress did selected USAID offices make toward their strategic objectives for population?

Of the nine USAID offices reviewed, it was too early to assess the progress made by the Global Bureau and USAID/Philippines because those offices had established their strategic objectives and performance indicators less than a year before commencement of the respective audits. The remaining seven offices had made satisfactory progress toward achieving their strategic objectives for population. For example:

- USAID/Egypt met or exceeded each of its annual strategic objective and program outcome targets. The Mission satisfied the Agency's criteria on setting and monitoring its population strategies, objectives, program outcomes and performance indicators. Limited tests on the information used by the Mission to monitor progress showed that the data was accurate in all significant respects.
- USAID/Ghana exceeded its strategic objective as well as its planned targets for the performance indicators related to that objective. The key elements of the Mission's program performance measurement

system substantially conformed to the established criteria, except for the setting of planned targets.

- USAID/Bangladesh made good progress toward its strategic objective. It met the planned targets for its performance indicators and developed a strategic plan that was consistent with the goals of its population program.

While progress made by the seven USAID offices toward realizing their strategic objectives was impressive, the audits showed that improvements could be made in the accuracy, usefulness and reporting of the information to assess progress.

Reporting Accuracy of Performance Indicators and Data Collection System Can Be Improved

Correct reporting of information is essential for making sound management decisions. The General Accounting Office's "Standards for Internal Controls in the Federal Government" states that transactions and other significant events are to be promptly recorded and properly classified. Also, the Federal Managers' Financial Integrity Act requires that Federal agencies establish internal accounting and administrative controls which reasonably ensure that reliable statistical reports can be prepared.

The audit of USAID/Bolivia's population activities showed that two performance indicators used by the Mission to track progress toward its strategic objectives and program outcomes were subject to varying definitions and interpretations by the host country family planning clinics. Such discrepancies could result in inconsistent and/or inaccurate reporting of information, thereby impeding an accurate and reliable measurement of progress of the USAID-funded population activities in Bolivia.

The audit report therefore recommended that the Mission take appropriate actions to address this deficiency and develop a system for verifying reported data. This recommendation was satisfactorily addressed prior to issuance of our audit report because of corrective actions taken by USAID/Bolivia.

USAID's directives on setting and monitoring program strategies requires Missions to (1) clearly define performance targets for strategic objectives and program outcomes, and (2) establish annual indicators to determine progress toward achieving the desired impact. It also states that annual progress reviews should be conducted to assess the cumulative performance for each strategic objective against original or updated targets.

USAID/Dominican Republic needed to improve its system for compiling and reporting information on progress and impact toward achieving its strategic objective for population. The audit showed that USAID managers did not compile data annually to assess performance at the level of strategic objective or program outcome, as required by USAID directives in order to assure effective program management. Hence, performance data related to the strategic objective for population activities was not available for verification. Although our analysis of an alternative performance indicator did indicate progress toward the strategic objective, we believe that the extent of progress cannot be adequately determined until the Mission strengthens its system for compiling and reporting performance data.

The audit report therefore recommended that USAID/Dominican Republic establish an information system to assess and report annually on progress toward achieving its strategic objective for population activities.

This recommendation was satisfactorily addressed prior to report issuance because the Mission revised most of its performance indicators at the strategic objective and intermediate results levels, actions that we believe would henceforth permit the Mission to assess and report annually on those performance indicators.

Did selected USAID offices make progress toward the output targets for population activities in their project papers?

Except for USAID/Philippines where it was too early to measure progress, the audit showed that USAID offices had made significant progress toward and (in several instances) exceeded their output targets for population activities as specified in their respective project papers. For example:

- USAID/Madagascar's progress toward planned outputs exceeded anticipated results for six out of its eight major output indicators.
- USAID/Egypt met or exceeded most of its important output targets and some of its planned activities were significantly ahead of schedule. Also, for those activities that were behind schedule, the Mission had taken appropriate corrective actions. Furthermore, key output indicators used to monitor progress met the applicable Agency criteria in all significant respects.
- USAID/Kenya had made excellent progress, in some cases exceeding its planned output targets. The Mission's output targets were precise, objectively verifiable, and measurable.

- The Global Bureau met or exceeded anticipated results for majority of its key output targets and its progress reports were generally accurate.

The above accomplishments undoubtedly contributed to the overall success of USAID's population activities. However, our audits also identified some deficiencies which are summarized below.

