

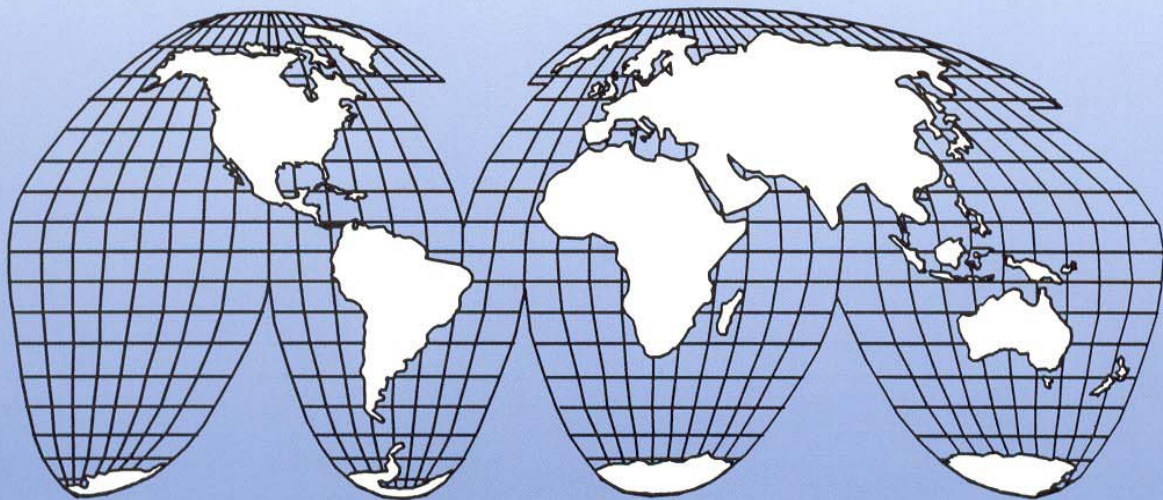
USAID

OFFICE OF INSPECTOR GENERAL

Audit of USAID's Results Data for Its Education Activities in Iraq

Report No. E-266-04-001-P

March 19, 2004



Baghdad, Iraq



March 19, 2004

MEMORANDUM

FOR: James E. Stephenson, USAID/Iraq Director

FROM: John M. Phee, Acting Director of Audit Operations in Iraq /s/

SUBJECT: Audit of USAID's Results Data for Its Education Activities in Iraq
(Report No. E-266-04-001-P)

This memorandum is our report on the subject audit. This report contains one recommendation with which you concurred in your response to the draft report. Based on the actions you have taken in response to the audit finding a management decision has been reached and final action has been taken on this recommendation. Therefore, the recommendation is considered closed upon issuance of this report.

I appreciate the cooperation and courtesies extended to the members of our audit team during this audit.

(This page intentionally left blank)

Summary of Results	5
Background	6
Audit Objective	8
Audit Findings	8
Has USAID accurately reported data and results for its education activities in Iraq?	8
Reported Data Needs to be Checked for Accuracy	9
Management Comments and Our Evaluation	16
Appendix I – Scope and Methodology	17
Appendix II – Management Comments	19

(This page intentionally left blank)

Summary of Results

USAID/Iraq is the newest USAID Mission and was established on July 27, 2003. As a new Mission, USAID/Iraq has not completed an Annual Report on the past performance of its activities. The Mission will formally report its progress in its first Annual Report in fiscal year 2005. However, the Mission has reported some of its more noteworthy accomplishments in the Iraq Reconstruction Briefing Book (Briefing Book), which highlights the accomplishments of the various USAID/Iraq programs. This Briefing Book is used for Congressional Presentations for Congressional Delegations (CODELs) visiting Iraq and provides information on the status of activities in Iraq. Because of the degree of interest in all activities in Iraq, the information in the Briefing Book receives a great deal of attention. (See page 7.)

