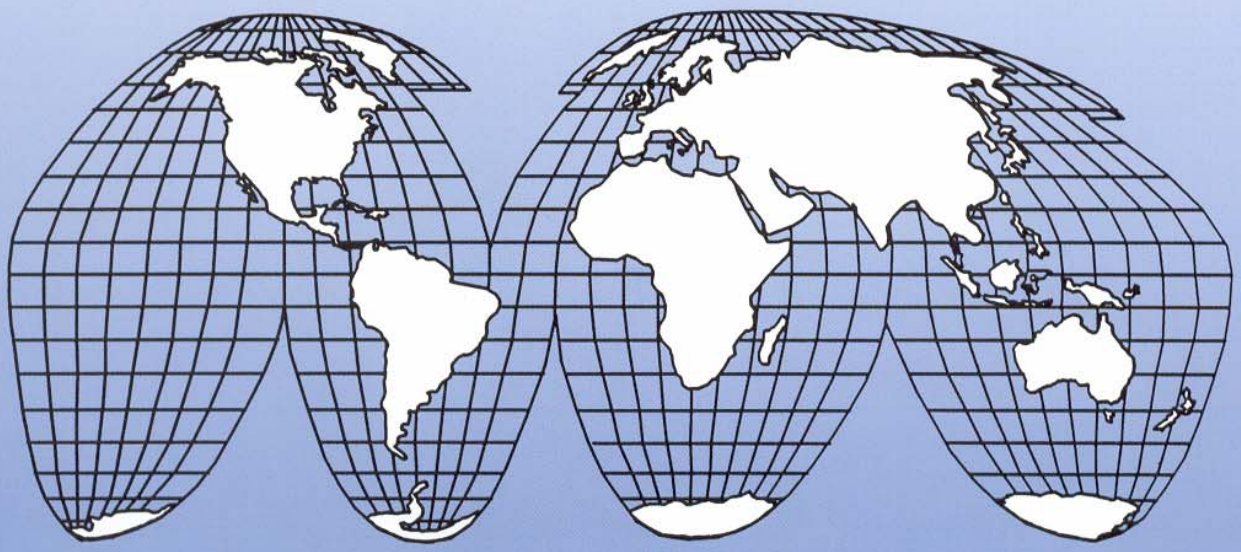
USAID

OFFICE OF INSPECTOR GENERAL

Audit of Regional Mission for Ukraine, Belarus and Moldova's Monitoring of American International Health Alliance's Performance in Ukraine

B-121-02-003-P

July 23, 2002



Budapest

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Audit of USAID Regional Mission for Ukraine, Belarus and Moldova's Monitoring of American International Health Alliance's Performance in Ukraine

Audit Report No. B-121-02-003-P

July 23, 2002

U.S. Agency for International Development
Budapest, Hungary

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

RIG/Budapest

July 23, 2002

MEMORANDUM

FOR: USAID Regional Mission for Ukraine, Belarus and Moldova, Mission Director, Christopher D. Crowley

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

SUBJECT: Audit of USAID Regional Mission for Ukraine, Belarus and Moldova's Monitoring of American International Health Alliance's Performance in Ukraine (Report No. B-121-02-003-P)

This is our final report on the subject audit. In preparing the report, we considered your comments on the draft report and included them in their entirety in Appendix II.

This audit was designed to test USAID Regional Mission for Ukraine, Belarus and Moldova's (USAID/Ukraine or Mission) monitoring of American International Health Alliance's (AIHA) Performance in Ukraine. We found that USAID/Ukraine was generally monitoring AIHA's performance; however, we also identified monitoring and reporting aspects that can be improved. Therefore, this report contains three recommendations for your action.

We consider that management decisions have been made on all three recommendations, but final action is pending for Recommendation Numbers 1 and 2. Recommendation Number 1 may be closed when AIHA's monitoring and evaluation plan is approved by the Mission and Recommendation Number 2 may be closed when the Mission's annual risk assessment based field site visit plan has been completed. Recommendation Number 3 is closed upon issuance of the report. Please advise the Bureau for Management, Office of Management Planning and Innovation, Management and Innovation Control Division (M/MPI/MIC) when final action is complete.

