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## **Limited Assessments of Success in Meeting Grant Objectives**

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The grantee assessment data for meeting objectives is limited and makes it difficult to fully assess the grant's impact. The grantee can readily document what activities it led to foster democratic goals and objectives in Iraq. SIGIR confirmed that in most cases the grantee maintained comprehensive information on its training, number, and type of participants, though in some cases this data did not precisely match that contained in quarterly reports. The grantee has not, however, uniformly assessed the extent to which it has succeeded in meeting the grant's specific goals and objectives. Such analyses are required to be included in quarterly reports to DRL. Moreover, IRI's evaluation plan does not always include benchmarks and measurable indicators of progress which are essential criteria for measuring impact.

While the GOR stated that the grantee has not provided comprehensive impact assessments, she further noted that she has sufficient information from other sources to conclude that the grant's overall goals are being met. DRL also noted it has recently taken steps to improve monitoring and evaluation of future grants. Without comprehensive assessments, it is difficult for decision makers to determine what changes are necessary to best ensure that activities are designed and implemented to achieve program objectives.

### **Grant Activities**

Under grant 209, the grantee conducts program activities such as trainings and study missions with Iraqi political parties, civil society groups, and members of the Iraqi government to support the development of democracy. Trainings included capacity-building efforts like instruction on writing project proposals and legislative drafting and monitoring for Iraqi civil society organizations. Study missions included a trip for members of the Council of Representative Research Directorate to attend a meeting of the International Federation of Library Associations in Ottawa, Canada. See Figure 1 for a photo of grantee training on conducting surveys.

**Figure 1—IRI Training Session in Erbil**



*Source: IRI 5/2010.*

## **Activities Documented but Records Inconsistent**

The grantee documented activities associated with trainings for grant 209 with payment receipts, agendas, and sign-in sheets. For grant 209, DoS required that the grantee submit program progress reports and suggested that reports include supporting documentation or products related to project activities (such as articles, meeting lists and agendas, and manuals). However, DoS did not specify what documentation must be maintained as support that activities occurred. SIGIR previously reported DRL records contained most of the required reports from the grantee, but the grantee did not include supporting documentation for nearly all of their reports. According to grantee officials, the reports do not include supporting documentation in order to lessen the burden for DRL, but that information is always available and can be reviewed by GORs during site visits.

### ***Records Contain Evidence of Activity***

The grantee informed SIGIR that as of April 14, 2010, it had conducted 271 trainings for more than 5,000 Iraqi participants and 3 study missions in support of the objectives for grant 209. Further examination of grantee records showed 3 additional out-of-country trainings conducted by the grantee that were not recorded in its database of all grant trainings. The trainings included two trainings in Turkey on public opinion research and budgeting, as well as a training in

Lebanon on the use of information technology. According to a grantee official, these three trainings were conducted under grant 209, but due to an oversight, were not included in the list of trainings.

SIGIR judgmentally selected for review 28 of the 271 (approximately 10%) grantee-recorded trainings. Although the grantee provided some type of supporting documentation for each activity, SIGIR found some variation in the type of documentation provided as support. The grantee's field accounting manual requires receipts for all expenses over \$15<sup>18</sup> as well as agendas for meetings, conferences, and seminars, but it does not require other documents such as sign-in sheets as evidence an activity occurred.

The grantee provided receipts for the 28 trainings SIGIR reviewed but did not always have agenda and sign-in sheets. One training file did not contain all receipts for the activity, but the grantee had documented unsuccessful attempts to obtain receipts from the trainer, as required by its policy. SIGIR found five trainings that did not have agendas or had agendas with a different title or date from grantee records. The grantee subsequently provided the three agendas as well as agendas for the other two trainings, but those agendas still did not match IRI's records.

In addition, SIGIR's initial review found that five grantee files were missing participant sign-in sheets for at least one day of training. The grantee provided explanations for the missing documentation: three of the trainings occurred outside Iraq, and IRI used hotel receipts as support of participation; one training that occurred over two days had only one sign-in sheet; and supporting documentation for one training had signatures for transportation per diem received by participants. The grantee explained that the instructor did not collect signatures for an official sign-in sheet. See Appendix B for the detailed results of SIGIR's document review.

