USAID

OFFICE OF INSPECTOR GENERAL

Audit of USAID/Romania's Performance Monitoring for Indicators

Audit Report No. B-186-01-003-P

February 26, 2001

Budapest, Hungary

U.S. Agency for
International Development

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

RIG/Budapest

February 26, 2001

MEMORANDUM

FOR: USAID/Romania Director, Denny F. Robertson

FROM: Dir. of Audit Operations, RIG/Budapest, Nathan S. Lokos

SUBJECT: Audit of USAID/Romania's Performance Monitoring for Indicators (Report No. B-186-01-003-P)

This memorandum is our report on the subject audit. In finalizing the report, we considered your comments on the draft report. Your comments on the draft report are included in Appendix II.

This report contains six recommendations for your action. Based on the information provided by the Mission, management decisions have been reached on these recommendations. A determination of final action for these recommendations will be made by the Office of Management Planning and Innovation (M/MPI/MIC) when planned corrective actions are completed.

I appreciate the cooperation and courtesy extended to my staff during the audit. I especially valued the excellent preparatory work your staff did to facilitate the audit prior to the arrival of the audit team.

Background

After the collapse of the Soviet Bloc in 1989-91, Romania was left with an obsolete industrial base and a pattern of industrial capacity wholly unsuited to its needs. In February 1997, Romania embarked on a comprehensive macroeconomic stabilization and structural reform program, but reform subsequently has been a "stop-and-go" process. Restructuring programs have included liquidating large energy-intensive industries and major agricultural

and financial sector reforms. Today, Romania is continuing its difficult transition to a market-based economy.

The overall goals of USAID's assistance program in Romania are to support economic freedom and growth, democratic attitudes and institutions, and improvements in the quality of life for Romanians. Specifically, USAID's assistance program helps to foster Romania's transition to a market-oriented democracy through major activities in the areas of economic growth, democracy-building and social sector restructuring. Between 1990 and 1999, USAID committed $248 million to Romanian assistance programs in the following areas: privatization, financial sector development, private sector development, energy sector reform, improved environmental management and protection, democratic governance, civil society development, decentralized public administration and local government strengthening, women's reproductive health and reform of the child welfare system.

In March 2000, USAID/Romania submitted its annual Results Review and Resource Request (R4)—the most significant performance report of the Mission—highlighting fiscal year 1999 program accomplishments and fiscal year 2002 strategic directions. Underpinning the Mission's annual R4 report is a USAID-prescribed performance monitoring system which encompasses: (1) establishing performance indicators; (2) preparing performance monitoring plans; (3) setting performance baselines; (4) collecting performance data; and (5) assessing data quality.

Audit Objectives

This audit is part of a worldwide series of audits that are being conducted by USAID's Office of Inspector General (OIG). USAID's Office of Policy and Program Coordination (PPC) requested these audits and, with the OIG, jointly developed the audit objective and methodology. The Office of the Regional Inspector General/Budapest performed this audit to review the Mission's performance monitoring system and, specifically, to answer the following audit objective:

- Did USAID/Romania monitor performance in accordance with Automated Directives System E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for fiscal year 2002?

Appendix I describes the audit's scope and methodology.

Audit Findings

Did USAID/Romania monitor performance in accordance with Automated Directives System E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for fiscal year 2002?

USAID/Romania generally monitored performance in accordance with Automated Directives System (ADS) E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its R4 report for fiscal year 2002. However, we determined that there were certain exceptions in the four strategic objectives that we examined. These exceptions concerned (1) performance monitoring plans that are too general to allow for consistent results monitoring and reporting, (2) the lack of formal data quality assessments, and (3) certain shortcomings in R4 reporting.

In all, the Mission's R4 report included 21 performance indicators for on-going activities. In collaboration with the Mission's staff, we decided to focus our testing on five performance indicators that encompassed four of the Mission's eight strategic program areas. The four strategic program areas reviewed had obligations totaling $40.2 million for FY 1999 and FY 2000 or 75.3 percent of the Mission's portfolio. For these five indicators, the Mission had recently prepared a detailed performance monitoring plan that included indicator descriptions and units of measurement, data sources, data collection schedules, data calculation methodologies, and data acquisition and analysis responsibilities within the Mission. In addition, the Mission had established baseline data for all indicators in order to measure progress toward strategic objectives. And finally, the Mission issued its R4 report, which generally reported data in accordance with USAID guidance.