In this audit we examined eight accomplishments or reported results of the USAID-funded educational program in Iraq that were contained in the Mission's Briefing Book dated October 31, 2003.¹ These eight reported accomplishments resulted from activities that were designed and implemented by partners who were funded by USAID. The audit found that the majority of items audited were under reported. For six of the eight results audited the Mission reported a number less than the number verified by the audit. One of the results audited agreed exactly with the number reported. While, on the other hand, for one of the eight results, the Mission reported a number greater than the number verified by the audit. (See page 8.)

The Mission's process for reporting data could be improved by developing procedures to verify data included in reports prior to the issuance of the reports to ensure the data reported is accurate. (See page 15.)

USAID/Iraq agreed with the recommendation in the audit report and based on the actions the Mission has taken in response to the audit finding, a management decision has been reached and final action has been taken on the recommendation. Therefore, the recommendation is considered to be closed upon issuance of this report. (See page 15.)

¹ This Briefing Book contained eleven results data items; for this audit we chose the eight results data items that contained a quantity of materials delivered to the final recipients (e.g. schools, students, etc.).

Background

On May 2, 2003, USAID began directing more than \$1.5 billion in U.S. assistance in Iraq. A USAID Mission in Iraq was established on July 27, 2003 to manage USAID reconstruction and humanitarian relief assistance being delivered through 45 grants and contracts to American nonprofit organizations and firms. In coordination with the Coalition Provisional Authority (CPA), other U.S. government agencies, and international organizations, USAID and partners are revitalizing public education in Iraq by laying the foundation for sustainable, decentralized quality education at the primary and secondary school levels. The immediate goal was to enable children to return to their classrooms at the beginning of the school year in October 2003.

Prior to the 1990s, Iraq had one of the best education systems in the Middle East with universal primary school enrollment and high rates of literacy among women. However, a decade later school enrollment for all ages declined to approximately 73 percent. While most schools in the country were not damaged during the conflict, renovations and repairs are greatly needed. Additionally, many schools suffered as a result of the widespread postwar looting and vandalism, which left the schools without plumbing, lavatories, light fixtures, wiring, desks, windows, and doors.

In response to urgent needs of the Iraqi educational system, USAID has made assistance to the education system one of its top priorities. Prior to the start of the school year, USAID had extended three contracts and nine grants to a number of USAID contractors, USAID grantees, and UN organizations to rehabilitate and supply Iraqi schools with educational materials and supplies. USAID funding for educational activities in Iraq is approximately \$116 million. This audit covered educational program activities from the inception of the program on May 2 to October 31, 2003.

Specifically, USAID is implementing its education activities primarily through the following partners:

- Creative Associates International, Inc. (Creative) is USAID's primary contractor for implementing educational activities in Iraq. Creative is implementing the "Revitalization of Iraq Schools and Stabilization of Education" (RISE) project which focuses on the distribution of school materials, equipment and supplies; education reform and accelerated learning; and training and upgrading teachers and schools leaders. According to Mission data, \$37,853,000 has been obligated and \$30,403,000 has been disbursed for Creative activities as of October 31, 2003.

-
- Bechtel National, Inc. (Bechtel) is the USAID contractor that is reconstructing and rehabilitating the infrastructure throughout Iraq including the majority of the schools being rehabilitated by USAID. The funds obligated by USAID for all Bechtel's work in Iraq, per the Mission's records, as of October 31, 2003 totaled \$1,029,833,000² and the amount disbursed is \$145,036,000.
 - Under the Iraq Community Action Program (ICAP), there are five non-governmental organizations, which are assisting in the development of community-based activities in Iraq including the rehabilitation of schools. Obligated funds per the Mission's records at October 31, 2003 totaled \$70,000,000³ and \$13,807,000 has been disbursed.
 - USAID has made grants to fund part of the activities of UNESCO⁴ and UNICEF⁵. These two partners have provided support to basic education including: providing five million revised textbooks; teacher and student kits; teacher training; and accelerated learning. Obligated funds per the Mission's records for these two grants as of October 31, 2003 totaled \$17,000,000 and the amount disbursed is \$6,490,000.

