

**Audit Of The Child Survival  
Program Administered By The Bureau  
For Food, Disaster Assistance  
And Crisis Management**

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Report No. 9-000-94-001

October 29, 1993



**AUDIT OF THE CHILD SURVIVAL  
PROGRAM ADMINISTERED BY THE BUREAU  
FOR FOOD, DISASTER ASSISTANCE AND CRISIS MANAGEMENT**

**Audit Report No. 9-000-94-001**

**October 29, 1993**



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

October 29, 1993

*Assistant Inspector  
General for  
Audit*

MEMORANDUM FOR ACTING AA/FDC Lois Richards

FROM:

*James B. Durnil*  
AIG/A, James B. Durnil

SUBJECT:

Audit of the Child Survival Program Administered by the Bureau  
for Food, Disaster Assistance and Crisis Management

Enclosed are five copies of the subject audit report. Our audit disclosed that the Bureau for Food, Disaster Assistance and Crisis Management did not ensure that (1) grant recipients complied with the reporting requirements of the grant agreements and accomplished what was required or intended under the grants in support of child survival activities and (2) the Bureau's overall child survival program objectives were being achieved.

Your comments to the draft report were responsive and are included in their entirety in Appendix II. These comments were summarized and evaluated on pages 18 and 22 of the audit report. Based on your comments, Recommendation No. 1.2 is closed upon issuance of this report, Recommendation Nos. 1.1, 1.3, 2.1, and 2.2 are resolved, and Recommendation Nos. 1.4 and 1.5 remain unresolved.

Please provide us information within 30 days indicating actions planned or taken to implement the open recommendations. I sincerely appreciate the cooperation and courtesies extended to my staff during the audit.

Attachments: a/s

# EXECUTIVE SUMMARY

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## **Background**

The Bureau for Food, Disaster Assistance and Crisis Management (Bureau) initiated a child survival program in fiscal year 1985. The program includes awarding grants to private and voluntary organizations and, through the delivery of a select number of simple, cost-effective technologies, is designed to have a demonstrable effect on the health status of children and mothers living in target areas.

As of September 30, 1992, the Bureau was responsible for administering 73 active grants in support of child survival activities in 37 countries with Bureau obligations and expenditures totaling \$70.6 million and \$43.7 million, respectively. It should be noted that the Bureau's program is relatively small compared to A.I.D.'s total allocation for child survival activities. For example, the Bureau's allocation for child survival activities in fiscal year 1992 was approximately \$14.6 million compared to A.I.D.'s total allocation of \$275.3 million.

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## **Audit Objectives**

The Office of the Inspector General/Programs and Systems Audits audited the child survival program to determine if the Bureau ensured that (1) grant recipients complied with the reporting requirements of the grant agreements and accomplished what was required or intended under the grants and (2) the overall child survival program objectives were being achieved. We conducted the audit from April 1992 to July 14, 1993 in accordance with generally accepted government auditing standards (Appendix I).

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## **Summary of Audit**

The audit found that the Bureau did not follow established U.S. Government and A.I.D. requirements for control over grantee performance. As a result, Bureau officials did not know what progress grantees had made in accomplishing grant objectives and whether they were complying with the terms of the grant agreements. Furthermore, the Bureau had not established indicators by which progress towards reaching the Bureau's child survival program goals and objectives could be measured.

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## **Audit Findings**

### **Grantee Performance Could Be Better Controlled**

Our review of the Bureau's management of the child survival program included the activities of seven grantees in Guatemala. We identified the following problems:

- All seven grantees' activities fell far short of accomplishing what was intended. For example, four of the seven grantees, scheduled to receive \$2.1 million, were to benefit a total of 183,115 women and children. Latest estimates by the grantees indicate only 67,349 will be benefitted (pages 4 and 14).
- At least three of the seven grantees performed activities that were outside the approved scopes of work. For example, the sole purpose of one grant was to promote Vitamin A activities such as the distribution of vitamin supplements; however, the grantee estimates that about \$137,570 -- or about 30 percent -- of the \$458,560 in A.I.D. funding will be spent on activities such as immunization -- an activity which had not received A.I.D. approval under this grant. The three grantees' latest estimates show A.I.D.'s cost for unapproved activities will be about \$408,800 of a total of \$1.4 million in A.I.D. funding by the end of the projects (pages 4 and 16).
- None of the seven grantees, who had already received \$1.8 million, provided performance reports which included the required comparisons of actual accomplishments with the objectives set forth in the grant agreements. For example, one grantee was to develop an effective immunization program for combating infectious diseases. One specific target for measuring progress in accomplishing this objective was to provide immunizations to 7,000 children each year of the grant to fully protect them against infectious diseases such as polio, diphtheria, and measles. Although this grantee provided A.I.D. with

four annual performance reports, none of these reports identified progress in accomplishing the immunization targets (page 9).

The above examples regarding grantee performance problems, including inadequate reporting, are used to illustrate the types of problems that can result if A.I.D. does not effectively monitor grantee performance. We are not implying that these types of problems are representative of all, or even most, of the grantee child survival activities funded by the Bureau. However, we believe the problems illustrate the need for the Bureau to implement tighter controls over grantee activities to ensure A.I.D. funds are spent efficiently and effectively.

### **Quantifiable Indicators and Reporting Systems to Monitor Program Progress are Needed**

The Bureau for Food, Disaster Assistance and Crisis Management did not establish quantifiable indicators and reporting systems as required by the Foreign Assistance Act to monitor progress in accomplishing its overall child survival program objectives for which the Bureau has already spent \$73.4 million. For example, one program objective was to help grantee organizations "... integrate child survival into other programs, and develop strategies to enhance the financial and institutional sustainability of country projects." However, the Bureau had not identified strategies or criteria (benchmarks and time frames) for evaluating success or failure.

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## **Summary of Recommendations**

This report contains seven recommended actions. One recommendation is to perform a resource assessment to determine staff needs for managing the Bureau's child survival program. Based on this assessment, the Bureau should either assign sufficient staff to properly administer the program or downsize the program to a level that can be effectively managed with existing staff (page 4).

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## **Management Comments and Our Evaluation**

Management generally agreed with the audit's findings and recommendations and acknowledged that the child survival program could be considerably strengthened. The Bureau further considers this audit as a reaffirmation of their own views on the

critical need for more staffing and OE resources for project monitoring and sees the concerns raised by the audit as broadly applicable throughout the Agency.

The Bureau's comments are presented in their entirety as Appendix II and were fully considered in finalizing this report. Their comments are also summarized and evaluated at the end of each finding in this report. Based on their comments and documentation we have received, one of the seven subparts of this report's two recommendations is closed upon issuance of this report, four are resolved, and two remain unresolved.

*Office of the Inspector General*  
Office of the Inspector General  
October 29, 1993

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## Table of Contents

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	<u>Page</u>
EXECUTIVE SUMMARY	i
INTRODUCTION	
Background	1
Audit Objectives	2
REPORT OF AUDIT FINDINGS	
The Bureau for Food, Disaster Assistance and Crisis Management did not ensure that (1) grant recipients complied with the reporting requirements of the grant agreements and accomplished what was required or intended under the grants in support of child survival activities and (2) the Bureau's overall child survival program objectives were being achieved.	3
Grantee Performance Could Be Better Controlled	4
Quantifiable Indicators and Reporting Systems to Monitor Program Progress are Needed	20
	<u>Appendix</u>
SCOPE AND METHODOLOGY	I
MANAGEMENT COMMENTS	II
REPORT DISTRIBUTION	III

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# INTRODUCTION

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## Background

The Bureau for Food, Disaster Assistance and Crisis Management (Bureau) initiated a child survival program in fiscal year 1985. The program includes awarding grants to private and voluntary organizations and is designed to have a demonstrable effect on the health status of children and mothers living in target areas through the delivery of a select number of simple, cost-effective technologies. Oral rehydration therapy (to combat diarrhea) and immunization coverage against measles and other childhood diseases are the primary interventions to be delivered through the child survival grants.<sup>1</sup>

Within the Bureau, the **Office of Private and Voluntary Cooperation** is responsible for administering the child survival program. These responsibilities include: developing criteria for child survival grant assistance; monitoring grantees' activities to assure the grants' purposes are achieved and the grantees' operations conform to the terms and conditions of the grant agreements; and making site visits overseas to assess the progress of child survival projects and provide technical assistance as required. The Bureau's **Office of Program, Planning and Evaluation** is responsible for related functions such as: formulating Bureau objectives; monitoring the effectiveness of the Bureau's practices for the implementation and periodic evaluation of Bureau-funded programs; and advising the Bureau's Assistant Administrator of significant or recurring problems impeding the efficient and effective execution of approved programs and projects including whether to continue or terminate programs and projects.