I want to express my sincere appreciation for the cooperation and courtesy extended to my staff during this audit.

Map of Ukraine and Locations of American International Health Alliance
NIS Partnership Clinics Visited by the OIG Audit Team
Kyiv
Kharkiv
Donetsk
L'viv
Uzghorod and Velyky Berezny
Russia
Poland
Cz.
Hu
Mol.
Ukraine
Kovel'
Luts'k
Rivne
L'viv
Ternopil'
Uzhhorod
Chernivtsi
Korosten'
Chornobyl'
Kyyiv
Zhytomyr
Vinnytsia
Chernihiv
Shostka
Sumy
Pryluky
Kharkiv
Poltava
Cherkasy
Kremenchuk
Kramators'k
Luhans'k
Dnipropetrovs'k
Kirovohrad
Donets'k
Pervomays'k
Kryvy Rih
Zaporizhzhia
Mariupol'
Mykolayiv
Melitopol'
Kherson
Odesa
Bilhorod-Dnistrovs'ky
Kerch
Yevpatoriya
Simferopol'
Feodosiya
Yalta
Sea of Azov
Black Sea
Dnipro
Dniester
Danube
Iasi
Kishinev
Galati
Bucuresti
Constanta
Voronezh
Rostov
Krasnodar
200 km
200 miles

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Summary of Results

This audit was designed to assess USAID Regional Mission for Ukraine, Belarus and Moldova's (USAID/Ukraine or Mission) monitoring of American International Health Alliance's (AIHA) performance in Ukraine.

We found that USAID/Ukraine was generally monitoring AIHA's performance. Moreover, we also determined that Primary Health Care Clinics and Women's Wellness Centers opened through AIHA and USAID/Ukraine cooperation were in existence, operating as reported, staffed by enthusiastic well trained Ukrainian health professionals and using USAID supplied equipment (see page 5). However, we did determine that USAID/Ukraine should strengthen its monitoring by: obtaining and approving AIHA's monitoring and evaluation plan (see pages 7-8), assessing and planning for future performance monitoring site visits (see pages 8-12) and better documenting and reviewing its performance reporting (see pages 12-14).

Background

The U.S. Agency for International Development (USAID) conducts assistance programs around the world. In order to implement these programs, USAID relies on the services of large institutional partners (grantees, awardees or contractors). Often times, the same partner can be found to be implementing simultaneous programs in several countries within the same USAID geographical region. One such partner is the American International Health Alliance (AIHA). Since 1992, AIHA and USAID have collaborated in a public-private partnership between American health care providers, educators and leaders to improve health care services in 21 nations of Central and Eastern Europe (CEE) and the New Independent States of the former Soviet Union (NIS).

On September 30, 1998 USAID awarded an unfunded basic agreement to AIHA. USAID subsequently funded six sub-agreements awarded to AIHA under that basic agreement. One of these sub-agreements (Cooperative Agreement No. EE-A-00-98-00014-00) awarded $15.6 million to AIHA to implement the U.S./NIS Health Partnership Program in West NIS (Ukraine, Belarus, and Moldova). USAID obligated $12.6 million of this amount to support AIHA's activities in Ukraine.

AIHA's partnerships are voluntary, community based partnerships in which U.S. based community health related institutions are paired with similar institutions in a community in the NIS or CEE to further USAID strategic objectives. AIHA's NIS Health Partnership Program in Ukraine is designed to support Ukraine's effort to reform its healthcare system by shifting toward preventive care and away from hospital-based specialized care. The Partnership Program is helping Ukraine make the switch by supporting clinics with equipment, training, and technical assistance. As of September 2001, AIHA has established six partnerships in Ukraine associated with 12 clinics—

ten primary care clinics and two women's wellness centers in six oblasts[1]—Donetsk, Kharkiv, Kyiv, L'viv, Odessa, and Uzhgorod.