However, we found certain areas in which the performance monitoring system could be improved. Performance monitoring plans were—in some cases—not as complete as specified by ADS guidance, data quality assessments were generally not done, and R4 reporting standards were not always met. These opportunities for improvement are discussed below and summarized in Appendix III.

Performance Monitoring Plans Were too General to Allow Consistent Results Monitoring and Reporting

For the performance monitoring plans prepared for each of the four strategic objectives reviewed, we found that the plans were not as complete as required by USAID guidance for three of the five indicators examined. Specifically, the plans did not always meet USAID standards

requiring (1) precise definition of indicators, (2) identification of data sources, and (3) description of the data collection methodology.

The principal causes for these shortcomings were that:

- until recently, most projects and activities were managed from Washington;

- the Europe and Eurasia Bureau initially focused on input-output reports rather than results reporting; and

- finally, USAID/Romania's program staff were generally inexperienced in the requirements for project design, implementation, management and performance monitoring.

Because of the Europe and Eurasia Bureau's initial focus on inputs rather than results and the fact that most of USAID's assistance program in Romania was managed from Washington, the Mission's inexperienced program staff and financial resources were focused on developing and managing activities at the expense of monitoring performance of its portfolio. Without complete monitoring plans, the Mission did not have assurance that it was maintaining the controls that are essential to the operation of a credible and useful performance-based management system. These conditions also contributed to the Mission's lack of clear procedures and methodology for assessing the quality of data sources discussed later in this report.

ADS 203 states that performance monitoring plans shall be prepared for each operating unit's strategic plan. Information included in a performance monitoring plan shall enable comparable performance data to be collected over time, even in the event of staff turnover, and shall clearly articulate expectations in terms of schedule and responsibility. Specifically, performance monitoring plans shall provide a detailed definition of the performance indicators that will be tracked; specify the source, method of collection and schedule of collection for all required data; and assign responsibility for collection to a specific office, team or individual. In summary, performance monitoring plans function as a critical tool for managing and documenting the data collection process—and for ensuring that data are collected from one reporting period to the next is comparable.

USAID/Romania had a separate performance monitoring plan for all seven strategic objectives which had indicators. One strategic objective area focused on cross cutting programs and did not have any indicators associated with it. Our examination of four performance monitoring plans related to four separate strategic objectives determined that those plans did not always

meet USAID's standards for indicator definition, data source identification and data collection methodology.

Indicator Definition

ADS E203.5.5 (a) addresses performance indicators and requires that operating units define performance indicators for which quality data are available. Further guidance on these requirements is contained in a pamphlet—TIPS No. 7—issued by USAID's Center for Development Information and Evaluation (CDIE).[1] TIPS No. 7 addresses the preparation of a performance monitoring plan and states that the definitions of performance indicators "should be detailed enough to ensure that different people at different times, given the task of collecting data for a given indicator, would collect identical types of data."

We found that three indicators out of the five we reviewed did not meet that criterion. The Strategic Objective No. 1.3 indicator, "Value of loans (micro and small) and equity investment made available for micro and Small and Medium Size Enterprises (SMEs)," vaguely refers to the value of loans "made available". However, this general description was not detailed enough to allow for consistent future data collection and reporting.

While the Performance Monitoring Plan defined the indicator as "loans... made available", the R4 actually reported a mixture of loans "disbursed" and loans simply "approved" (see last section for discussion). The plan should have more precisely defined which loans were to be included in the computation of the indicator to ensure that data are comparable from year to year and the baseline does not change. A better definition for this indicator would be, "…loans disbursed and equity investments made…."