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<sup>1</sup> For fiscal year 1992, the Bureau for Food and Humanitarian Assistance had allocated approximately \$14.6 million for its child survival program, a relatively small amount compared to A.I.D.'s total allocations that year of \$275.3 million for child survival activities.

As of September 30, 1992, the Office of Private and Voluntary Cooperation was responsible for administering 73 active grants in support of child survival activities in 37 countries with A.I.D. obligations and expenditures totaling \$70.6 million and \$43.7 million, respectively.

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## **Audit Objectives**

The Office of the Inspector General/Programs and Systems Audits audited A.I.D.'s Bureau for Food, Disaster Assistance and Crisis Management to answer the following objective:

- Did the Bureau for Food, Disaster Assistance and Crisis Management ensure that (1) grant recipients complied with the reporting requirements of the grant agreements and accomplished what was required or intended under the grants in support of child survival activities and (2) the Bureau's overall child survival program objectives were being achieved?

Appendix I includes a complete discussion of the scope and methodology for this audit, including several scope limitations.

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## REPORT OF AUDIT FINDINGS

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**Did the Bureau for Food, Disaster Assistance and Crisis Management ensure that (1) grant recipients complied with the reporting requirements of the grant agreements and accomplished what was required or intended under the grants in support of child survival activities and (2) the Bureau's overall child survival program objectives were being achieved?**

The Bureau for Food, Disaster Assistance and Crisis Management did not ensure that (1) grant recipients complied with the reporting requirements of the grant agreements and accomplished what was required or intended under the grants in support of child survival activities and (2) the Bureau's overall child survival program objectives were being achieved.

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*... the audit found significant problems that the Bureau needs to correct to ensure A.I.D. funds are spent efficiently and effectively.*

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Notwithstanding the apparent good motives of the private and voluntary organizations' staffs we visited in Guatemala, the audit found significant problems that the Bureau for Food, Disaster Assistance and Crisis Management needs to correct to ensure A.I.D. funds are spent efficiently and effectively. Specifically, the Bureau had not implemented controls in accordance with U.S. Government and A.I.D. requirements to monitor grantee performance or to ensure that quantifiable indicators and reporting systems were established to monitor progress in achieving its child survival program objectives. These problems are discussed in detail in the following sections.

**Grantee Performance  
Could Be Better Controlled**

Federal and A.I.D. policies and procedures require that A.I.D. staff monitor progress of grantees in achieving the intended purposes of the grants. However, Bureau for Food, Disaster Assistance and Crisis Management did not meet the prescribed requirements. As a result, Bureau officials did not know what progress grantees had made in accomplishing grant objectives and could not judge the recipients' overall performance under the agreement. Furthermore, our limited review of child survival activities in Guatemala performed by seven grantees showed that all seven grantees did not comply with the terms of the grant agreements and fell far short of reaching the intended number of beneficiaries or accomplishing other intended grant objectives, and at least three of the seven grantees performed activities that were outside the approved scopes of work. These problems occurred primarily because the Bureau did not (1) assign sufficient staff resources to monitor grantee activities nor (2) follow established U.S. Government and A.I.D. internal management controls for monitoring grantee performance.

**Recommendation No. 1: We recommend that the Assistant Administrator for the Bureau for Food, Disaster Assistance and Crisis Management:**

- 1.1** perform a resource assessment to determine the staff needs and assign sufficient staff to properly administer the child survival program or downsize the program (e.g., reduce the number of countries, grants and/or funding) to a level that could be effectively managed with existing staff;
- 1.2** establish and implement procedures to ensure grantees establish quantifiable indicators, perform baseline studies, and establish management information systems during the proposal process or at least within the first year of the grant to measure grant accomplishments against specific grant objectives;
- 1.3** establish and implement procedures to ensure grantees provide required performance reports which identify progress made against each specific grant objective and to identify any problems in accomplishing such objectives;

- 1.4 establish and implement procedures to ensure that necessary site visits are performed to review program accomplishments and grantee management control systems; and**
- 1.5 determine, for grantees not reviewed during this audit, if activities were performed which were outside their agreed-upon scopes of work and resolve the eligibility of the charges to A.I.D. for any such activities and the projected \$408,800 questioned in this report.**

Office of Management and Budget (OMB) Circular A-110 and/or A.I.D. policies and procedures require that A.I.D. staff monitor progress of grantees in achieving the intended purposes of the grants. Some principal requirements are that:

- A.I.D. staff monitor grantees' activities to assure the grants' purposes are achieved and the grantees' operations conform to the terms and conditions of the grant agreement;
- recipients monitor their own performance under the grants and submit periodic (usually quarterly) performance reports to A.I.D. comparing actual accomplishments with the objectives (targets) established for the period and, if possible, cost data for computation of unit costs; and
- recipients report to A.I.D. when there are problems in accomplishing grant objectives within established time frames and request A.I.D. approval when there is a need to deviate from the approved financial plan because there is a change in the scope or the objective of the project;

The Bureau for Food, Disaster Assistance and Crisis Management and the grantees reviewed did not comply with the above requirements. As a result, Bureau officials did not know what progress grantees had made in accomplishing grant objectives and could not objectively evaluate the recipients' overall performance under the grant agreements. Furthermore, our limited review of child survival activities in Guatemala performed by seven grantees showed that all seven grantees did not fully comply with the terms of the grant agreements for reporting on progress in accomplishing grant objectives and fell far short of reaching the number of intended beneficiaries or accomplishing other intended grant objectives. Also, at least three of the seven

grantees performed activities that were outside the scopes of work approved under the grant agreements.<sup>2</sup>

The above problems were in most cases attributed to weaknesses in the Bureau's management or oversight of grantee activities including the following weaknesses: insufficient staff were assigned to monitor grantee activities and prescribed controls were not followed by Bureau staff assigned to monitor grantee activities. Each of these issues as well as the specific shortfalls or other problems found for the seven grantee activities reviewed are discussed below.

**Insufficient Bureau Staff** -- Only two technical or management officials have been assigned for the past two years to monitor the Bureau's entire child survival program, and their duties were not only to monitor the activities under approximately 70 ongoing grants annually but also to oversee the entire proposal selection process.<sup>3</sup> The shortage of staff to monitor the Bureau's child survival program had been identified by Bureau staff and others at the time of the audit. For example, the U.S. General Accounting Office in a separate audit of A.I.D.'s management of grants included four child survival grants administered by the Office of Private and Voluntary Cooperation. One question in a questionnaire used by the General Accounting Office in its audit was: "Considering all you know about this agreement, to what extent do you feel that you have been able to adequately monitor the recipients' performance?" The answers could have been: very great extent; great extent; moderate extent; some extent; or little or no extent. The Office staff responded (in November 1992) to the questionnaire that they monitored the performance of two of the four grantees to "some extent" and "little or no extent" for the remaining two grantees. The staff noted on the questionnaires that the principal reason for the lack of monitoring was the shortage of staff resources.