Audit Objective

As part of its Fiscal Year 2002 Audit Plan, the USAID Office of Inspector General (OIG) included a series of audits examining USAID's monitoring of a large institutional partner implementing USAID funded activities in several countries within the Europe and Eurasia Region. The American International Health Alliance (AIHA) met this criteria. Accordingly, USAID/Ukraine's monitoring of AIHA's USAID funded activities was selected for audit. The OIG performed this audit to answer the following question:

> **Did the USAID Regional Mission for Ukraine, Belarus and Moldova monitor American International Health Alliance's performance to ensure that intended results were achieved in Ukraine?**

The scope and methodology of this audit are detailed in Appendix I.

Audit Findings

Did the USAID Regional Mission for Ukraine, Belarus and Moldova monitor American International Health Alliance's performance to ensure that intended results were achieved in Ukraine?

We found that USAID/Ukraine did generally monitor AIHA's performance to ensure that intended results were achieved in Ukraine. However, USAID/Ukraine needs to strengthen certain procedures regarding (1) the monitoring and evaluation plan, (2) assessing and planning future site visits, and (3) documenting and reviewing performance reporting. Nevertheless, USAID/Ukraine reviewed and approved health partnership workplans, the designation of key positions and key personnel. The Mission also concurred with all the underlying health partnerships and participated in AIHA's health clinic openings and conferences. In our opinion, this monitoring helped to ensure that intended results were being achieved.

In conducting the audit, we tested activities at 6 of the 12 medical clinics associated with the cooperative agreement between AIHA and USAID/Ukraine. During these site visits, we determined that the Primary Health Care Clinics and Women's Wellness Centers opened through AIHA and USAID/Ukraine cooperation were in existence, operating as reported and staffed by enthusiastic, well trained Ukrainian health professionals (see following Photographs 1 and 2). Moreover, several of the clinics were using USAID-supported equipment.

[1] An "oblast" is an administrative territorial division within Ukraine.

Photograph 1: Staff at Uzhgorod Women's Wellness Center enthusiastically display an anti-smoking poster. (Photo by RIG/Budapest - January 16, 2002)

Photograph 2: Velyky Berezny Family Medicine Clinic Healthy Life Style Learning Center. (Photo by RIG/Budapest - January 17, 2002)

While the Mission's monitoring of AIHA's activities was generally effective, we did identify certain monitoring and reporting elements that could be strengthened. The following sections discuss these issues in detail.

USAID/Ukraine Needs to Obtain and Approve AIHA's Monitoring and Evaluation Plan

USAID planning guidance, ADS Section 201.3.4.13 states, that managing performance requires access to useful and timely information. USAID/Ukraine receives a variety of useful performance information from AIHA; information that we believe is generally sufficient to properly manage the performance of this activity. However, USAID/Ukraine has not yet received and approved AIHA's final monitoring and evaluation plan. According to the cooperative agreement, AIHA's monitoring and evaluation plans must be approved by USAID. Nevertheless, at this time—three years into this activity—no formal approved monitoring and evaluation plan exits.

The absence of such a plan is attributable to a lack of communication, follow-through and a recent change in Cognizant Technical Officers for AIHA's cooperative agreement. Specifically, AIHA submitted proposed performance indicators for a monitoring and evaluation plan that were accepted in writing by a Mission official, but subsequent to that approval, both parties continued to state in internal and external documents that agreed upon performance indicators did not yet exist.

As stated above, we believe the Mission is generally receiving much of the information necessary to properly manage this activity. However, in the absence of a final approved monitoring and evaluation plan defining AIHA's reporting requirements, AIHA is not reporting some performance information that could benefit the Mission.