Data Source Identification

ADS E203.5.5 (b) requires that operating units prepare performance monitoring plans. It also requires that such plans 1) specify the source, method of collection and schedule of collection for all required data and 2) assign responsibility for collection to a specific office, team or individual. In addressing performance monitoring plans, TIPS No. 7 notes the importance of being "as specific about the source [of data] as possible, so the same source can be used routinely." It also notes that "[s]witching data sources for the same indicator over time can lead to inconsistencies and misinterpretations and should be avoided."

[1] The CDIE has issued performance monitoring and evaluation guidance in the form of pamphlets called "TIPS".

We found that three indicators out of the five we reviewed did not meet that criterion. For example, the Performance Monitoring Plan for the Strategic Objective No. 3.2 indicator, "Number of children in institutions in 3 target *judeta*,"[2] specified the data source as (1) implementing partner quarterly reports, (2) Monitoring Unit of the National Agency for Child Protection, and (3) County Departments for Child Protection. However, the R4 only identifies the National Agency for Child Protection as the source of information—not the three sources given in the Performance Monitoring Plan. In practice, all data reported by the three sources originated from the County Departments for Child Protection. Additionally, the Performance Monitoring Plan did not specifically identify the type of documents to be consulted, an omission which could lead to a lack of comparability in the data from year-to-year.

Data Collection Methodology

ADS E203.5.5 (b) requires that Performance Monitoring Plans specify the data collection methodology for all required data. TIPS No. 7 highlights the importance of: 1) specifying the method or approach to data collection for each indicator and 2) providing sufficient detail on the data collection or calculation methodology to permit the replication of that data collection or calculation.

We found problems with three out of five indicators. For example, the Performance Monitoring Plan for Strategic Objective No. 1.3 indicator "Value of loans (micro and small) and equity investment made available for micro and Small and Medium Size Enterprises (SMEs)," did not provide sufficient detail on the data collection method so that it could be consistently applied in subsequent years. Additionally, there was no supporting documentation in the Performance Monitoring Plan files to support the calculation of the amount reported in the R4. This lack of detail and supporting documentation could lead to different methodologies being employed from year-to-year, which could invalidate comparison of annual performance data.

Conclusion

The principal cause for performance monitoring plans being incomplete in the above three areas was the Europe and Eurasia Bureau's historical focus on inputs rather than results, and USAID/Romania's inexperienced staff. As a result the Mission did not establish clear policies and procedures for implementing USAID's requirements for performance monitoring plans.

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[2] *Judet* is an administrative subdivision similar to a county in the United States

We believe more detailed and complete performance monitoring plans would improve the planning, management, and documentation of data collection and make those performance monitoring plans more useful management tools for USAID/Romania officials. Such performance monitoring plans would contribute to the effectiveness of the performance monitoring system by ensuring that comparable data will be collected on a regular and timely basis. Furthermore, it would provide the Mission with adequate assurance that it was maintaining the controls essential to a credible and useful performance-based management system.

In contrast, without such plans, results reporting may be disrupted or compromised by staff turnover, data may not be comparable from one period to the next, and the Mission may not have a detailed roadmap to manage its performance monitoring process. Performance monitoring plans bring together the details of the performance monitoring process that would otherwise only be found in countless contractor, grantee, host government and Mission documents.

Recommendation No 1: ***We recommend that USAID/Romania update its current performance monitoring plans to precisely define indicators, identify all data sources, and describe data collection methods.***

Recommendation No 2: ***We recommend that USAID/Romania establish procedures that require performance monitoring plans to be prepared and maintained in accordance with USAID guidance.***

Recommendation No 3: ***We recommend that USAID/Romania provide its program staff with training on measuring performance and managing for results.***

Need to Assess Data Quality

For four out of the five indicators examined, we determined that data quality assessments were not done in accordance with USAID guidance that requires data assessments when indicators are initially established and at least every three years thereafter[3]. This occurred primarily because USAID/Romania has not implemented a formal data assessment system

[3] Mission officials pressed the point that two of the five indicators examined were new and less than three-years-old. Accordingly, one would not expect to see a three-year data assessment for these indicators. However, data assessments are also required when indicators are initially established. Such assessments were not done for these two indicators.

and the Mission's program staff are generally inexperienced and unaware of USAID's requirements for data quality assessments. Without required data quality assessments, USAID/Romania did not have an adequate level of assurance that data quality met validity, timeliness, and reliability standards for results-oriented management, the lack of which could adversely effect management decisions.