The staff resource problem was also identified in a August 1992 evaluation report prepared by an independent evaluation team on the performance of a university that

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<sup>2</sup> Our comparisons were based on analyses of objectives identified in the respective grantee's proposal, grant agreement, and/or detailed implementation plan to what was reported by the grantee in performance reports or through discussions with grantee officials in Guatemala. We also discussed our analyses with Office of Private and Voluntary Cooperation staff.

<sup>3</sup> The proposal selection process is an extensive effort taking about nine months from the time the Invitation for Awards were sent to prospective recipients until the awards were made, and the proposal selection panels have consisted of more than 30 A.I.D. representatives and external technical experts. In each of the last three fiscal years (1990 through 1992) approximately 45 country proposals were received and grants were awarded for between 23 and 26 of these proposals a year.

had been hired to help the Office of Private and Voluntary Cooperation manage the Bureau's child survival program. Examples of specific problems cited in the report included the following:

- The lack of staff (Office of Private and Voluntary Cooperation) and rapid turnover prohibit effective oversight of the (child survival) program as it is now constructed.
- (The university) staff has had to become the institutional memory for the program: at times explaining the reason that certain procedures were adopted, giving histories of PVO (grantee) performance, and acquainting new (A.I.D.) staff with the program.
- PVC/CSH (Office of Private and Voluntary Cooperation/Child Survival) cannot as currently staffed think through the rationale for the CS (child survival) system, reflect upon current priorities and policies, realize the broader implications of evaluations, make program corrections based upon review of "lessons learned," among other possible tasks for an A.I.D. office. In addition after seven years of CS experience, the time has come to determine lessons learned and apply them broadly.

Furthermore, as part of the Bureau's overall internal control assessment performed in accordance with the Federal Managers' Financial Integrity Act and Office of Management and Budget (OMB) Circular A-123 to evaluate management controls in effect during fiscal year 1992, the Bureau reported to the A.I.D. Associate Administrator for Operations in December 1992 that personnel and operating expense constraints as well as the lack of centralized operating procedures in the Office of Private and Voluntary Cooperation (and other Bureau offices) have created material weaknesses in the management of the Bureau's programs. For example, the Bureau reported that:

PVC has in excess of 160 active field projects that are currently being managed by a **limited staff** of project officers. Project managers are already stretched beyond their limits by the day-to-day management of twenty or more grant portfolios each. As a result, PVC must rely on contractor support rather than direct hire support to carry out the majority of field monitoring and project evaluations.

At the end of our field work in April 1993, one additional technical officer was assigned to the staff responsible for the child survival program -- making a total of three technical/management staff. Although we did not attempt to determine the number and qualifications of staff needed to effectively administer the program, three technical/management staff does not appear to be enough considering they are responsible for administering approximately 73 active grants at any one time in addition to their other duties such as overseeing the entire proposal selection process. Therefore, the Bureau should perform a resource assessment to determine the staff needs and assign sufficient staff to properly administer the child survival program.

**Prescribed Controls Not Followed by Bureau Staff** -- OMB Circular A-110 (Attachment H) requires that recipients of grants monitor the performance under their grants and ensure that projected objectives (targets and time frames) are being achieved within established time frames. The reviews shall be made for each activity as set forth in the approved application or award document. This Circular also requires that recipients submit periodic performance reports (i.e., quarterly performance reports if financial reports are submitted quarterly or no less frequently than annual performance reports). The performance reports are to provide the following information for each activity:

- a comparison of actual accomplishments with the objectives established for the period, and if the output of projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs;
- the reasons why established goals were not met; and
- other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

Attachment H also prescribes that the grantee provide the interim report when events occur that have a significant impact upon achieving the approved grant objectives. The requirement is that when events occur that have a significant impact upon the project, the recipient provide an interim report to the sponsoring Federal agency as soon as the following types of conditions become known: problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work units by established time periods. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any Federal assistance needed to resolve the situation. In addition, Attachment J requires the

recipient to "immediately" request approval from the sponsoring agency when there is reason to believe that a revision of the approved grant budget will be necessary for certain reasons such as changes in the scope or the objectives of the program and/or revisions in the funding allocated among program objectives.

To help assure compliance with the above requirements, A.I.D. Handbook 3 (Supplement A, Chapter III, Part D) requires that A.I.D. project officers assure that recipients submit such reports as are required by the terms of the grants. Upon receipt of each report, the project officer is expected to review the document and comment upon the report's adequacy, particularly with regard to discussions of progress toward planned targets and identification of actual or potential problem areas. Where a recipient's report is considered deficient (e.g., failure to measure progress toward identified targets) or the project officer identifies problems, the project officer should meet with the recipient promptly to discuss the situation. Deficiencies should be frankly reviewed with the recipient and courses of action to rectify the problems should be suggested by the project officer. Depending upon the nature and significance of the problems, the project officer should determine whether his/her immediate superior should be consulted. Both this section of the Handbook and OMB Circular A-110 (Attachment H) require that A.I.D. staff make site visits as frequently as practicable to review program accomplishments and management control systems and to provide such technical assistance as may be required.

Although each of the grant agreements reviewed required the grantees to include the above cited information in their performance reports and to provide other reports when there is a need to change the grant objectives or funding allocations, none of the seven grantees reviewed submitted the required information or provided the information much later than required for the Bureau to make decisions on the work being done. The seven grantees had been paid a total of approximately \$1.8 million (as of September 1992). Examples of inadequate grantee reporting are as follows:

- The Detailed Implementation Plan (dated June 1992) for a grant with The People to People Health Foundation (Project Hope) had a target of providing "complete immunization schemes" to 3,770 children under one year old by August 30, 1992. The first annual report (dated October 1992) identified the number of immunization shots given (e.g., 4,177 children under one year old were given a polio shot and 1,394 were given a typhoid shot), but did not identify how many children under one year old had received "complete immunization schemes". Also, this grantee's officials said that the number of shots reported as given was based on data provided by the Government of Guatemala

and represented shots given but did not identify the names of the children. The Plan also states that 17,993 children under two would receive oral rehydration tablets and follow appropriate feeding practices to combat diarrheal episodes. The first annual report did not identify how many children benefitted from this intervention. By the time of that report, this grantee had already been paid \$188,000.

- The Detailed Implementation Plan (dated March 1991) for a grant with the International Eye Foundation had a target of providing Vitamin A capsules to 4,677 children annually between the ages of 6 months and 71 months (e.g., 4,677 children by October 1991 and another 4,677 children October 1992). The Plan also had a target of providing NutriAtol (a type of Vitamin A supplement) to 4,577 households by November 1991 to ensure that 60 percent of mothers covered by the project administer this supplement to their children after an infectious disease episode such as diarrhea. However, neither of the first two annual reports (covering the two-year periods ended October 1992) submitted to A.I.D. identified how many children received the Vitamin A capsules or how many households were provided NutriAtol during those years. The second annual report (dated November 1992) noted: "It is important to observe that the original proposal and DIP (Detailed Implementation Plan) have been extensively modified." This annual report also stated that "the new activities were in response to the communities expectations but without adequate direction and technical support". By the time of this second annual report, the grantee had already been paid \$185,900.
- The Detailed Implementation Plan (July 1991) for a grant with Foster Parents Plan International had numerous targets such as: reduce the number of infant deaths by 10 percent every year; reduce the incidence of severe cases of acute respiratory infections in children under five years old by 20 percent every year; every year 7,000 children under one year old will be fully protected against tuberculosis, polio, diphtheria, tetanus, whooping cough and measles. None of the four annual reports (the last one dated October 1992) identified progress in accomplishing any of these or other targets. Furthermore, it was not until the last report that the grantee reported that "substantial changes in the design and implementation of the project have occurred" including significant revisions to the project objectives. By the time of that report, the grantee had already been paid \$284,500.