Usefulness, Accuracy and Verifiability of Reported Information Could Be Improved

Correct information is critical to making sound management decisions. Accordingly, both USAID policies and Federal Government standards emphasize the importance of accurate reporting as an aid to management in evaluating progress against anticipated results. Our audits showed that progress on output indicators had not always been accurately reported. For example:

- USAID/Bolivia's Semiannual Project Implementation Report (SAR) contained some inaccurate data on population project output indicators. The audit revealed that the Mission's system for preparing the SAR was not documented, the sources of information were not specified, and supporting documentation were not retained in a manner to permit easy access. As a result, USAID managers risked making inappropriate decisions based on unreliable information. The audit report recommended that the Mission document its system for preparing SARs including the sources of information and required supporting documentation.
- USAID/Ghana had inaccurately reported the usage of oral rehydration salts. Furthermore, contraceptive sales data reported by the host country government were not always supported by sales records at the clinic level. Accordingly, the audit report recommended that the Mission accurately report the usage of oral rehydration salts and require its project officers to verify the accuracy of significant data furnished to them by other organizations.
- USAID/Egypt did not document its rationale for the conversion factors it used to calculate some of its output targets and the information reported was not fully supported by source documents at the host country level. Moreover, reliable information on the number of local community meetings was not available and the Ministry of Health training activities were incorrectly reported in the Mission's implementation report. Accordingly, the audit report

recommended that USAID/Egypt take specific actions to address the above deficiencies.

All recommendations referred to above were satisfactorily addressed because of appropriate actions taken by the responsible Missions.

**Interim Output Targets to Measure Progress
Should Be Established and Periodically Reassessed**

Section 621 A of the Foreign Assistance Act requires USAID to implement a management system that includes (1) defining the objectives for its foreign assistance program, (2) developing quantitative indicators of progress toward those objectives, and (3) comparing actual program and project results with anticipated outputs. Also, Section E203.5.8a(1) of USAID's Automated Directives System contains similar criteria and, in addition, requires that to the extent possible comparable data for strategic objectives and program outcomes should be collected annually.

USAID/Kenya did not establish interim targets or benchmarks to measure progress of its Private Sector Family Planning II Project except for one output. Also, the Global Bureau did not have either interim or final targets for certain significant outputs. Absence of such progress indicators could impede an objective assessment of project accomplishments by USAID managers and other interested parties. Accordingly, the audit reports recommended that USAID/Kenya and the Global Bureau establish final and interim targets for the audited activities as appropriate.

Although USAID/Ghana had developed planned results for its population activities, it did not reassess and update those results. For example, our audit showed that 3 of the Mission's 13 performance indicators had planned targets that had already been achieved and therefore needed to be revised. The audit report recommended that USAID/Ghana determine the applicability of its planned targets and related performance indicators and revise those targets as appropriate. This recommendation was resolved upon report issuance because of corrective actions taken by the Mission.

USAID's Monitoring of Recipient Countries' Management of Agency-provided Commodities, Equipment and Funds Needed Strengthening

According to Handbook 13¹, Chapter 1, recipient countries have responsibility to safeguard USAID-financed assets. Our audits disclosed the following deficiencies.

In Kenya, we found that (1) transportation problems impeded delivery of contraceptive commodities from district storage sites to family planning clinics; (2) inventory controls and record-keeping at the district and regional warehouses were deficient; (3) inventories were frequently overstocked and/or underused; and (4) clinics reported a shortage of medical supplies and equipment. The report recommended specific actions by USAID/Kenya to address the above problems.

In Madagascar, approximately \$3.8 million out of \$4 million allocated in the project paper to enhance the institutional capabilities of the public sector and the non-governmental organizations remained unused although the program was almost 46 percent completed. The audit concluded that majority of the unused funds will not be needed for this activity, as originally intended. Also, inadequate ventilation and lighting as well as rainwater leaks in the host country owned warehouse in Madagascar posed a significant hazard to USAID-provided contraceptive supplies, thereby threatening the effectiveness of the program.

The report recommended that USAID/Madagascar (1) coordinate with the grantee to reprogram the idle portion of \$4 million which is not likely to be used for the initially intended project purposes and (2) develop a plan to ensure that the host country warehouse is rehabilitated. These recommendations were satisfactorily addressed prior to issuance of the audit report based on corrective actions taken by the Mission.

Conclusion

Based on the results of our audits, we conclude that the USAID offices reviewed have largely been successful in making progress toward realizing

¹Effective October 1, 1995, USAID established an Automated Directives System (ADS) which, when completed, will supersede all USAID Handbooks. Currently, the ADS has not yet incorporated Handbook 13.

their strategic objectives for population and meeting (in some cases exceeding) their output targets as defined in their project papers. Also, wherever the audits identified deficiencies, USAID management implemented or agreed to implement appropriate corrective actions to address the problems.