As required, USAID/Iraq will formally report the progress of its activities in an Annual Report. However, the first Annual Report will be filed for fiscal year 2005. Currently, the Mission has reported some of its more noteworthy accomplishments or results in a document called the Iraq Reconstruction Briefing Book⁶ (Briefing Book), which highlights the accomplishments of the various USAID/Iraq programs. This Briefing Book is used for Congressional Presentations for Congressional Delegations (CODELs) visiting Iraq and provides information on the status of activities in Iraq. The Briefing Book is not intended to be a comprehensive report of the Mission's activities; rather, it focuses on selected accomplishments. Nevertheless, because of the degree of interest in all activities in Iraq, the information in the Briefing Book receives a great deal of attention.

² Approximately \$49 million was for school reconstruction.

³ Approximately \$12.5 million are for school rehabilitation.

⁴ United Nations Educational, Scientific, and Cultural Organization.

⁵ United Nations Children's Fund.

⁶ Actual title on the cover is "Our Commitment to Iraq USAID."

Audit Objective

The USAID OIG has developed an audit strategy to address performance and financial issues being faced by USAID during its implementation of reconstruction efforts in Iraq. This audit report was designed to answer the following audit objective:

Has USAID accurately reported data and results for its education activities in Iraq?

Appendix I contains a complete discussion of the scope and methodology of the audit.

Audit Findings**Has USAID accurately reported data and results for its education activities in Iraq?**

USAID did not accurately report data and results for its education activities, as seven of eight items reported in the USAID Briefing Book were different from the amounts verified by the audit. As described below, seven of eight items reported in the USAID Briefing Book were different from the amounts verified by the audit. Of the seven items that were different, six reported results were less than what was verified by the audit; that is, more was actually accomplished than USAID/Iraq reported. One item exceeded the amount verified by the audit.



Photograph of Al Majidat School in Al Hillah, which has 563 students and was rehabilitated by Bechtel National, Inc. (BNI) with USAID funds. (Photograph taken on December 3, 2003)

Reported Data Needs to be Checked for Accuracy

Agency guidance stresses the importance of the quality and accuracy of reported information. The amounts verified by the audit were different from the number reported for seven of eight results. Several causes contributed to this condition, including the lack of established procedures to verify the accuracy of data before it is reported. Reporting information that is not accurate presents a potential for misunderstanding by decision makers and interested parties.

USAID's Automated Directives System (ADS) 578.3.1 requires originating offices to review information products for compliance with information quality guidelines, which stress the importance of high quality and accurate results reporting information.

In response to section 515 of the Treasury and General Government Appropriations Act for Fiscal Year 2001 (Public Law 106-554), the Office of Management and Budget (OMB) issued its *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies*. OMB designed these guidelines to help agencies ensure and maximize the quality, utility, objectivity and integrity of the information that they disseminate (meaning to share with, or give access to, the public). These OMB guidelines require agencies to meet basic information quality standards. Furthermore, OMB directed agencies to develop information resource management procedures for reviewing and substantiating (by documentation or other means selected by the agency) the quality (including the objectivity, utility and integrity) of information before it is disseminated.

USAID adopted these guidelines in ADS 578. This ADS chapter includes the basic standards of these guidelines: quality, objectivity, utility and integrity. "Objectivity" includes whether disseminated information is being presented in an accurate, clear, competent, and unbiased manner. ADS 578.3.1 requires originating offices to review information products for compliance with the information quality guidelines in ADS 578 at every step, including the creation, collection and maintenance of information, before it is disseminated. In addition, GAO's 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.

Eight education activity accomplishments or results included in the Mission's Briefing Book dated October 31, 2003 is the focus of this audit. Seven of the eight reported results audited were inaccurate; that is, the number verified by the audit was different from the number reported. The table and discussion below illustrates our audit results and causes for the differences.