The inadequate reporting by the grantees existed because Office of Private and Voluntary Cooperation staff did not review the grantees' performance reports or did not take action to resolve the problems in the grantees' reporting. For example, although we requested Office staff for copies of any memorandums or other documents prepared by them for any grantees identifying the type of problems in grantee reporting disclosed in our audit, Office staff said they had not prepared any such documentation and did not recall discussing any reporting problems with individual grantees. In fact, the Office staff was not aware of the magnitude of the reporting problem.

Office of Private and Voluntary Cooperation staff said that they did not have time to review the reports submitted by the grantees due to the shortage of staff. As previously discussed on pages 6 through 8, we agree that there is a shortage of Bureau staff assigned to properly administer the child survival program in accordance with established A.I.D. procedures.<sup>4</sup>

The lack of feedback from the Bureau was cited as a problem by six of the seven grantees reviewed in Guatemala. These six grantees' staffs said they have never heard from A.I.D. on the adequacy of the grantees' performance reports. These staffs also said that if they had been notified of the types of problems we identified in the audit, they could have improved their reporting as well as their overall management of the grant's activities.

In addition to the inadequate reporting by the grantees, the Office of Private and Voluntary Cooperation's monitoring of the grantees activities was also impaired by the fact that its staff did not make any site visits to review grantee activities in the past 18 months. Office staff stated they had neither the staff nor funding available to perform site visits. In our opinion, site visits by the Office staff would have disclosed most, if not all, of the types of problems we found in the child survival activities of the grantees.

As mentioned previously under "Inufficient Bureau Staff", the Bureau has reported to the A.I.D. Associate Administrator for Operations that personnel and operating expense constraints as well as the lack of centralized operating procedures in the Office of Private and Voluntary Cooperation have created material weaknesses in the

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<sup>4</sup> Since September 1986, the Bureau has had a university under a grant agreement to assist the Office of Private and Voluntary Cooperation in administering the child survival program including reviewing grantee performance reports. We did not attempt as part of our audit to determine if and to what extent the university complied with the terms and conditions of its grant agreement to assist the Bureau in managing the Bureau's child survival program.

management of the Bureau's programs. The Bureau's report to the Associate Administrator included as an attachment a memorandum from the Office of Private and Voluntary Cooperation that concluded:

We believe that the above weaknesses (i.e., personnel and operating expense constraints as well as the lack of centralized operating procedures) can be perceived as posing potential risk to the management and accountability of our numerous grant programs (including child survival). Increased project managers, additional travel funds for project monitoring and evaluation, and current operational guidelines would address these risks.

In conclusion, the Bureau did not establish or implement management controls necessary to know what progress grantees had made in accomplishing grant objectives and to evaluate recipients' performance under the grant agreements. Therefore, the Bureau needs to establish and implement procedures to ensure grantees provide the required performance reports and that Bureau staff make site visits necessary for monitoring grantee activities.

**Problems in Grantee Performance** -- As discussed above the seven grantees reviewed did not provide the required performance reports to the Bureau to enable the Bureau staff to measure the grantees' accomplishments against established objectives or to otherwise evaluate the grantees' performance. Other problems found in our review of these grantees include: grantees did not establish quantifiable indicators (targets and time frames) to objectively measure progress in achieving grant objectives or did not develop the required baseline data and management information systems to measure accomplishments; grantee accomplishment fell far short of what was expected under the grants; and grantees performed work outside the scope of the grant agreements.

We believe the principal reason why accomplishments could not in most cases be objectively measured against what was intended was due to grantee non-compliance with grant agreement requirements to establish quantifiable indicators (targets and time frames) and to develop baseline data and management information systems as a basis and means for comparing the current status of achievements. Examples of these instances include the following:

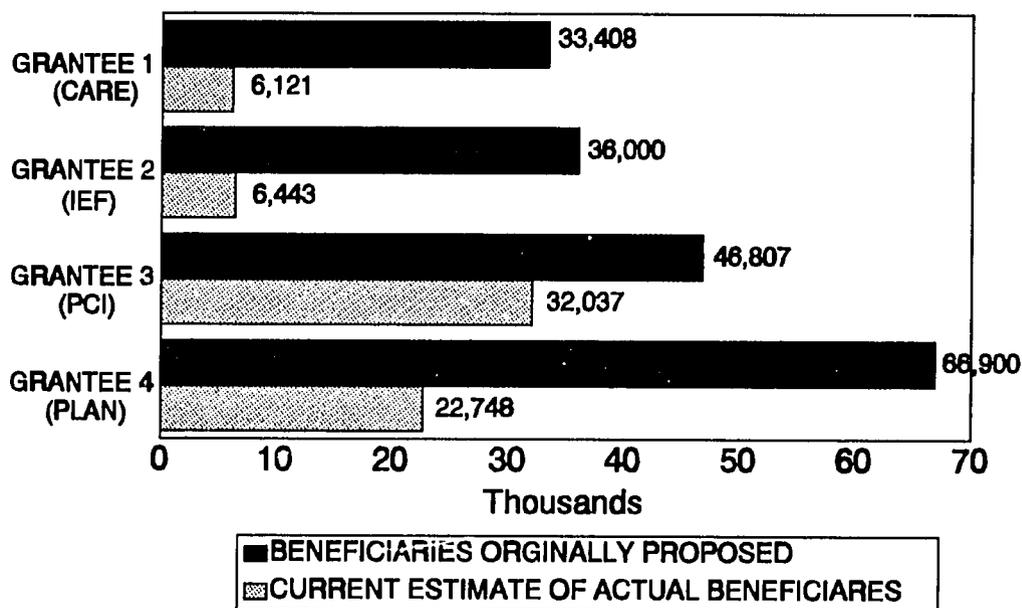
- The amended grant with La Leche League International states: "The goal of the project (grant) is to reduce infant and child mortality and morbidity through increasing the rate and duration of breastfeeding, especially exclusive

breastfeeding in the first six months of life." Although the objective has not changed, the grantee has not established indicators such as increasing the rate to a certain percentage and did not establish the baseline data (e.g., what percent of mothers were exclusively breastfeeding for six months when the grant activities started) and reporting systems necessary to measure progress in accomplishing the stated goal of the grant.

- The grant with People to People Health Foundation (Project Hope) states the project goal was to: "To reduce mortality and morbidity in children and mothers, particularly children under two." The Detailed Implementation Plan (dated June 1, 1992) for this grant had one target to complete immunization by August 1992 for 3,770 children under one year of age. Grantee officials said there is no baseline data and no information system regarding mortality and morbidity in children and mothers and children. The officials said they never expected to actually measure achieving this goal. Concerning child immunization, the grantee's first annual report for the year ended August 31, 1992, indicates that only 1,394 children had been completely immunized during the year. The grantee officials said the reason for the lower number was because Guatemala's Ministry of Health ran short of vaccination supplies. However, the officials also stated that the actual number of children completely immunized could not be determined because the data is obtained from the Ministry of Health which only has records on total vaccinations given for various diseases (e.g., measles or polio) -- not the number of children completely immunized.
- The grant with Cooperative for American Relief Everywhere states that one goal is to decrease morbidity and mortality of the target population due to malnutrition and diarrheal diseases. A principal objective was to increase the number of mothers practicing improved feeding practices of children under the age of five (e.g. the proposal identified that improved breastfeeding practices include increasing the number of mothers who breastfeed until the child is one and a half years of age). However, the grantee did not establish specific targets and baseline data to measure progress. For example, the grantee did not identify how many mothers were breastfeeding at the start of grant activities and how many should be breastfeeding until the child is one and half years of age by the end of the grant. Grantee officials said they had not established this type of data nor did they have a system to monitor specific progress in accomplishing the stated goal of decreasing morbidity and mortality of the target population or the objective of increasing the number of mothers breastfeeding.

All seven grantee activities reviewed fell far short of accomplishing what was expected under the grants. For example, as shown below, four of the seven grantees' activities were to benefit 183,115 women and children whereas latest estimates by the grantees indicate only 67,349 will be benefitted.<sup>5</sup> The four grants have total estimated costs of \$2.1 million of which the grantees have already been paid \$1.0 million.