ADS E203.5.5e requires that data quality be initially assessed as part of the process of establishing performance indicators and choosing data collection sources and methods, and periodically assessed at least every three years thereafter. USAID's CDIE issued TIPS Number 12 (Guidelines for Indicator and Data Quality) to assist USAID's operating units in assessing the quality of their performance indicators and data. It states that it is important to periodically take a critical look at performance measurement systems and data sources to make sure that 1) indicators are still measuring what we think they are measuring and 2) data are being collected in the intended manner. Data quality assessments should be systematic, documented, and cover all performance indicators. The purpose of such assessments is to identify data limitations—which are defined as errors that could lead to an inaccurate assessment of program progress. This information assists users in determining how much reliance can be placed on reported data in making management decisions.

In general, we concluded that data quality assessments were not being done. For four out of the five indicators examined, we determined that data quality assessments were not done—or, if done, were not documented. For example, the indicator for Intermediate Result No. 1.3.2, "Value of loans (micro and small) and equity investment made available for micro and Small and Medium Size Enterprises (SMEs)," was established in 1997, but no data quality assessments were done at that time or later. One of the reasons the Strategic Objective Team did not assess data quality was because they believed the quality of data to be satisfactory and they relied on the fact that the grantees were audited. Thus the Strategic Objective Team believed that because an audit was done data quality would be acceptable.

However, we found that while some audits were done, the Strategic Objective Team did not review the reports. Had they done so, they would have known that one of the reports was for a review and not an audit. Furthermore, that review stated that the grantee's internal accounting system did not provide enough detailed accounting information in accordance with U.S. generally accepted accounting principles to allow the accounting firm to review and comment on the prior year's financial statements—a potential data limitation. We also determined that data reported in the FY 2002 R4 for this indicator was not correct—a situation

that likely would have been discovered had an assessment been done as required. (see last section for discussion)

Furthermore, we found no evidence that data quality assessments were done for the indicators associated with the following Intermediate Results:

- **IR 1.4.1—**Percentage of banking assets in state hands
- **IR 2.1.2—**Corruption Perception Index[4], and
- **IR 3.2.1—**No. of children served by community-based child welfare services in three target *judeta* (Counties).

Mission officials stated that USAID/Romania has not implemented a formal data assessment system—instead the Mission said they employed supplementary measures, which produced the same results, but no record of these measures could be found. We also found that the Mission's program staff was generally unaware of USAID's requirement that data quality be assessed—and, therefore, they simply did not do any assessments. Even if supplementary measures were taken, unless they are documented, the information that would be contained therein is not available to Mission staff and cannot provide a guide to the current assessment. It is similarly unavailable as a guide to how data management could be improved.

Results-oriented management decisions require valid, current, and reliable information, and the benefits of this approach depend substantially on the quality of the performance information. Data quality assessments provide management with reasonable assurance that data quality is sufficient for sound management decisions. Without data quality assessments, USAID/Romania did not have reasonable assurance that data used to make management decisions was valid, timely, and reliable.

[4] Mission officials stated that a data quality assessment of the Corruption Perception Index was not done because they were relying on an internationally recognized index that is used by virtually all countries in the world. They also indicated that doing such an assessment would be outside the Mission's control. In light of these assertions, we think it is important to note that the Mission did not disclose the lack of a data quality assessment in its comments to the applicable performance data table. While the Mission might have had what it deemed to be reasonable cause for not verifying the reported data, this fact—in our opinion—should have been disclosed to users of the table so those users could determine how much reliance to place upon the information therein.

<u>Recommendation No. 4</u>: We recommend that USAID/Romania establish procedures that require periodic data quality assessments are completed for the indicators in its Results Review and Resource Requests.