### ***Records Inconsistent with Quarterly Reports***

SIGIR could not verify the information reported by the grantee in its quarterly reports to DRL. We compared the sample of grantee training records conducted with grantee quarterly reports submitted to DRL. Of the 28 trainings reviewed, SIGIR was unable to find mention of 5 in the quarterly reports to DRL. For example, grantee records indicate that in April 2008, IRI conducted training on fostering international relationships for women from the North Youth Center, but SIGIR did not find this training noted in the grantee's quarterly report. See Appendix B for a full list of the extent to which grantee quarterly reports included information on the trainings in SIGIR's sample.

Similarly, SIGIR found some instances where information presented in quarterly reports was not corroborated by grantee records. For example, the quarterly report for the period ending June 30, 2008 describes a training in Istanbul, Turkey for senior staff members of the Presidency Council. According to the report, a U.S.-based trainer taught management skills and leadership development, and staff members included advisors, financial administrators, and office managers. SIGIR was unable to find this training listed in grantee records of trainings for grant 209 or its list of out-of-country trainings.

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<sup>18</sup> Receipts are required for all expenses over \$15, except taxi-cab receipts, which are required for expenses over \$25.

### ***State Has Not Reviewed Supporting Documentation***

SIGIR previously reported that GORs communicate regularly with grantees, but the frequency and length of site visits has been affected by limited DRL staffing, travel cost considerations, security, and country clearance restrictions. As of April 30, 2010, the GOR had responsibility for 12 grants including grant 209, totaling approximately \$197.4 million. DRL gains additional insight to grantee activities through two democracy advisors who communicate with and visit grantees but do not conduct formal oversight of grantees. According to grantee officials, GOR site visits have been limited, but grantee officials in Iraq maintain regular communication with the democracy advisors who have also made visits to the grantee's office in Erbil.

These visits by the GOR and the democracy advisors have not included review of grantee documents which support quarterly reports to DRL and serve as evidence that activities occurred. In addition, even though the GO would be able to make site visits to grantee offices in Washington, D.C., the GO for IRI's grants has conducted only one visit to IRI, and the review was a high level review of policies. As noted earlier, GOs have approximately 250 active grants each, so they rely on GORs to identify issues.

### **Grant Impact Has Generally Not Been Assessed**

The grantee generally has not assessed the extent to which progress has been made in meeting grant goals and objectives. While the grantee collected some information on impact, it did not always clearly demonstrate a change in condition or link reported impact to grantee activities.

According to the *Foreign Assistance Policy Manual*, impact is defined as the cumulative or net effect of the outcomes or results, and there is an abiding U.S. government interest in measuring the success of programs supported by federal funds. The grant agreement requires that such impact analyses be included in quarterly reports. Since our analysis for our previous report, the grantee has submitted three quarterly reports to DRL that contain detailed information, including photos, results from initiatives like polling, and additional output data.

Our review of those quarterly reports noted instances where the grantee reported a measured indication of change resulting from its activities; however, there were other instances where one would expect to see a measured impact, but the grantee did not provide evidence of any. For example, the grantee reported that after the March 7, 2010 election, it conducted a survey of candidates who attended election training and found that campaigns assisted by the grantee were twice as likely to succeed as those that did not. The grantee further found that successful candidates conducted more door-to-door voter outreach and maintained larger voter databases than losing candidates.

Conversely, the grantee indicated that success in meeting the outcome that women are increasingly integrated into party organizations as officers, candidates, and volunteers would in part be demonstrated when women effectively campaign in elections. While the grantee reported that hundreds of women trained before the March 7 elections conducted effective campaigns, it did not provide any other supporting information to indicate it measured a change in condition. Moreover, the grantee did not provide detail about the women's roles in parties or what made the campaigns effective. Without the grantee's demonstration of specific measurements for changes

in activity, it is difficult to determine if the grantee assessed the extent to which progress has been made toward goals and objectives.