### Comparison of Anticipated to Actual Beneficiaries Under Selected Grants and Cooperative Agreements as of September 30, 1992



Examples of the above shortfalls and other intended grant objectives that were not or will not be accomplished include the following:

- The International Eye Foundation proposal (January 1990) and agreement (July 1990) were to improve infant and child health and survival by increasing the level of Vitamin A intake for 36,000 children in 90 communities. The latest annual report (dated October 22, 1992) estimates that only 26

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<sup>5</sup> Shortfalls are based on grantee expectations of beneficiaries identified in the grant proposal compared to the number identified in the grantee's last annual performance report (annual questionnaire). Although all four grantees were requested to provide a revised proposal prior to the grant award, none of them did. Therefore, the number of expected beneficiaries identified in the original proposal was the only estimate used by A.I.D. in deciding which grantees received the grants and the amount of the grant. We did not attempt to verify the accuracy of the numbers reported by the grantees on expected beneficiaries.

communities will be covered in the project and only 6,443 children will benefit when the grant ends in September 1993. The grant agreement also allocated 80 percent of the A.I.D. grant funds for the following three objectives: distribute NutriAtol to 18,000 preschool children and develop 180 school and community-level garden projects.<sup>6</sup> The grantee's officials in Guatemala stated that no NutriAtol will be distributed and only 52 school and community-level gardens will be developed.<sup>7</sup> These officials said the reason for these significant shortfalls of beneficiaries and gardens was because the original targets were not realistic. Concerning the distribution of NutriAtol, the officials said that this objective was deleted because it was determined to be too expensive when distributed as part of a previous project. The officials also said an underlying cause of the problem was that the original objectives were established by the grantee's home office with little input from its staff in Guatemala. This grantee had been paid \$185,910 (as of June 30, 1992).



Typical Family Garden

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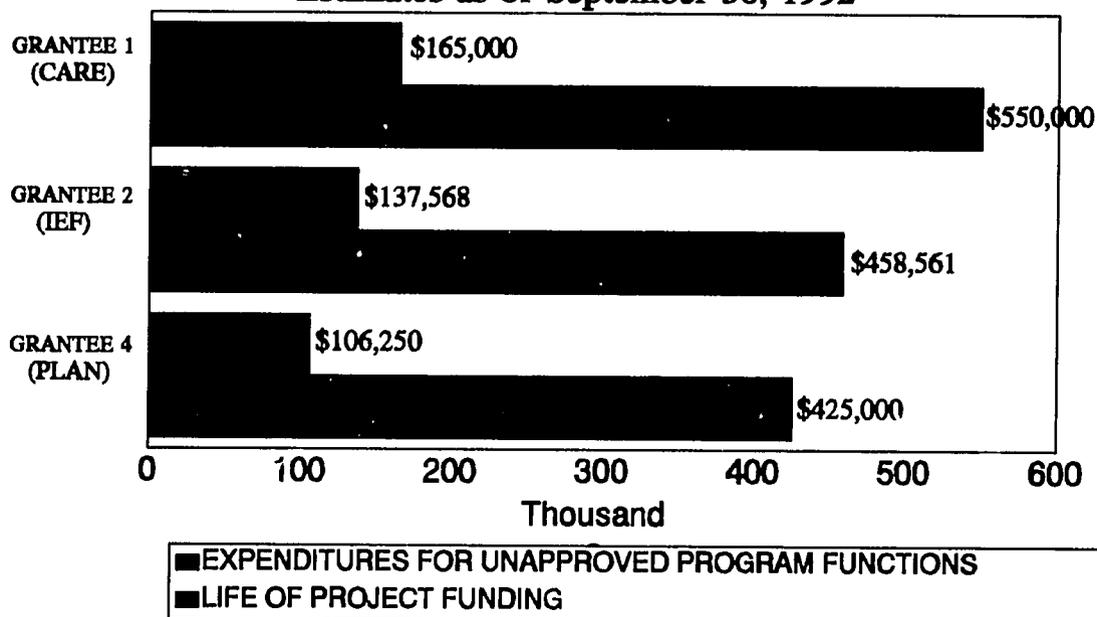
<sup>6</sup> The Detailed Implementation Plan (March 1991) revised these objectives to providing NutriAtol to 4,577 households and developing 40 school gardens (instead of the 180 school and community-level gardens identified in the grant agreement).

<sup>7</sup> The grantee has also promoted 336 gardens at family homes. These gardens are about 2 feet by 6 feet. We did not count these against the objectives because there were no targets established for home gardens.

- The proposal (dated December 18, 1990) for the Project Concern International grant stated that the grant would cover 10 municipalities and benefit 46,807 women and children through several child survival interventions such as immunizations and oral rehydration therapy. The latest annual report (dated October 15, 1992) estimates that only 32,037 women and children will benefit when the grant ends in August 1994. This grantee's officials in Guatemala stated that the original targets were not realistic. These officials also said that an underlying cause of the problem was that the original targets were established by the grantee's home office without input from the staff in Guatemala. These officials did not know how many women and children had actually benefitted at the time of our audit because no records were kept to identify this information. This grantee had been paid \$210,580 (as of August 31, 1992).
- The agreement (dated August 1988) for the Foster Parents Plan (PLAN) stated that the grant would cover 66,900 women and children through such interventions as immunization and nutritional programs. The latest annual report (dated October 1992) estimates that only 22,748 women and children would benefit when the grant ends in July 1993. This latest annual report also stated that the project objectives were changed to five new objectives. However, this grantee's officials in Guatemala told us in March 1993 that at least three of the five new objectives either will not be acted upon or can not be achieved before the project ends in August 1993. For example, one of the new objectives was that 70 percent of the children (in 85 percent of the communities targeted by the project) aged less than 36 months who were clinically pale will receive ferrous sulphate. The grantee's officials said this objective has been canceled because it was not needed. This grantee had been paid \$284,547 (as of July 31, 1992).

The audit also found that at least three of the seven grantees performed activities that were outside their approved scopes of work without obtaining the required A.I.D. approval. As illustrated below, the recipients' have estimated that A.I.D.'s cost by the end of the grants for child survival, activities not approved by A.I.D. will total to about \$408,800 of the \$1.4 million for the three grants.

**Projected Expenditures for Unapproved  
Program Functions in Guatemala Based on  
Estimates as of September 30, 1992**



**\*Percentage of Unapproved Program Functions**

Cases where grantees performed activities outside the approved scopes of work follow:

- The International Eye Foundation's proposal (January 1990) and grant (July 1990) identified that about \$320,000 of A.I.D. funding would be spent on Vitamin A-related activities. However, based on grantee-estimated life-of-project expenditures presented in their second annual report (October 1992), about \$137,570 will be spent on other activities such as immunization and diarrhea interventions. The grantee did not request and A.I.D. officials did not formally approve these other activities.
- The Foster Parents Plan proposal (December 1987) and grant Amendment No. 1 (August 1988) indicated that A.I.D. funds would be spent on immunization (\$170,000), oral rehydration therapy (\$127,500), and nutrition activities (\$127,500). However, the grantee's fourth annual report (October 1992) estimates that 25 percent, i.e., \$106,250 of the \$425,000 in A.I.D.

funding, had been spent on controlling acute respiratory infection. The grantee had not requested nor did A.I.D. formally approve this activity.

- The CARE proposal (December 1988) and grant (November 1989) called for interventions to counter the effects of diarrheal diseases and malnutrition. Life-of-project funding from A.I.D. is approximately \$550,000. However, the grantee estimated in September 1992, that by the end of the agreement 30 percent of the funding, or \$165,000, would be spent on other than the above agreed-upon child survival interventions.

We believe that the achievement of A.I.D.'s overall child survival goals may be slowed if grantees disregard agreed-upon objectives and pursue what they unilaterally perceive as being necessary in their particular sphere of operations. And, because of the unilateral nature of the reported activities, we are questioning the eligibility of the above \$408,800 pending evaluation by the Bureau of their allowability.