For example, one of the new performance indicators in USAID/Ukraine's FY2002 Performance Monitoring Plan (PMP) is the reduction in "percent of cases referred to Specialists." This information is not provided in AIHA's quarterly report. However, during RIG/Budapest's field visits, most of the clinic directors, when asked to cite their best measure of success, immediately stated the reduction of patient referrals and cited statistics supporting this measure. Therefore, the AIHA partnership clinics track this data, USAID is using this performance indicator in its PMP and yet AIHA has not been reporting this data to the Mission in their quarterly reports.

AIHA's cooperative agreement—EE-A-00-98-00014-00—requires that a monitoring and evaluation plan be approved by USAID. Furthermore, both AIHA and USAID/Ukraine have expressed their desire to develop and approve a monitoring and evaluation plan. Although the agreement was signed on September 30, 1998, a final monitoring and evaluation plan has not been approved. In addition, the AIHA Partnership clinics are not reporting all

relevant data. To correct these monitoring and reporting weaknesses we propose the following recommendation.

> **Recommendation No. 1: We recommend that USAID/Ukraine require that American International Health Alliance submit a monitoring and evaluation plan as soon as possible. This plan should be developed from the Mission's finalized Performance Monitoring Plan and should incorporate agreed upon performance measures.**

USAID/Ukraine Needs to Assess and Plan for Future Performance Monitoring Site Visits

USAID and Mission guidance both require that USAID staff make field site visits to Mission activities. However, while USAID/Ukraine representatives did attend the official opening of many of the AIHA clinics in 2000 and early 2001, Mission staff did not make subsequent field site visits to most of those locations. The Mission's Cognizant Technical Officer (CTO) indicated that staff and time constraints would make it difficult to perform all desirable site visits. Without such site visits, USAID/Ukraine faces greater risk to the success of its activities because it must rely on development partners for more and more performance results reporting with less ability to verify and validate the accuracy of that data. Moreover, the Mission also loses the opportunity to better understand its partner's performance and to revalidate customer needs.

Both USAID guidance and USAID/Ukraine's internal guidance acknowledge the importance of site visits in the monitoring of USAID activities. For example, USAID's Automated Directives System (ADS) Section E303.5.13 states, that site visits are an important part of effective contract and grant management (award management). Similarly, ADS Section 303.3.4.c indicates that the responsibilities of the Cognizant Technical Officer include monitoring and evaluating the recipient and the recipient's performance by maintaining contact through site visits.

In addition, USAID/Ukraine Mission Order 0100.1, Semestral Activity Reports, requires that activity managers visit project sites no less than once every six months. According to this Mission Order, during these visits, activity managers are to confirm the accuracy of operations information, gain a better understanding of the partner's performance, and revalidate the needs and expectations of customers.

AIHA's cooperative agreement is being implemented in Ukraine through six underlying partnership agreements associated with 12 medical clinics throughout Ukraine. Sponsored clinics exist in Donetsk, Kharkiv, Kyiv, L'viv, Odessa, Uzhgorod, and Velyky Berezny as well as other related clinics in rural areas. We found that while USAID/Ukraine representatives did attend the official

opening of many of these clinics in 2000 and early 2001, Mission staff did not make subsequent field site visits to most of those locations. It should also be noted that USAID/Ukraine staff did join RIG/Budapest auditors on seven recent visits (including Kyiv and far-flung sites in L'viv, Uzhgorod, Donetsk and Kharkiv).

We believe such site visits to ongoing activities are important, because they—among other things—provide the opportunity to observe partner performance, validate reported information and determine that USAID-financed commodities and equipment are being properly used. For example, during our field site visits, we noted the following.