**Table of Reported Results
for Educational Activities in Iraq**
(At October 31, 2003)

Item No.	Accomplishment/ Result Description	Number Reported	Number Per Audit	Difference
1	Schools rehabilitated.	1,500	1,356	144 or 9.6 percent over reported
2	Primary student kits delivered to Iraqi Ministry of Education warehouses.	404,000	462,160	58,160 or 14.4 percent under reported
3	Secondary student kits delivered to Iraqi Ministry of Education warehouses.	1,125,000	1,198,080	73,080 or 6.5 percent under reported
4	Primary teacher kits delivered.	61,300	81,735	20,435 or 33.3 percent under reported
5	Chalkboards delivered.	19,140 ⁷	28,182	9,042 or 47.2 percent under reported
6	Pieces of secondary school furniture delivered.	180,750	198,474	17,724 or 9.8 percent under reported
7	Math and science textbooks grades 1-12 edited.	48	48	- 0%
8	Textbooks printed.	5,300,000	5,452,204	152,204 or 2.9 percent under reported

Schools rehabilitated is defined by the Mission as being school buildings to which repairs (such as painting, plumbing, electrical, etc.) have been started, but not necessarily completed. The school rehabilitation program is being accomplished through contracts, grants, and cooperative agreements with ten different partners⁸. The Mission reported in its Briefing Book that 1,500 schools had been rehabilitated. However, the number identified by the audit was 1,356 schools. (See item 1 in Table on page 10.)

⁷ The number of chalkboards delivered is also included in the number item 6, pieces of secondary school furniture delivered.

⁸ The ten partners are Bechtel National, Inc. (BNI), Creative Associates International, Inc. (Creative), International Relief and Development, Inc. (IRD), ACIDI/VOCA, Save the Children Federation, Inc. (Save), CHF International (CHF), Mercy Corps (Mercy), Research Triangle Institute (RTI), Development Alternatives International (DAI), International Office of Migration (IOM).



Photograph of Um Al-Banin School in Al Hillah. This school was rehabilitated by USAID funds through a contract with Creative Associates International, Inc. (Creative). (Photograph taken on December 3, 2003)

Primary⁹ student kits delivered is defined by the Mission as the number of kits delivered to the warehouse of the Iraq Ministry of Education at each Directorate Governorate¹⁰ (DG). The Ministry of Education Director General was to subsequently distribute the student kits to individual schools. Each student kit consists of a shoulder bag and contains pencils, an eraser, a ruler, a pencil sharpener and some writing paper. According to Mission officials, USAID has funded approximately one-third of this activity and the number reported represents the initial one-third of all the deliveries. The Mission reported in its Briefing Book that 404,000 primary student kits had been delivered; however, the audit verified that 462,160 kits had been delivered. (See item 2 in Table on page 10.)

Secondary¹¹ student kits delivered is defined by the Mission as being the number of kits delivered to the warehouse of the Iraq Ministry of Education in the DGs. The Ministry of Education Director General was to subsequently distribute the student kits to individual schools. Each student kit (as shown on the next page) consists of a shoulder bag and contains a ruler, a calculator, pens, pencils,

⁹ A primary school in Iraq is equivalent to grades 1 – 6 in the U.S.

¹⁰ Iraq has twenty-one Directorate Governorates (DGs); Baghdad is divided into four separate DGs and the rest of Iraq is divided into seventeen other DGs.

¹¹ A secondary school in Iraq is equivalent to grades 7 – 12 in the U.S.

writing paper and a geometry set. The Mission reported in its Briefing Book that 1,125,000 secondary student kits had been delivered; however, the audit verified that 1,198,080 kits had been delivered. (See item 3 of Table on page 10.)