The above discussions and examples regarding "problems in grantee performance" reviewed in Guatemala are used to identify the types of problems that can result if A.I.D. does not monitor grantee performance. We are not implying that the performance problems disclosed from our review of the seven grantee's activities are representative of all, or even most, of the grantee child survival activities funded by the Bureau for Food, Disaster Assistance and Crisis Management. However, we believe the problems found illustrate the need for the Bureau to implement tighter controls over grantee activities to ensure A.I.D. funds are spent efficiently and effectively. Such controls should include procedures to ensure grantees establish quantifiable indicators, perform baseline studies, and establish management information systems during the proposal process or at least within the first year of the grant to measure grant accomplishments against specific objectives.

### **Management Comments and Our Evaluation**

Bureau management generally agreed with the above finding and recommendation and acknowledged that the program could be strengthened considerably. Regarding the first part of the recommendation that they perform a resource assessment to determine the staff needs and assign sufficient staff to properly administer the child survival program or downsize the program, management has assigned additional manpower, but states that there is still a need to more adequately staff the program. However, in light of current personnel and OE constraints, they believe little would be gained by doing a resource assessment. However, the Bureau has proposed a

reduction in the number of grants to be awarded. Accordingly, Recommendation No. 1.1 is considered resolved and can be closed when documentation is provided showing that the resulting down-sized program is one which can be properly managed by Bureau staff.

In responding to the second part of the recommendation that they institute procedures to ensure grantees establish quantifiable indicators, perform baseline studies, and establish management information systems during the proposal process or at least within the first year of the grant to measure grant accomplishments against specific grant objectives, management stated it has addressed these concerns and has provided documentation showing that it has (1) developed a set of quantifiable indicators, (2) established a requirement for grantees to submit, within six months of their agreement start date, the results of a baseline survey, and (3) instructed grantees to include detailed descriptions of the structure and status of their actual or planned information system. Based on this response and supporting documentation, Recommendation No. 1.2 is closed upon issuance of this report.

For the third part, recommending establishing procedures to ensure grantees provide required performance reports which identify progress made against each specific grant objective and to identify any problems in accomplishing such objectives, management provided us Annual Report guidelines which were recently issued to grantees. They further provided Mid-Term Evaluation guidelines, also issued this year, requiring reporting on measurable outputs, identifying and assessing the relationship between accomplishments and objectives, and identifying constraints to meeting objectives. Finally, in responding to this recommendation, management stated its expectation to fully implement a new quarterly performance reporting format to address concerns regarding report regularity and utility. Based on the responsiveness of the actions taken or planned by management, Recommendation No. 1.3 is resolved and can be closed when we receive documentation showing that the new quarterly report format has been implemented.

In their response to the fourth part, recommending procedures to ensure that necessary site visits are performed to review program accomplishments and grantee management control systems, management agreed on the necessity for site visits but stated that such monitoring has been seriously constrained by limited staff (addressed in Recommendation No. 1.1) and the availability of OE funds for travel. They further acknowledged the utility of site visits by stating that other monitoring methods could not completely achieve the same results. However, they stated that unless needed monetary and personnel resources are forthcoming, a good portion of their project monitoring would have to be second-hand but added that monitoring

techniques they are now considering would be adequate to meet the requirements of OMB Circular A-110. Although management acknowledged the value of first hand observation, they have not specifically addressed Recommendation No. 1.4, causing us to classify it as unresolved.

**Quantifiable Indicators and Reporting Systems to Monitor Program Progress are Needed**

Although the Foreign Assistance Act requires A.I.D. to establish quantifiable indicators (targets and time frames) and reporting systems to measure progress in achieving the objectives of its programs, the required indicators and systems have not been established for the Bureau of Food, Disaster Assistance and Crisis Management's child survival program. This problem occurred because Bureau officials were not fully aware of these requirements. As a result, A.I.D. could not measure the Bureau's progress in achieving the established objectives for the child survival program for which A.I.D. has already spent \$73.4 million.

**Recommendation No. 2: We recommend that the Assistant Administrator for the Bureau for Food, Disaster Assistance and Crisis Management:**

- 2.1 establish quantifiable indicators (targets and time frames) to measure progress towards accomplishing program objectives, and**
- 2.2 establish procedures for ensuring periodic reports are submitted to Bureau management identifying progress in achieving each indicator.**

The Foreign Assistance Act (Section 621A[b]) requires A.I.D. to establish a management system that includes (1) the definition of objectives, (2) the development of quantifiable indicators to measure progress towards these objectives, and (3) adoption of methods for comparing actual versus anticipated results. The system should provide information to the agency and to Congress that relates agency expenditures to such objectives and results in order to assist in the evaluation of program performance, the review of budgetary requests, and the setting of program priorities. A.I.D. Handbook 3 (Chapter III) also requires a reporting system which keeps all parties advised, including A.I.D. management, of the current status of program activities.

Within the Bureau, the Office of Program, Policy and Management has primary responsibility to ensure the above requirements are met. These responsibilities (as prescribed in A.I.D. Handbook 17, Chapter 19) include: formulating the Bureau's program objectives; monitoring the effectiveness of the Bureau's practices for the implementation and periodic evaluation of Bureau-funded programs; and ensuring evaluations are undertaken to assess the extent to which Bureau-funded programs are achieving their stated objectives.

Although the Bureau for Food, Disaster Assistance and Crisis Management has revised its child survival program objectives to some extent since the inception of the program in fiscal year 1985, the principal objectives have included the following:

- to expand, strengthen and support U.S. private and voluntary organizations (PVOs) programs that address immunizations, control of diarrheal diseases, nutrition, prevention of high risk births, and maternal health;
- to phase in additional child survival interventions, in particular malaria control, treatment of acute respiratory infection, and Vitamin A activities, based on lessons learned in implementing immunization and control of diarrheal diseases activities;
- to assist PVOs to further professionalize their management systems and to strengthen headquarters backstopping of field activities;
- to assist PVOs to strengthen their Health Information Systems with a basis in epidemiological principles;
- to increase the health impact and effectiveness of PVOs by combining public and private resources to address the common objective of child survival; and
- to help PVOs integrate child survival into other programs, and develop strategies to enhance the financial and institutional sustainability of country projects.

However, after more than seven years of the Bureau's child survival program for which A.I.D. has already spent \$73.4 million, the Bureau has still not established quantifiable indicators (targets and time frames) and reporting systems to measure progress in accomplishing the established program objectives. For example:

- There were no targets to measure progress in expanding PVO programs that address immunizations. Such indicators could include the number of PVO programs supporting child survival activities in a certain number of countries as well as the time frames for reaching those numbers.
- There were no targets to measure progress in assisting PVOs to strengthen their health information systems. For example, which PVOs needed assistance, what specific areas needed improvement, and what were the time frames for correcting the problems.
- There were no targets for helping grantee organizations to integrate child survival into other programs, and to develop strategies to enhance the financial and institutional sustainability of country projects. For example, what type of strategies were to be developed and the criteria (benchmarks and time frames) for evaluating the effectiveness in enhancing the financial and institutional sustainability of country projects.

Office of Private and Voluntary Cooperation and Office of Program, Policy and Management officials said that no attempts had been made to measure progress in accomplishing the Bureau's child survival program objectives cited above. The officials acknowledged that quantifiable indicators and reporting systems had not been established to measure progress in achieving the stated objectives of the Bureau's child survival program. The officials attributed the lack of indicators and reporting systems to the fact that they have not had time to develop such systems due to other priorities.

In conclusion, after seven years of sponsoring a child survival program, the Bureau is not able to measure progress in accomplishing the program objectives. Therefore, to comply with the requirements of the Foreign Assistance Act, the Bureau needs to develop quantifiable indicators and reporting systems for progress in accomplishing program objectives.