- At each site visited, OIG auditors traced performance indicator results data reported in the AIHA quarterly reports, which are delivered to USAID/Ukraine, to source documentation. These on-site tests revealed that AIHA had mistakenly reported only September 2001 data as quarterly data for most of its clinics—thus understating performance. We also found that one clinic inexplicably reported two months data as quarterly totals, while some Women Wellness Centers correctly reported quarterly results. Finally this review highlighted one instance where AIHA omitted—without explanation—the whole country program in Moldova, which had previously been reported. This illustrates the importance of site visits in testing the validity and reliability of results data reported to USAID.[2]

- During these site visits, OIG auditors also inspected equipment approved by USAID. However, one piece of equipment, a "radiometer" valued at approximately $25,000, or 32% of total clinic's equipment inventory value, was not being used as intended (Photograph 3). This expensive piece of equipment has been in Ukraine for one year, but was not yet being used. Although the Clinic Director stated that this machine—used to test blood for various substances including high levels of gases associated with mining—could be a valuable asset, he is not sure if the clinic needs it. Moreover, he stated that the chemicals needed to run the test (reagents) are expensive and that the machine would only be used sporadically.[3]

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[2] During the audit fieldwork, AIHA promptly responded to OIG auditors' concerns regarding the quality and accuracy of data being reported by AIHA. AIHA immediately instituted a review of their process for collecting and preparing the data for their quarterly reports. In addition, AIHA conducted internal training in performance monitoring and reporting in the NIS/Caucasus regions. Nevertheless, this situation illustrates the importance of Mission staff testing the validity of data reported during site visits. Without this testing, these reporting errors could have gone undetected and been used to make future programming decisions.

[3] After audit fieldwork had been completed, USAID/Ukraine's Cognizant Technical Officer (CTO) reported that the AIHA partnership now plans for this equipment to be better utilized by serving four other hospitals in the Donetsk area. Also, a one year's supply of reagents has been negotiated with the partners and any necessary future training at the new sites can be

Photograph 3: Idle, Inoperative, Equipment at Donetsk Miner's Health Clinic. (Photo by RIG/Budapest - January 23, 2002)

Our site visits also revealed many positive aspects of the AIHA partnership programs including the verification of the following: functioning clinics, staffing by enthusiastic doctors and nurses who have benefited from AIHA training and support, and the utilization USAID supplied equipment. These positive results are equally important for USAID/Ukraine to glean from site visits as they can assist USAID managers in making better informed decisions concerning the allocation of future resources. Photographs 4 and 5 on the following page illustrate how the Miner's Health Clinic in Donetsk benefited from participating in the AIHA Donetsk—Pittsburg Partnership through the renovation of examination rooms.

In addressing the issue of site visits, the CTO stated that there is an informal policy to visit at least one pilot site per month, which they try to follow. However, the CTO also stated while she frequently met with AIHA's local staff, it would be difficult, with limited staff and time, to visit all individual sites. We agree that such staff and time constraints make it more difficult to perform requisite field site visits and believe these constraints resulted in Mission staff making insufficient site visits to ongoing AIHA-related activities.

In our opinion, given such constraints, an efficient and effective way of programming field site visits for the entire Mission would be to conduct such visits based on the risks posed by its activities (including, of course, AIHA). In

provided by the manufacturer's representative in Donetsk.

doing this, the Mission would assess the risk that it faces in both various elements of a development partner's performance (e.g. reporting, managing of commodities, coordination with host country partners, etc.) and various activity locations. Mission staff would then program a number of field site visits, with the majority of those visits focusing on higher risk functions and locations.

Photograph 4: Donetsk Miner's Health Clinic Examination Room Before Renovation. (Photo by RIG/Budapest - January 23, 2002)

Photograph 5: Donetsk Miner's Health Clinic Examination Room After Renovation. (Photo by RIG/Budapest - January 23, 2002)

Without performing necessary site visits, USAID/Ukraine has to rely on development partners for more and more performance results reporting with less ability to verify and validate the accuracy of the data. In addition, the mission loses the opportunity to better understand the partner's performance and to revalidate customer expectations. We believe both of these factors contribute to the increased risk facing the Mission concerning the success of its activities. Finally, as illustrated above, testing the accuracy of data at the source can reveal material errors and better inform USAID/Ukraine and stakeholders about the quality of data, and problems in the field (such as with the previously mentioned radiometer). Accordingly, we are making the following recommendation.