<u>Recommendation No. 5</u>: We recommend that USAID/Romania document and maintain, in the Mission's performance monitoring files, the results of data quality assessments conducted for its Results Review and Resource Request indicators.

Data Reported in R4 Did Not Always Meet Reporting Standards

Federal laws and regulations require federal agencies to develop and implement internal management control systems that: (1) compare actual program results against those anticipated; (2) provide for complete, reliable, and consistent information; and (3) ensure that performance information is clearly documented and that the documentation is readily available for examination. TIPS Number 12 notes that data reliability requires a consistent data collection process. Otherwise, errors can occur which compromise the accuracy of reported results.

In December 1999, USAID's Bureau for Policy and Program Coordination issued guidance to operating units for preparing their fiscal year 2002 R4 reports. That guidance directed operating units to use the "comments" section of their reports for reporting on data quality issues. Specifically, the "comments" section of the R4 report was to be used to:

- Elaborate on the interpretation of the reported data and the degree to which achievement of a target is attributable to USAID. Missions were also requested to provide the context surrounding the interpretation of this data.

- Identify whether and how the operating unit assessed the reliability of performance data provided by others (e.g., contractors, host government), its plans to verify and validate performance data, and significant data limitations and their implications for measuring performance results against anticipated performance targets.

Based on the above criteria, four of the five reported results were inaccurate, unsupported, or failed to properly disclose data limitations. Descriptions of these cases are as follows.

- The performance indicator for Strategic Objective No. 1.3 is, "Value of loans (micro and small) and equity investment made available for micro and Small and Medium Size Enterprises (SMEs)." We found that the results reported for this indicator were inaccurate, and the comments section contained misleading information and lacked disclosure of data limitations.

  In the above indicator, the phrase "made available" is too imprecise to allow the user of these results to truly know what is being presented. As a consequence of this vague description, the Mission had inadvertently reported a mixture of loans disbursed and loans approved, but not yet disbursed, plus equity investment. In fact the staff member who compiled this data believed that the amounts reported in the R4 represented loans disbursed plus equity investments. In addition, we found that the Mission had obtained the data verbally from sources other than the reports specified in the Performance Management Plan. Finally, the methodology used to collect data was not documented—thus making the periodic collection of comparable data difficult.

  We also found the information in the comments section of the R4 report for this indicator to be misleading. The asterisk in the comments section stated that; "Planned levels for the out years were adjusted based on the levels recorded for the past years," thus leading a reader to conclude that the indicator was more successful than it actually had been. The main reason for adjusting the planned levels upwards by $3 million, was a one time infusion of an additional $2 million of USAID funds for loan assistance to countries along the border of Yugoslavia which were affected by the Kosovo conflict—not achievement of the indicator's target as implied. Thus the comment, in effect, attributes more success for this indicator than was actually the case. Finally, data limitations resulting from an accounting firm's inability to opine on the financial statements of one of the Mission's implementing partner's were not disclosed (see discussion in previous section).

- The performance indicator for Strategic Objective No. 1.4 is, "Percentage of banking assets in state hands." Documentation showed that the result reported was based on calendar year data instead of available fiscal year data as required by ADS 203.5.9a. The Mission stated that the Europe and Eurasia Bureau requested missions to report on the most recent data available. This data limitation, should have been disclosed in the R4 comments section.

- One performance indicator for Strategic Objective No. 3.2.1 is, "Number of children in institutions in three target *judeta*." The Mission also reported results for this indicator as of December 31, 1999

instead of available fiscal year data as required by ADS 203.5.9a. However, in this case, the mission appropriately noted in its comments to the applicable data table that the information was being reported as of December 31, 1999. Nevertheless, as with the previous indicator, future results should be reported as of the end of the fiscal year, as required.

Moreover, the actual and planned data for this indicator presented in the FY 2002 R4 table was not consistent with the data reported in the FY 2001 R4 report. The FY 2001 R4 report showed the actual number of children in institutions in 1998 to be 3,704, but the FY 2002 R4 report shows 3,204 children institutionalized in 1998. These reports also showed the planned number of children in institutions for 2002 to be 2,392 versus 2,092 children, respectively. The Mission could not document or explain why these differences occurred.