Photograph of a secondary school student kit funded by USAID and distributed by Creative. Each kit contains a shoulder bag, a ruler, a calculator, pens, pencils, a geometry set, and writing paper. (Photograph taken December 13, 2003 at USAID/Iraq in Baghdad.)

Primary teacher kits delivered is defined by the Mission as the number of kits delivered to the warehouse of the Iraq Ministry of Education at the DGs. Each kit contains pens, pencils and writing books. USAID is funding approximately one-third of this activity and the number reported represents the initial one-third of all the deliveries. The Mission reported in its Briefing Book that 61,300 primary teacher kits had been delivered; however, the audit had verified that 81,735 had been delivered. (See item 4 in Table on page 10.)

Chalkboards delivered is defined by the Mission as the number of chalkboards delivered and installed in schools. Also, this number is included as a component of the next result—pieces of secondary school furniture delivered. The Mission reported the progress of “chalkboards delivered” separately because the Coalition Provisional Authority (CPA) and the Mission desired specific reporting on this particular commodity due to concerns pertaining to delivery delays caused by manufacturing and transportation problems. The Mission reported in its Briefing Book that 19,140 chalkboards had been delivered; whereas the audit verified that 28,182 had been delivered. (See item 5 in Table on page 10.)

Pieces of secondary school furniture delivered is defined by the Mission as the separate pieces of furniture (i.e. student desks, teacher desks, teacher chairs, cabinets, and chalkboards) delivered to schools. Chalkboards were included in this result, as well as a separate result. According to the Mission staff responsible for compiling the reported result, chalkboards are considered a necessary school furnishing component and accordingly was included in the “school furniture delivered” category. The Mission reported in its Briefing Book that 180,750 pieces of secondary school furniture had been delivered. The audit verified that 198,474 pieces of furniture had been delivered. (See item 6 in Table on page 10.)



Photograph of students at the Al Haitham School in Baghdad, which has 525 students and was rehabilitated and re-equipped by USAID funds through a grant to International relief and Development, Inc. (IRD). (Photograph taken November 30, 2003).

Math and science textbooks grades 1-12 edited is defined by the Mission as the editing of selected math and science textbooks (48 different textbooks). The Mission reported in its Briefing Book and the audit confirmed that 48 different math and science textbook had been edited. (See item 7 in Table on page 10.)

Textbooks printed is defined by the Mission as the number of textbooks printed. The Mission reported in its Briefing Book that 5,300,000 textbooks had been printed, whereas, the audit verified that 5,452,204 textbooks had been printed. (See item 8 in Table on page 10.)

Causes for differences

There is one primary reason for the difference in the number of schools rehabilitated reported by the Mission and the number verified by the audit. The Mission considered a school to be rehabilitated when the repairs had been made to the school and when the school was functional, safe and conducive to learning. Essentially, the Mission included in its data for “schools rehabilitated” all those schools for which rehabilitation work was started but not necessarily completed. The implementing partners reported a school rehabilitation project to be complete when all the work was performed and inspected, and the final payment was made. For the purpose of our audit, we used the same definition as the implementing partners and considered schools to be rehabilitated when work was completed and not simply started.

In addition, when reviewing the documentation, we found a problem with double counting. ICAP implementing partners monitor and report their activities by project. Under the partners’ reporting system one school may have two projects--one project to rehabilitate the school and the other project to reequip the same school. In this situation the same school may be counted twice.

The double counting of schools occurred because the Mission included schools that were reequipped (e.g. supplied with furniture and educational materials), as well as schools that were rehabilitated to determine the total number of schools rehabilitated. This problem is only relevant to ICAP schools because only ICAP projects may fund the reconstruction and/or reequipping of schools. Our analysis of the all ICAP funded projects indicated that approximately 79 or fewer schools were reequipped and rehabilitated and were therefore counted twice.