> **Recommendation No 2: We recommend that USAID/Ukraine develop a field site visit plan for its activities based on a risk assessment of its portfolio.**

USAID/Ukraine Needs to Document and Review Its Performance Reporting

USAID guidance stresses the importance of high quality, accurate and reliable results reporting information in order to properly measure results. Additionally, the U. S. General Accounting Office's (GAO) Standards for Internal Controls in the Federal Government state that all transactions and significant events need to be clearly documented, and that the documentation should be readily available for examination. We determined that the Mission reported erroneous information in its most recent Results Review and Resource Request (R4)—now

the Annual Report—to USAID/Washington. Moreover, the Mission did not have documentation supporting some of the information reported. As a result, USAID managers did not have accurate information concerning the performance of AIHA's activity; which could lead to improper management decisions. These errors, which were introduced during the editing of the R4, were not corrected due to an insufficient review of the final R4 before issuance.

USAID's ADS and Performance Monitoring and Evaluation TIPS (TIPS) guidance stresses the importance of high quality, accurate and reliable results reporting information in order to properly measure results. Specifically, ADS section 203.3.6.1 states, "A high quality narrative report is important to complement information in the performance data tables." Further, TIPS 12 (Guidelines for Indicator and Data Quality) states, that USAID's results-oriented management approach relies on both field and Washington managers basing their decisions on performance information and that sound decisions require accurate and reliable information.

Finally, the GAO Standards for Internal Controls in the Federal Government state that all transactions and significant events need to be clearly documented, and that the documentation should be readily available for examination.

We determined that the Mission reported erroneous information to USAID/Washington. Specifically, USAID/Ukraine's most recent R4, dated April 2001, states, "The AIHA Health Partnerships Program has opened 46 model clinics, each one beta testing innovative approaches to health care delivery." A performance data table with the unit of measure: "cumulative number of primary care/family medicine clinics," also lists the 46-clinic figure. However, the CTO specifically stated that the six AIHA partnerships in Ukraine had resulted in the opening of 10 clinics at the time the performance data was reported, while the 46 clinics represented total clinics—including non-AIHA clinics—in the six oblasts where USAID/AIHA partnerships are operating.

In addition, the CTO provided us with her initial text submission for the R4 narrative that clearly attributes the 46 clinics to Government and the private sector, not AIHA. The CTO stated that the professional editing of the narrative, without a final review by the appropriate USAID/Ukraine staff, changed the meaning of the statement from AIHA being a "catalyst" for 46 clinic openings in pilot areas to AIHA "opening" 46 clinics. The narrative in the R4 stating that AIHA opened 46 clinics is incorrect and unsupported—and overstated by 4.6 times or 460%.

In addition to the above, we also found that the CTO files did not have documentation supporting the total number of 46 clinics and the CTO could not support the number without contacting the Ukrainian Ministry of Health and other outside sources. In accordance with the previously mentioned internal control standard concerning documentation, we believe the CTO files should have contained documents supporting the figures reported to

USAID/Washington, Congress and other stakeholders.

Mission staff noted that editing of the R4 (Annual Report) sometimes unintentionally changes meanings and that the narrative portion is especially susceptible to editorial changes. While editing may have changed the wording and meaning of certain sentences in the R4, the cause of reporting of incorrect data and a lack of support is insufficient review by the Mission and a failure to keep supporting documentation for information reported to high-level Mission and USAID decision makers, as well as Congress and other stakeholders. Therefore, USAID managers and other stakeholders had unsupported erroneous program results data that could lead to the improper management decisions. Accordingly, we are making the following recommendation.

Recommendation No. 3: We recommend that USAID/Ukraine issue guidance for annual performance results reporting that: 1) modifies its procedures so that the staff most familiar with the activities reported, carefully review, clear and approve the final "edited" Annual Report sections under their responsibility and 2) requires that activity managers maintain documents supporting all figures reported in the annual report (previously the R4) to USAID/Washington.