Management Comments and Our Evaluation

We provided copies of the draft report to officials in the Bureau for Global Programs, Field Support and Research and the Bureau for Policy and Program Coordination. The Global Bureau noted its satisfaction with our favorable report of actions taken to address deficiencies found during the individual audits. The Bureau for Policy and Program Coordination requested minor changes in our description of the Agency's population priorities, which we made. These comments are included as Appendix II.

SCOPE AND METHODOLOGY

Scope

The Office of the Inspector General (OIG) conducted a worldwide audit of USAID's population activities in accordance with generally accepted government auditing standards. The OIG Division of Performance Audits in Washington, D.C. was the lead office and the Regional Inspector General offices in Singapore, Cairo, Dakar, Nairobi and San Salvador were participants. Nine audits were performed in the Philippines, Bolivia, Bangladesh, Egypt, Ghana, Madagascar, Kenya, the Dominican Republic, and the Bureau for Global Programs, Field Support and Research. Reports issued on these audits are listed in Appendix IV.

Field work was conducted at the aforementioned Missions and the Global Bureau at various times from November 1994 through March 1996. In addition, we visited USAID grantees, cooperating agencies and the recipient country project locations to conduct tests as deemed necessary.

Based on an analysis of financial data in the nine audit reports, total expenditures incurred by these offices for population activities amounted to approximately \$665 million for the periods under audit.

Methodology

The two audit objectives were to assess the progress the audited offices had made toward (1) achieving their strategic objectives, and (2) meeting their output targets related to USAID's population activities. Although detailed testing in each audit was primarily designed to match the circumstances encountered at each location, the following common methodologies show

the kinds and sources of information used and the general techniques for accomplishing the audit objectives.

We examined documents relating to the population activities implemented by the eight Missions, and the Global Bureau. In addition, we obtained further information by interviewing cognizant officials and conducting field trips to the offices of the recipient countries as well as USAID grantees and cooperating agencies to observe project activities.

We also assessed internal controls, compliance with applicable laws and regulations, and obtained written representations from responsible USAID officials for all essential assertions relating to the two audit objectives.

From the documentary and testimonial evidence obtained as a result thereof, we assembled the required data to enable us to compare actual with planned progress and actual with planned outputs relating to the population activities implemented by the nine USAID offices.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

8/16/96

MEMORANDUM

TO: IG/A/PA, David M. Conner
FROM: DAA/G/PHN, Duff Gillespie 
SUBJECT: Worldwide Audit of USAID's Population Activities (Report
No. 9-00-96-xxxx) (Capping Report)

We have reviewed subject report and we have no additions, corrections or comments. We appreciate the information regarding actions taken to address deficiencies you found in the individual audits and that you consider these actions very positive. We also appreciate the time and attention you have given this effort and the cooperative approach of your staff.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

September 17, 1996

MEMORANDUM

TO: IG/A/PA, David Conner
FROM: DAA/PPC, *Nils Daulaire*
SUBJECT: IG Worldwide Audit of USAID's Population Activities

Thank you for the opportunity to comment on your draft report summarizing the IG's nine audits of USAID's population program. I understand a great deal of effort went into these reports, and I am very pleased with the positive conclusions.

My only concern with the draft report is the summary of USAID's priorities in population and health as it appears on p. 2. This summary is not entirely correct as currently stated. The following suggested wording is a more accurate reflection of USAID's goals and objectives in this area. Changes from your wording are underlined.

USAID's goal is to stabilize the world's population [~~delete growth~~] and protect human health by focusing on the following four priorities:

- preventing unintended pregnancies and, therefore, the need for abortions by increased access to family planning information and services;
- reducing deaths from preventable diseases of children under five through improved child survival practices;
- decreasing women's deaths due to pregnancy and childbirth through improved maternal health services and wider use of family planning; and
- reducing the spread of sexually transmitted infections, including HIV/AIDS through increased access to

information and services.

A closely related objective under the economic growth goal is:

- increasing basic education, particularly for girls and women.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions.