The Mission took immediate action to correct this situation by implementing a procedure to review or analyze results data from the five ICAP partners so as to count a school only one time in its results data even in those cases when a specific school was reequipped reconstructed.¹²

Regarding the other seven items tested we believe the difference between the results reported by the Mission and those verified by the audit is caused, in large part, by the fact that the data in this Briefing Book was prepared by new and lesser-experienced staff using a system that was still evolving. In addition, the Briefing Book dated October 31, 2003—the source of the audited data—was prepared when the project officer was out of the country. Furthermore, Mission officials stated that some results data were under reported because results data received late in October had not been verified when the October 31, 2003 Briefing Book was being prepared.

¹² This double counting is a difference in definition and categorization between the Mission and the ICAP partners. The Mission is counting schools to report results while the ICAP partners are counting projects in order to manage different work at the same school.

Moreover, USAID/Iraq staff stated that the Briefing Book was not intended to be a comprehensive report of the Mission’s activities; rather, it focused on a few selected accomplishments, which the Mission believed were noteworthy examples of the program’s progress. Although we believe that it is appropriate for the Mission to choose the format for presenting results data and emphasizing specific program accomplishments to best illustrate the status of its programs—the data reported should be accurate.¹³

The effect of reporting inaccurate information—either reporting more or less than what was actually accomplished—presents a potential for misunderstanding by USAID/Washington and other interested users (such as CODELs) of the status of the educational activities in Iraq. This may also lead to inappropriate conclusions and decisions regarding the educational program in Iraq. Sound decisions require accurate, current, and reliable information. To address the problem of inaccurate information, the Mission needs to independently compare the results data to source documents before the data is issued. Therefore, we are making the following recommendation:

Recommendation No. 1: We recommend that USAID/Iraq develop procedures to verify data included in reports prior to the issuance of the reports to ensure the data reported is accurate.

¹³ In June 2003 the Mission awarded, under an indefinite quantity contract (IQC), a contract to Management Systems International (MSI) to provide performance monitoring and evaluation of USAID/Iraq’s technical portfolio. However, MSI did not mobilize personnel to Iraq until August 2003 and did not provide nor verify the data used in the Briefing Book dated October 31, 2003.

**Management
Comments and
Our Evaluation**

USAID/Iraq agreed with the finding and recommendation in the draft audit report and based on the actions the Mission has taken in response to the audit finding, a management decision has been reached and final action has been taken on the recommendation. Therefore, the recommendation is considered to be closed upon issuance of this report.

Recommendation No. 1 recommends that the Mission develop procedures to verify data included in reports prior to the issuance of the reports to ensure the data reported is accurate. The Mission concurred with this recommendation and has taken appropriate action. In a letter dated January 24, 2004, the Mission delineated instructions to MSI regarding their monitoring and evaluation work activities. One of the monitoring instructions requested that MSI focus on data cleaning and partnering with CTOs, area managers, implementing partners to ensure the flow of quality data and timely delivery of project information.

**Scope and
Methodology****Scope**

The Inspector General Audit Operations Team in Iraq conducted this audit in accordance with generally accepted government auditing standards. The purpose of the audit was to determine if USAID accurately reported data and results for its education activities in Iraq. USAID/Iraq has only recently been established and is still developing a system of management controls; our assessment of controls was limited to a review of the Mission's self-assessment report for fiscal year 2003. The audit covered data reported for the Mission's education activities for the period from May 2, 2003, when USAID began directing U.S. assistance in Iraq, through October 31, 2003. USAID has obligated approximately \$116 million for education activities in Iraq as of October 31, 2003.

The audit was conducted at USAID/Iraq's office and USAID's partners' offices in Baghdad from November 3 to December 13, 2003. Specifically, we performed our audit field work at the offices of two contractors-- Bechtel National, Inc. (Bechtel) and Creative Associates International, Inc. (Creative), and one grantee—International Relief and Development (IRD). We were not able to visit the offices of UNESCO and UNICEF as the expatriate staff of these organizations has evacuated Iraq due to security concerns. We were also informed by Mission personnel that UNESCO and UNICEF local-hired employees were unwilling to speak with USAID auditors unless approval had been granted by UN Headquarters in New York City. Additionally, the auditors visited four schools located in Baghdad and two schools in the town of Al Hillah.