### **Management Comments and Our Evaluation**

Bureau management agreed with the recommendation but mentioned that it may be difficult to set up quantifiable (strictly objective) indicators and that measures incorporating some degree of subjectivity may be unavoidable. Where quantitative

measures are appropriate, management states that these must be identified in the context of broader policy discussions which are already underway and scheduled to conclude in December. Once understandings and agreements are reached, the Bureau plans to establish an approach to periodically evaluate and report on program performance.

We understand the complexity facing Bureau officials in establishing quantifiable indicators. Nevertheless, these are times when Government is being held to higher accountability standards to show its programs are yielding intended results. In our opinion, quantifiable indicators are of paramount importance in measuring the attainment of concrete results. We are encouraged, however, by the Bureau's response and plans, and based on these, Recommendation Nos. 2.1 and 2.2 are considered resolved and can be closed when indicators have in fact been established along with a reporting mechanism for identifying to Bureau management progress toward achievement of each indicator.

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## SCOPE AND METHODOLOGY

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### Scope

The Office of the Inspector General/Programs and Systems Audits audited the Bureau for Food, Disaster Assistance and Crisis Management (Bureau) controls over its child survival program in accordance with generally accepted government auditing standards. We conducted the audit from April 1992 through July 14, 1993 when we held an exit conference with Bureau officials, and covered selected grantees' performance and the Bureau's practices for monitoring grantee progress in accomplishing grant and the overall child survival program purposes. The audit objective was to answer the following question:

- Did the Bureau for Food, Disaster Assistance and Crisis Management ensure (1) that grant recipients complied with the reporting requirements of the grant agreements and accomplished what was required or intended under the grants in support of child survival activities and (2) that the Bureau's overall child survival program objectives were being achieved?

The audit had the following scope limitations:

- The audit did not evaluate the accuracy or completeness of data on the number of grants and the award and expenditure amounts. We relied on the information provided us by the Office of Private and Voluntary Cooperation staff.
- The auditors had planned to visit seven A.I.D.-funded grantees' activities in Indonesia. However, because USAID/Indonesia objected to us performing the audit in Indonesia at the time planned due to

24

other audit work being done in Indonesia, we did not perform audit work in Indonesia. USAID/Indonesia suggested that we postpone our work; but, because we wanted to provide the Bureau a copy of our report before awards were made for fiscal year 1993, postponing the work in Indonesia was not possible.

- Some documentation on A.I.D. staff and external consultants reviews of grantees' proposals and detailed implementation plans could not be located by Bureau staff. Therefore, the auditors could not always determine what these reviews identified regarding any problems with the proposals and plans and recommendations to correct the problems.
- The audit did not include an evaluation of the work performed by the university which was hired to assist the Office of Child Survival to manage the child survival program. We only performed a limited review of the university's work related with performance reporting by the grantees. The Bureau had funded an independent contractor review of the university's work and the contractor's report was issued in August 1992. While the contractor's report concluded that the university was doing an excellent job, in our opinion some of the problems discussed in this audit report would not have existed if the university had fully carried out its responsibilities in assisting the Office of Private and Voluntary Cooperation management of the child survival program.

Although our primary focus was to review the Bureau's management of child survival activities performed by grantees, we also reviewed the activities of seven grantees in Guatemala to determine if the grantees complied with the grant requirements for reporting on progress made in accomplishing established grant objectives and to determine whether the grantees accomplished what was required or intended under the grant agreements.<sup>8</sup>

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<sup>8</sup> We had planned to review a total of 14 grantee activities, 7 in Guatemala and 7 in Indonesia. However, USAID/Indonesia objected to our performing the audit in Indonesia during the planned time frame and, therefore, our field visits were limited to the 7 activities in Guatemala.

25

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## Methodology

To accomplish the audit objective, we requested the Bureau for Food, Disaster Assistance and Crisis Management to identify all grants which were active in fiscal years 1991 and 1992 in support of its child survival program along with the amount of the award and expenditures as of September 30, 1992. We reviewed documentation and held discussions with staff in two Bureau offices: the Office of Private and Voluntary Cooperation and the Office of Program, Policy and Evaluation. Some of the documentation reviewed at these offices included: Action Memorandums for the Bureau's Assistant Administrator for fiscal years 1990 through 1992, which identified the child survival program objectives, the proposal selection process, and proposals recommended for awards; proposals, performance reports, and other reports submitted by the grantees for 14 A.I.D.-funded child survival activities in Guatemala and Indonesia (seven in each country); the grant agreements covering these activities; and any documentation on the Bureau staff's review of the grantees' performance reports and progress in accomplishing the Bureau's progress in accomplishing its child survival program objectives. We also reviewed documentation, met with representatives, and visited child survival activities of seven A.I.D.-funded grantees' operations in Guatemala. We also met with USAID/Guatemala officials while we were in Guatemala.

Our review of internal controls and compliance was limited to the issues discussed in this report. These controls and compliance requirements are for the most part prescribed in the Foreign Assistance Act (Section 621[A][b]), OMB Circular A-110 (Attachments H and J), and A.I.D. Handbook 3 (Supplement A). We included steps to detect abuse or illegal acts that could affect the audit objective.

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U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

15 OCT 1993

**MEMORANDUM FOR IG/A/PSA, TOBY JARMON**

**FROM:** Acting AA/FDC, Lois Richards *LR*

**SUBJECT:** Response to Draft Report of the Audit of the FDC/PVC  
Child Survival Program

Thank you for allowing us to respond to the draft report of your recent audit of the FDC/PVC (formerly FHA/PVC) Child Survival Grants Program. We view the audit as both timely and helpful to the current FDC/PVC staff and Bureau managers in identifying and focusing on areas in which this program can be made more effective.

Your findings reaffirm our own views on the critical need for more staffing and OE resources for on-site project monitoring as well as monitoring of performance reporting. The audit raises concerns which are valid not only for this program, but also for other programs the Bureau operates and which are broadly applicable throughout the Agency. One clear implication is that with cuts in staffing and OE, the ability to provide good stewardship of U.S. Government resources is being made more difficult.

Guidelines for the Child Survival Grants Program have evolved since inception of the program in 1985. Certain controls which were missing in earlier FDC/PVC Child Survival projects, have since been introduced. For example, since FY 1992 all grantees have been required to conduct baseline surveys, the results of which are used in the preparation of the Detailed Implementation Plan and in final evaluation of completed projects.

Also, in reviewing our records and in talking with representatives of PVOs, we find that some of the differences which the auditors found between proposed objectives and actual interventions are accounted for in Detailed Implementation Plans (DIPs) and other project reports. Notwithstanding, this finding of the audit highlights a need for more outcome-oriented program documentation and more regular written communication between FDC/PVC project officers and project personnel.

We believe the Child Survival Grants Program is a very solid program, with comparatively direct and immediate results. We accept that the program can be strengthened considerably. We have noted each of the auditors' recommendations and we comment on them in the following statements.

**A. Control Over Grantee Performance**

**Recommendation 1.1: Perform a resource assessment to determine the staff needs and assign sufficient staff to properly administer the child survival program or downsize the program.**

The report concludes that FDC did not meet prescribed requirements for monitoring grantees' progress because of insufficient staff in relation to the number of active grants, PVOs and countries in which activities are on-going. While there is merit in this conclusion, it should be noted that at the time the audit was initiated, the Child Survival Unit was not fully staffed and two key members had been on board with FDC/PVC for less than one year. As a result, most of the history of the projects examined by the auditors pre-dated their tenure. Notwithstanding, FDC agrees that there is need to more adequately staff the Child Survival Program. As noted in the draft audit report, we identified this need in last year's vulnerability assessment.

FDC/PVC has pursued and will continue to pursue alternatives for maximizing the project officer/project ratio. Since the audit began, FDC/PVC has taken several specific measures to strengthen its staff capacity. The PVO Fellow, who joined FDC/PVC in January, was assigned part-time to the Child Survival Unit. Her background is in the areas of child survival and health, and she devotes roughly two-thirds of her time to the Child Survival Grants Program. In March, the office hired an additional, full-time, project officer for the Program.