Management Comments and Our Evaluation

USAID Regional Mission for Ukraine, Belarus and Moldova officials agreed with the contents of the report and their comments are included as Appendix II to this report.

Scope and Methodology

Scope

The Office of the Regional Inspector General/Budapest conducted this audit, in accordance with generally accepted government auditing standards, to determine if USAID Regional Mission for Ukraine, Belarus and Moldova (USAID/Ukraine) monitored American International Health Alliance's (AIHA) performance in Ukraine. Our audit was limited to evaluating USAID/Ukraine's monitoring of AIHA's performance in Ukraine under cooperative agreement numbers EE-A-00-98-00033-00 and EE-A-00-98-00014-00 from September 30, 1998 through September 30, 2001. Our audit did not include an assessment of AIHA activities in Belarus and Moldova. As of September 28, 2001 USAID/Ukraine obligated $12.6 million and expended $12.4 million in support for AIHA activities in Ukraine. The audit was conducted at USAID/Ukraine and AIHA offices in Kyiv, Ukraine, and at six AIHA partnership clinics in five oblasts—Donetsk, Kharkiv, Kyiv, L'viv and Uzhgorod, Ukraine from November 26, 2001 through February 1, 2002.

Methodology

Specifically, the audit objective was to determine if USAID/Ukraine monitored AIHA's performance to ensure that intended results were achieved in Ukraine. To do this we reviewed the following documents and reports: (1) USAID/Ukraine's strategic planning, program implementation and financial documents; (2) USAID/Ukraine's guidance and internal control assessments required under the Federal Managers' Financial Integrity Act (FMFIA); (3) external evaluations and assessments of USAID/Ukraine's program activities; and (4) progress and activity reports prepared by USAID/Ukraine and AIHA officials.

We also obtained and analyzed criteria applicable to this audit contained in the following documents: (1) ADS Chapters 201, 202, and 203; (2) project implementation letters; (3) cooperative agreements EE-A-00-98-00033-00 and EE-A-00-98-00014-00, as amended; (4) USAID/Ukraine Mission Orders; (5) and other applicable guidance.

Finally, we interviewed key officials at USAID/Ukraine, AIHA, and intended beneficiaries. We also conducted field trips to selected activity sites in Ukraine to observe project implementation, inspect USAID–funded property and equipment, verify reported information, and assess the effectiveness of USAID/Ukraine and AIHA monitoring of performance and progress towards accomplishment of program results and strategic objectives. The six AIHA Partnership activities visited were selected judgmentally.

Management Comments

United States Agency For International Development
Regional Mission for Ukraine, Belarus and Moldova

May 31,2002

Mr. Nathan Lokos
Director of Audit Operations
Office of the Regional Inspector General
Budapest, Hungary

Subject: Response to Draft Report on the Regional Mission's Monitoring of AIHA Performance in Ukraine

Dear Mr. Lokos:

Thank you for allowing us the opportunity to review the draft report and for the professional and cooperative way in which the review was conducted. We believe it will assist us to improve our performance.

We have one comment on the wording used in the report. In the middle of the first paragraph under the title, "USAID/Ukraine Needs to Assess and Plan for Future Performance Monitoring Site Visits", the report states that "The Missions Cognizant Technical Officer (CTO) indicated that staff and time constraints would make it difficult to perform the necessary site visits". We think this overstates what the CTO meant. At least the Mission's position is that there are, no doubt, time and manpower constraints on performing all "possible" or maybe "desirable" site visits, but that we must and do make time to do "necessary" site visits.

Other comments and a summary of actions taken on the three recommendations in the draft report are as follows:

Recommendation No. 1
As the draft audit report says, we have an agreed upon monitoring and evaluation plan, but there appeared to be some confusion in implementing this plan. However, in order to fully address this recommendation, we have had discussions with AIHA who will submit a new monitoring and evaluation plan shortly. As it will, in large part, repeat items from the existing plan, we do not foresee any problem in our prompt agreement. It seems appropriate to revisit the plan at this time and we welcome the opportunity to do so.