Methodology

To answer this objective, we examined the supporting documentation of the Mission and its contractors and grantees who had submitted results data that was included in the USAID/Iraq Briefing Book dated October 31, 2003. This Briefing Book contained eleven results data items; for this audit we chose the eight results data items that contained a quantity of materials delivered to the final recipients (e.g. schools, students, etc.).

In answering the audit objective, because of the importance of USAID's education program in Iraq to both USAID and to U.S. foreign policy, we defined reported data as being accurate if it was exactly what was verified by the audit and considered any deviations between what was reported and what was verified by the audit to be material.

During our audit fieldwork, we performed limited tests of the Mission and its implementing partners' system and controls relating to results reporting. For the implementing partners, we examined documentation provided by the primary four

partners¹⁴ implementing the Mission’s education activities and tested the accuracy of the results that had been reported to the Mission. At USAID/Iraq, we examined the roll-up of these results into the accomplishments contained in the Mission’s Briefing Book. Additionally, we reviewed the Mission’s and implementing partners’ monitoring and reporting process of the activities.

We reviewed the Mission’s first self-assessment report in compliance with the Federal Managers Financial Integrity Act (FMFIA) for the fiscal year 2003 for those management controls relative to the audit objective.

We also interviewed staff at the offices of the Mission and its implementing partners, as well as administrators of the schools visited during our site visits, to obtain their views and increase our understanding of the education program activities. We made visual inspections of six schools which had received assistance—four schools were located in Baghdad, Iraq and two schools were located in the town of Al Hillah.

¹⁴ The four primary implementing partners for USAID/Iraq’s educational activities are Creative, BNI, UNESCO and UNICEF.

**Management
Comments:****United State Agency for International Development**

Iraq Mission
CPA (USAID)
APO, AE 09335

MEMORANDUM

DATE: February 28, 2004

TO: John Phee, Acting Director of Audit Operation in Iraq

FROM: James Stephenson, Mission Director /s/

SUBJECT: Draft Audit of USAID's Results Data for Its Education Activities in Iraq (Report No. E-266-04-00X-P)

Successes in the education program represent some of the major achievements in the USG's efforts to improve the quality of life for the Iraqi people. By the beginning of the school year in October 2003 and in an effort to attend to the urgent needs in the education sector, USAID rehabilitated 1500 schools. In addition, 5 million textbooks had been printed and were under distribution, approximately 1.4 million student kits were being delivered and all secondary schools had been fully furnished. At the same time USAID had placed five senior education advisors in the Ministry of Education to work along side the newly appointed minister and assist him and his Ministry in laying the foundations for future reforms in education.

In October 2003, five months after the launching of USAID's Education Program¹⁵, the Inspector General (IG) audited USAID's Education Program. The IG's audit was based on the "Iraq Reconstruction Briefing Book" (Briefing Book), dated October 31, which highlights general accomplishments under each sector. The Mission uses the briefing book as a means of informing visiting senior delegations, including members of Congress. This document is updated frequently, usually just before the arrival of a delegation. The information contained in the document

¹⁵ USAID-Iraq's Education Year 1 Program worth \$80M consists of 3 primary education partners: UNICEF, UNESCO and Creative Associates International. The sector also has 6 secondary partners: Bechtel, Research Triangle International, Merci Corps, Save the Children, International Relief and Development, and the Cooperative Housing Foundation. These secondary partners have focused mainly on the rehabilitation of schools.

primarily comes from our implementing partners, which is then verified by USAID project managers and USAID's independent monitoring and evaluation contractor (i.e. MSI), which maintains the Mission's project information database.