- Another performance indicator for Strategic Objective No. 3.2.1 is, "Number of children served by community-based child welfare services in three target *judeta*." Again, acting on their belief that the Europe and Eurasia Bureau, wanted Missions to report their most recent results, the Mission reported results based on calendar year data instead of available fiscal year data as required by ADS 203.5.9a.

  This indicator also reported inconsistent information in the FY 2002 R4 report table. The actual and planned data presented in the FY 2002 R4 table was not consistent with the data reported in the prior FY 2001 R4 report. The FY 2001 R4 report showed the actual number of children in institutions in 1998 to be 2,155, but the FY 2002 R4 report shows 1,555. The FY 2001 R4 report also showed the planned number of children in institutions for years 2000 and 2001 to be 3,308 and 4,574 respectively, while the FY 2002 R4 report showed 3,500 and 3,938 for these years. The Mission could not document or explain why these differences occurred.

The inaccuracy of the reported results can be generally attributable to a lack of clear procedures and methodology to assess the quality of data sources and inexperienced staff. Mission management and staff have not generally assessed data sources and methodologies as discussed in the preceding section. Mission management stated that they have spent a considerable amount of time assessing the quality of their indicators, but not a commensurate amount of time assessing the quality of data underlying those same indicators. In addition to these management issues, errors also resulted from simple miscalculations.

TIPS Number 12 notes that sound decisions by USAID management require accurate, current, and reliable information. Without this type of information, decision makers may have less assurance as to whether an operating unit

exceeded or fell short in achieving its program objectives and related targets. In our opinion, the problems cited in this report with respect to the accuracy, support, and completeness of results reporting affect USAID/Romania's and USAID management's ability to (1) measure progress in achieving program objectives and (2) use performance information in budget allocation decisions. In regard to ensuring that performance data in its R4 are accurate, supported, and complete, the Mission should review all indicator results for accuracy, support, and completeness prior to issuance of the R4 prepared in 2001.

Recommendation No. 6: ***We recommend that USAID/Romania require each SO team document and maintain support for performance results reported in the Results Review and Resource Request report to be issued in March 2001. If any data limitations exist, such limitations should be disclosed in the comments section of the report.***

Management Comments and Our Evaluation

USAID/Romania officials agreed with the contents of the report and their comments are included as Appendix II to this report. In its response, USAID/Romania commented that they considered the statements contained in the report to be accurate reflections of the Mission's performance and the recommendations will help the Mission improve its performance monitoring system.

Scope and Methodology

Scope

The Office of the Regional Inspector General/Budapest conducted an audit, in accordance with generally accepted government auditing standards, to determine if USAID/Romania was monitoring performance in accordance with USAID guidance as demonstrated by indicators appearing in its fiscal year 2002 R4 report. The audit covered indicators in four of eight strategic program areas of the Mission. In fiscal years 1999 and 2000 (as of September 22, 2000), USAID/Romania obligated $40.2 million in support of these four program areas. The audit was conducted at USAID/Romania in Bucharest, Romania from September 13 through September 28, 2000.

Methodology

Specifically, the audit objective was to determine if USAID/Romania monitored performance in accordance with Automated Directives System E203.5.5 and other relevant guidance as demonstrated by indicators appearing in its Results Review and Resource Request report for fiscal year 2002. In answering the audit objective, we tested whether the Mission:

- established indicator baseline data either in the strategic plan or a subsequent R4 report;
- prepared a performance monitoring plan that contained a detailed definition of indicators that set forth precisely all technical elements of the indicator statements;
- prepared a performance monitoring plan that identified all data sources;
- prepared a performance monitoring plan that described the data collection method in sufficient detail to enable consistent use in subsequent years;
- prepared a performance monitoring plan that specified frequency and schedule of data collection;
- prepared a performance monitoring plan that assigned responsibility for collecting data;
- completed an assessment of data quality for the indicators either at the establishment of the indicator or at an interval no greater than three years;
- reported data that was adequately supported by source documents;
- reported baseline data in the R4 that were comparable to the data reported for the indicator in fiscal year 2000; and
- disclosed known data limitations (if any) in the comments section of the R4 report.