WORLDWIDE AUDIT OF USAID POPULATION ACTIVITIES
SUMMARY OF RESULTS

Audited Entity	Progress Made Toward Achieving Strategic Objectives?	Progress Made Toward Meeting Output Targets?	Highlights of Findings	Comments
USAID/ Philippines	Too early to assess progress	Too early to assess progress	It was too early to measure progress because (1) the Mission had only recently established a performance monitoring system, (2) data to measure progress did not exist at the time of audit, and (3) the Mission's population program selected for audit began less than a year ago.	No recommendation was issued.
USAID/ Bolivia	Yes	Yes	Mission has made significant progress toward achieving strategic objectives and output targets. However, its (1) accuracy of reporting interim and output indicators needed improvement and (2) evaluation guidance did not require a comparison of planned with actual progress.	Three recommendations were issued.
USAID/ Bangladesh	Yes	Yes	Mission made good progress toward achieving its strategic objectives and output targets. It developed a strategic plan that was consistent with the goals of the population program and effectively planned and monitored implementation of its output activities.	No recommendation was issued.
USAID/ Ghana	Yes	Yes	Mission exceeded its strategic objective and, in some cases, exceeded the end-of-project status indicators. However, it needed to (1) reassess or revise some of its interim targets, (2) closely monitor the Return-to-Project Fund, and (3) verify the accuracy of its reported information.	Three recommendations were issued.

Audited Entity	Progress Made Toward Achieving Strategic Objectives?	Progress Made Toward Meeting Output Targets?	Highlights of Findings	Comments
USAID/ Egypt	Yes	Yes	Mission made satisfactory progress toward its strategic objective and output targets. It satisfied the Agency criteria on setting and monitoring its population strategies. Information used by the Mission to monitor progress was substantially accurate. However, the usefulness and accuracy of some of the reported information on output targets could be improved.	One recommendation was issued.
USAID/ Madagascar	Yes	Yes	Mission made significant progress toward its strategic objective and planned outputs, exceeding its anticipated results for most indicators. However, it needed to (1) develop a plan to improve warehouse inventory controls, (2) update and monitor its procurement plan for equipment and supplies, (3) reprogram idle project funds, and (4) assist the host country in expanding the community-based distribution program.	Five recommendations were issued.
USAID/ Kenya	Yes	Yes	Mission made significant progress toward achieving its strategic objective and, in some cases, exceeded its planned output targets which were precise, objectively verifiable and measurable. However, Mission needed to (1) establish interim targets, (2) improve controls over commodities and contraceptive delivery system, (3) strengthen inventory controls at regional warehouses, and (4) ensure adequate supply of medical equipment at family planning clinics.	Four recommendations were issued.

Audited Entity	Progress Made Toward Achieving Strategic Objectives?	Progress Made Toward Meeting Output Targets?	Highlights of Findings	Comments
USAID/ Dominican Republic	Yes	Yes	Mission made progress toward achieving its strategic objective and in meeting its output targets. In some cases, it exceeded those targets. However, Mission needs to (1) strengthen its reporting systems, (2) better define its output targets, and (3) improve monitoring over the subgrants.	Four recommendations were issued.
Bureau for Global Programs, Field Support and Research	Too early to assess progress	Yes	Bureau had finalized its strategic plan and developed baseline data. However, it was too early to measure progress toward strategic objective because the measurement period commenced less than a year ago. Bureau met or exceeded anticipated results for majority of its key outputs. However, targets for and progress reporting on certain outputs needed strengthening.	One recommendation was issued.

**OFFICE OF INSPECTOR GENERAL AUDIT REPORTS
ON USAID'S POPULATION ACTIVITIES**

- Audit of USAID/Philippine's Population Activities
(Memorandum issued on August 2, 1995) ²
- Audit of USAID/Bolivia's Population Activities
(Report No. 9-000-95-014, September 22, 1995)
- Audit of USAID/Bangladesh's Population Activities
(Report No. 5-388-96-001, November 17, 1995)
- Audit of USAID/Egypt-Financed Population Activities
(Report No. 6-263-96-005, December 26, 1995)
- Audit of USAID/Ghana's Population Activities
(Report No. 7-641-96-002, February 12, 1996)
- Audit of USAID/Madagascar's Population Activities
(Report No. 3-687-96-005, March 22, 1996)
- Audit of USAID/Kenya's Population Activities
(Report No. 3-615-96-006, May 31, 1996)
- Audit of USAID/Dominican Republic's Population Activities
(Report No. 1-517-96-003, August 21, 1996)
- Audit of the Bureau for Global Programs, Field Support and Research's
Population Activities
(Report No. 9-000-96-006, August 15, 1996)

² No formal report was issued. However, the OIG concluded that the results of the audit could be used in a worldwide audit report concerning the Agency's population activities.