During this first year, USAID's education program has focused a great deal of attention and resources on the procurement and distribution of school materials and supplies and on the reconstruction of schools. Accurate reporting of results and the pressure to respond to an enormous number of informational requests from all levels of the USG required the Mission to develop and implement an effective systematic monitoring system as quickly as possible. In early August, the USAID education team set in place a tracking and monitoring system that includes: 1) specific indicators for tracking; 2) clearly defined reporting formats and schedules of reporting for implementing partners; 3) a schedule for site visits 4) weekly accomplishment reports, which are presented to Senior USAID management and used to update official documents, including the Briefing Book. This monitoring system was and continues to be implemented under the leadership of the Education General Development Officer, the Education Advisor and the Program Assistant. It is an inherent part of this monitoring system that no information be reported in official documentation unless it has been verified through the process above. In general, it takes the education team 5 to 7 days to verify the information received before that information is reported to external audiences.

The IG audit team found several discrepancies between information reported in the Briefing Book and actual accomplishments. The principal discrepancies follow:

Table of Reported Results for Education Activities in Iraq
(At October 31, 2003)

Item No.	Accomplishment/ Result Description	Number Reported	Number per Audit	Difference
1	School Rehabilitated	1,500	1,356	144 or 9.6% over reported
2	Primary students kits delivered	404,000	462,160	58,160 or 14.4 percent under reported
3	Secondary student kits delivered	1,125,000	1,198,080	73,080 or 6.5% under reported
4	Primary teacher kits delivered	61,300	81,735	20,435 or 33.3% under reported
5	Chalkboards delivered	19,140	28,182	9,042 or 47.2% under reported
6	Pieces of secondary school furniture delivered	180,750	198,474	17,724 or 9.8% under reported
7	Textbooks printed	5,300,000	5,452,204	152,204 or 2.9% under reported

Regarding the over-reporting in item 1, the difference can be explained as a difference in definitions. Early on in the school rehabilitation process, the Mission held meetings with members from the CPA Ministry of Education and USAID's implementing partners who were involved in school renovation. The definition we chose to use as "schools completed" was one where the implementor had transformed the school into a "functional, safe and conducive learning environment and in which children were attending classes." There is a significant lag between the time a school is functional and when it is officially signed off as completed. The goal of the program was to get children and teachers back into vastly improved and upgraded schools – we accomplished this objective. This accounts for the difference in USAID reporting and the IG's findings.

As indicated in the table above, the IG noted that for items 2, 3, 4, 5, 6 and 8, USAID had under-reported its accomplishments. A time lag from receipt of implementing partners' reports to USAID review and inclusion of information contained in those reports accounts for the under-reporting. The methodology the IG used was to compare the information reported in the Briefing Book with the October 31 monthly reports submitted by each of the implementing partners. The education team simply had not reviewed and verified the submitted data, and hence the updated information was not included in the Briefing Book the IG team reviewed. Important to note is that the audit took place during the height of the distribution of goods period. As our partners' daily submissions show, numbers had large margins of fluctuation throughout October and November.

USAID/Iraq appreciates the RIG's audit process and draft report, and agrees with the audit recommendation. During the audit process the continued communication and discussions allowed the Education Team to identify and set in place immediate procedures to strengthen the monitoring systems, including assurances that double-counting would not take place. In addition, we took the step of tightening up our monitoring systems across the board by having MSI act as a clearing house for all information reported to external audiences (see attached memo from USAID to MSI dated January 24, 2004). It consumes much effort and will result in a delay of reporting results, but we believe it will allow for greater consistency in the reporting of our accomplishments. As the IG team noted in discussions with the Mission, the situation on the ground is fast-paced and very fluid. Accuracy is very difficult to ensure. However, the audit team's findings did help us come up with measures that have strengthened our monitoring systems.

USAID/Iraq believes that the actions described above satisfactory address the significant findings of audit, and we believe that final action has been taken and request that you consider recommendation number one closed upon issuance of the final report.

Thank you for your assistance.