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Recommendation No. 2
We have issued a Mission Notice, a copy of which is attached, that, *inter alia,* sets forth procedures for developing a risk assessment based field site visit plan for the Mission. We believe this meets the intent of the recommendation.

Recommendation No. 3
The Mission Notice also states that Mission policy is that the technical office drafting part or all of a key Mission program document should clear the any substantive edits made by other offices before final submission of the document. The same Mission Notice reiterates the importance of documenting and maintaining evidence to support any data used as a performance indicator. We believe this also addresses the problem mentioned by the recommendation.

Based on the above, we believe that the Regional Mission has made management decisions on recommendations number 1-3, and have taken meaningful action to close numbers 2 and 3.

Sincerely,

/s/
Christopher D. Crowley Mission Director

DRAFT MISSION NOTICE

SUBJECT: 1) Field Site Visit Plans; 2) Clearance of Drafts of Key Program Documents; and 3) Maintenance of Documents Supporting Performance Indicators

The following Mission guidance is being issued to address three separate weaknesses identified by the RIG auditors in a recent report:

1) Field Site Visit Plans

SO/Project monitoring plans should, if they do not already do so, include proposed visits to field sites where activities are being performed. While some site visits will undoubtedly be made on an *ad hoc* basis to address specific problems or because "targets of opportunity" present themselves, most field site visits are generally planned in advance. To maximize our limited human resources, we should concentrate our efforts on the most vulnerable, highest risk, areas in our portfolios to assure the most effective use of limited staff time. This risk assessment should take multiple factors into account, but a few things that may contribute to high risk are: a major commitment of resources; a particularly difficult task to be accomplished because of economic, social or political conditions; a lack of timely reporting by the implementer; allegations of unethical conduct or conflict of interest; or past negative experience with the contractor/grantee or difficulties at a particular site.

Therefore, every year, each technical office, in coordination with the SO teams, should assess the relative risk and vulnerability of each project site in their portfolio. They should plan site visits which can reasonably be performed during the upcoming year and which, in the judgment of the technical office, maximizes visits to the most vulnerable sites. Based on this assessment, they should summarize, in writing, their site visit plan. While the CTO will be the person primarily responsible for performing field visits, appropriate participation should be sought from other management, technical, and support staff of the Mission.

Such plans should be viewed as tools for budgeting time in the most efficient way and ought to have a degree of flexibility. Plans that are followed most of the time are probably a better measure of effective management than plans that are followed without deviation.

2) Clearance of Drafts of Key Program Documents

Certain key Mission program documents, such as the Annual Report, Congressional Notifications, the Mission Strategy Statement, and Economic Committee Papers (Committee on Sustainable Economic Cooperation), etc., are often drafted by a technical office and then reviewed and edited by the PCS office and Mission management. For documents that are primarily technical, or whenever changes have been made in a program document to the wording and reporting of data supplied by a technical office, the Office Director of the drafting office, a designee, should clear the revised version before it is re-submitted to PCS. The purpose is to prevent inadvertent changes in substantive meaning which might creep in when edits are

made by those less familiar with the subject matter and to assure the validity and accuracy of the document submitted by PCS to the Director's Office. Of course, if consensus amongst drafters and reviewers cannot be reached, the final decision on what to include will be made by Mission management.

3) Maintenance of Documents Supporting Performance Indicators

CTOs are reminded that data used as performance indicators in the Annual Report or similar documents are to be supported by documentary evidence. This means that the CTO has a record of the source of the data in an activity file which fully supports the information reported. If the data is reported by a contractor or grantee, part of a monitoring plan should include quality assurance of the validity of the data. For example, if a statistic is reported by a particular site, part of the routine site visit should include a selective test of the quality of the data that was used by the grantee to support the statistic reported. When such tests are performed, a record of the test should be made part of the official activity file.