In the absence of any possibility of increasing staff, given A.I.D. FTE and OE constraints, little is to be gained by doing a resource assessment. A fundamental reality is that this is not a program-specific issue or one which can be resolved at the instance of a single office. Following years of "doing more with less," the Agency, as a whole, is spread too thin for the range of tasks it is pursuing.

In addition to the steps which have been taken to augment the staff, FDC/PVC believes there are other ways of making the program more manageable. Among these is to limit growth of the program, or to down-size. Consistent with this, for the current fiscal year (FY 94) and for FY 95, PVC is proposing an approximately 10% reduction in funds for programs managed by the Child Survival Unit and a commensurate reduction in the number of grants awarded. Last, FDC/PVC intends also to explore the feasibility of such measures as longer projects and bi-annual (rather than annual) requests for applications, as a means of reducing the management intensity of the awards cycle and freeing up more time for project monitoring.

**Recommendation 1.2: Establish and implement procedures to ensure grantees establish quantifiable indicators, perform baseline studies, and establish management information systems during the proposal process or at least within the first year of the grant to measure grant accomplishments against specific grant objectives.**

Some of the concerns raised by the auditors refer to projects for which Cooperative Agreements went into effect several years ago. More recently, FDC/PVC has acted to address these concerns. FDC/PVC now has in place a set of indicators by which Child Survival projects will be tracked (See Attachment 1, "Key Indicators of Child Survival Project Performance"). These indicators are consistent with those advocated by WHO, PAHO and UNICEF for immunization, control of diarrheal diseases, nutrition, breastfeeding, maternal care, and family planning. We have now incorporated these indicators into the most recent final evaluation guidelines, which have been issued to PVOs, and are being incorporated into the next Detailed Implementation Plan (DIP) guidelines.

Second, FDC/PVC is requiring Child Survival grantees to submit, within six months of the start date of the Cooperative Agreement, as part of the DIP, the results of a baseline survey, i.e., a standardized Knowledge, Practice and Coverage Survey.

Finally, we are instructing Child Survival grantees to include a detailed description of the structure and status of the actual, or planned information system, enabling them, and FDC/PVC, to measure accomplishments against objectives. (See attachment 2, DIP Guidelines, Section E.) With its most recent cycle of DIP reviews, PVC instituted a new internal control to specifically direct project officers' attention to findings of the DIP technical reviewers and to identification of needs and schedules for follow-up. (See attached "FHA/PVC Follow-Up of Child Survival DIP Reviews.") Since the nature of the FDC/PVC Child Survival Program encourages substantial refinement of project plans after approval of the grant, this internal control is important to ensure that changes in project plans meet with A.I.D.'s approval, that recommendations are properly communicated to PVOs and that necessary modifications of the actual Cooperative Agreement are made.

On the basis of these actions, we believe that we have been responsive to this recommendation.

**Recommendation 1.3: Establish and implement procedures to ensure grantees provide required performance reports which identify progress made against each specific grant objective and to identify any problems in accomplishing such objectives.**

During the period of the audit, FDC/PVC began to revise its reporting formats to address concerns regarding the regularity and utility of reports. Revised Annual Report guidelines have been issued this year, which require the PVO to provide a comparison of actual accomplishments with the goals and objectives for the reporting period and to explain any significant deviations from the approved DIP which may affect measurable objectives, type or scope of child survival interventions, location or number of project beneficiaries and budget.

Mid-Term Evaluation guidelines issued this year instruct PVOs to report on measurable inputs, outputs and outcomes; to identify and assess the relationship between accomplishments and objectives; and to identify constraints to meeting objectives.

Final Evaluation guidelines issued this year require PVOs to:

- State the objectives of the project, as outlined in the Detailed Implementation Plan, and state the accomplishments of the project related to each objective.
- Describe any circumstances which may have aided or hindered the project in meeting these objectives, and explain any unintended benefits of project activities.
- attach a copy of the project's final survey and state the results for each relevant indicator.

FDC/PVC expects to fully implement a new quarterly performance reporting format within approximately 90 days.

Project reporting schedules are maintained by FDC/PVC. PVOs are aware of the reporting schedule and they are contacted when their reports are not submitted in a timely fashion. Changes which are being made in Child Survival reporting guidelines and in internal procedures are expected to result in PVC's making greater use of project performance reports as a key tool for project monitoring.

**Recommendation 1.4: Establish and implement procedures to ensure that necessary site visits are performed to review program accomplishments and grantee management control systems.**

Ideally, each grantee supported by FDC/PVC is visited at its field site by FDC/PVC personnel at least twice during the life of the project. However, on-site monitoring of projects by FDC/PVC staff has been seriously constrained by limited staff and availability of OE funds for travel. As a result, the office has relied heavily on visits by staff and/or consultants working with the Child Survival Support Program which, under a cooperative agreement between FDC/PVC and Johns Hopkins University, has operated as a technical assistance/technical support mechanism.

There are other internal controls which FDC/PVC will be considering. An example of such a control is a requirement imposed several months ago (and mentioned earlier in this response) for monitoring of grantee plans, performance and accomplishments, i.e., the requirement that project officers report the results of their reviews of comments on individual DIPS, including identification of existing or foreseeable problems and plans and timetables for resolving or preventing the problems. This control, or something similar to it, can be imposed at other critical points in the life of each Child Survival project.

FDC/PVC has utilized available funds for limited site visiting. In addition, the Office has begun, and will continue to tap the resources of other bureaus to assist in on-site monitoring of projects. For example, a R&D Bureau AAAS Fellow has recently returned from participating in evaluating one of our projects, and will be providing feedback to the Project Officer. Similarly, a member of the Asia Bureau staff has offered to provide field assistance to us.

None of these alternatives can completely substitute for the first-hand, face-to-face discussions, observations and clarifications which occur during site visits by FDC/PVC project officers. However, unless FDC/PVC is able to obtain the necessary resources to increase the number of site visits made each year, a good portion of our project monitoring will continue to be second-hand. Nonetheless, we feel that use of these various alternatives, is adequate to meet current requirements of OMB Circular A-110.

**B. Need for Quantifiable Indicators and Reporting Systems to Monitor Program Progress**

**Recommendation Nos. 2.1 and 2.2: We recommend that the Assistant Administrator for the Bureau for Food and Humanitarian Assistance establish quantifiable indicators (targets and time frames) to measure progress towards accomplishing program objectives, and ensure periodic reports are submitted to Bureau management identifying progress in achieving each established indicator.**

We accept the recommendation that there is need to determine reasonable indicators (targets and time frames) to measure progress toward accomplishing program objectives. These are of two types: (1) performance against Child Survival indicators; and (2) impact on Child Survival PVOs' institutional development. Both are longer term, with some features of earlier predictability. For the latter, particularly, it may be difficult to set quantifiable indicators, such that qualitative measures, incorporating some degree of subjectivity, may be unavoidable.

To the extent that quantitative measures of overall program performance are appropriate, they must be identified in the context of broader policy discussions, i.e., of what A.I.D. will seek to accomplish through its support of PVOs, in terms of both PVOs' institutional development and FDC/PVC's role vis-a-vis the Agency's Child Survival goals, objectives and strategies. FDC/PVC expects to clarify the institutional development objectives of its grants, broadly, as part of its effort to improve A.I.D.'s partnership relation with PVOs. This effort -- a joint undertaking with POL -- is already underway and is scheduled to conclude in December. Once these understandings are in place, FDC/PVC will work with FDC/PPE to establish an approach to periodic evaluation of program performance and to determine how best to monitor program performance.

APPENDIX III

**REPORT DISTRIBUTION**

<b><u>Office</u></b>	<b><u>No. of Copies</u></b>
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