In order to test these aspects of the Mission's performance monitoring system, we interviewed officials as well as reviewed and tested documentation at USAID/Romania. Such documentation included Mission staffing and organization; annual Mission R4 reports; supporting documentation for R4 reported results; Mission strategic plan for fiscal years 1998 to 2000; Mission internal control assessment for fiscal year 1999; Mission performance monitoring plan; Bureau reviews of Mission results; USAID and Bureau R4 guidance including USAID Center for Development Information and Evaluation TIPS Numbers 7, and 12; Mission historical funding data; and Romania country data. We also reviewed applicable prior Department of State Office of Inspector General reports

The underlying premise for this audit was that performance monitoring provides reasonable assurance that data reported meet USAID's quality standards.

An error threshold of plus or minus five percent was used to assess whether the reported results agreed with source documentation. In forming an opinion on whether the Mission monitored performance in accordance with USAID guidance, we reviewed applicable internal controls to obtain a sufficient understanding of the design of relevant internal control policies and procedures. The relevant internal controls were limited to the Mission's systems for R4 results reporting. Our review did not assess several aspects of the Mission's performance monitoring for indicators including (1) the development and supporting documentation of out-year targets and (2) results reported in the narrative portion of the R4.

Management Comments

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January 24, 2001

Nathan S. Lokos
Director of Audit Operations
Office of the Regional Inspector General U.S. Agency for
International Development Budapest, Hungary

Subject: Draft audit report on USAID/ Romania's performance monitoring for indicators as reported in the FY 2002 R4

Dear Mr. Lokos:

We have reviewed the 12/28/00 draft audit report on USAID/ Romania's Performance Monitoring for Indicators. Overall, we consider the statements and the recommendations contained in the report accurate reflections of the mission's performance that will help us improve our internal performance monitoring system. . . . .

Deleted-Relates to Matter Not Included in Final Report

. . . . As the person ultimately accountable for USAID/ Romania's management, I accept responsibility for correcting any shortcomings in our performance monitoring system.

We look forward to receiving the final audit report and will forward the management representation letter at that time.

Sincerely,

Denny F. Robertson
Mission Director

SUMMARY OF USAID/ROMANIA'S PERFORMANCE MONITORING CONTROLS

Indicator Number	Abbreviated Indicator Name	1. Baseline Established?	In the Performance Monitoring Plan… 2. Indicator Precisely Defined?	3. Data Sources Identified?	4. Data Collection Method Described?	5. Data Collection Schedule Specified?	6. Responsibility Assigned?	7. Data Quality Assessment Done?	In the R4… 8. Data Agrees with Source?	9. Baseline Comparable to 1999 Result?	10. Data Limitations Disclosed (if any)?
SO 1.3 Private Enterprises IR 1.3.2	Increase access to finance-small and medium enterprises (SMEs) micro enterprises	Yes	**No**	**No**	**No**	Yes	Yes	**No**	**No**	Yes	**No**
SO 1 4 Private Financial Sector IR 1.4.1	Percentage of banking assets in state hands	Yes	Yes	Yes	Yes	Yes	Yes	**No**	Yes	Yes	**No**
SO 2.1 Citizen Participation in Political & Economic Decision Making IR 2.1.2	Corruption Perception Index	Yes	Yes	Yes	Yes	Yes	Yes	**No**	Yes	Yes	N/A
SO 3.2.1 Improve Welfare of Children and Women IR 3.2.1	Number of children in institutions in three target *judeta*	Yes	**No**	**No**	**No**	Yes	Yes	Yes	Yes	Yes	N/A
SO 3.2.1 Improve Welfare of Children and Women IR 3.2.1	Number of children served by community-based child welfare services in three target *judeta*	Yes	**No**	**No**	**No**	Yes	Yes	**No**	Yes	Yes	**No**
Total No (5 out of 21)		0	3	3	3	0	0	4	1	0	3