SIGIR recognizes that collecting information and measurements in Iraq to show impact is challenging. According to the GOR, it can be difficult for grantees to demonstrate impact because progress toward goals and objectives is often subjective, some activities may not immediately effect change, and observation of change may be delayed even beyond the life of the grant. She further indicated that the lack of available data in Iraq has hindered grantees in establishing a baseline against which they can measure progress. According to a grantee official, some measures of progress overlap with multiple grants, so it can be difficult to identify the impact of one specific grant. While the GOR acknowledged that the grantee has not provided comprehensive impact assessments, she informed us that she has sufficient information from other sources to conclude that IRI is achieving the overall grant goals.

According to a grantee official, IRI will draw conclusions in its final report which it will submit within three months after the grant's expiration. The final report will compile the findings in the quarterly reports as well as include a final assessment of the grant's effectiveness and impact. According to the official, this report should be able to draw more definitive and broad conclusions than quarterly reports because it will look at the entire life of the grant.

### ***Other Information on Activities***

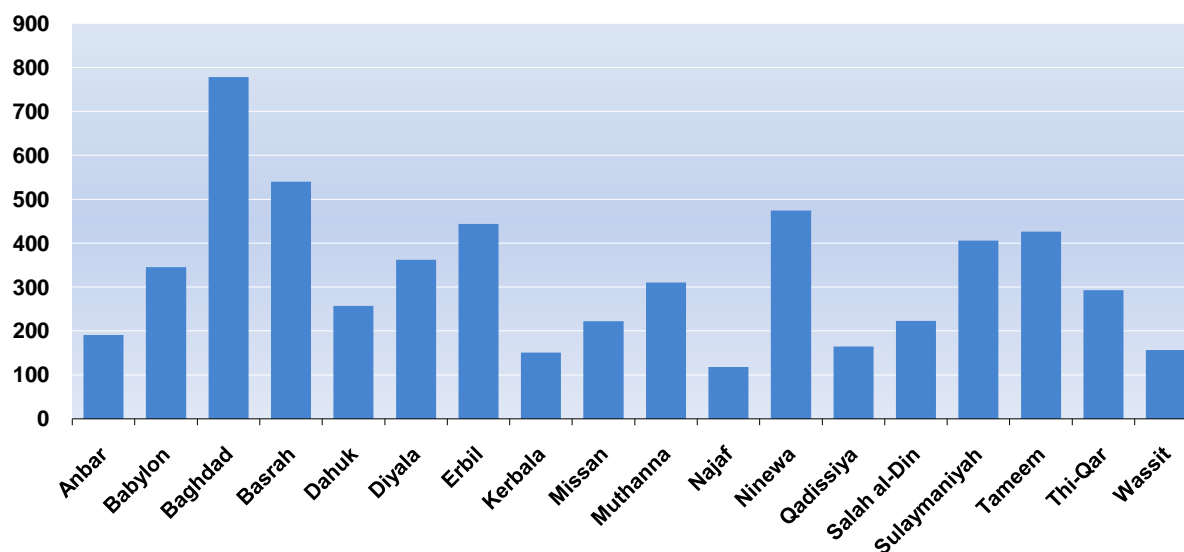
The grantee collected information on voter sentiment and participants, but this data has not been used to assess progress toward meeting goals and objectives. In 2009, the grantee conducted 17 trainings for more than 450 Iraqi participants on polling and building local capacity. In November and December 2009, those participants conducted individual interviews in all 18 provinces, utilizing a 75-question survey for a total sample size of 7,600 people. Results from the survey have been used to inform the grantee's re-election voter education programs and political parties. For instance, the poll identified provinces with the lowest likely voter turnout which allowed the grantee to target voter education efforts, resulting in a higher-than-average turnout, according to the grantee.

The grantee also maintains a database of all people who have participated in trainings for grant 209 and a summary of their evaluations of trainings and trainers filled out after each training session. The grantee began collecting this information in February 2008, cumulating information from each of the activities under all IRI grants into one database. Grantee records show that between February 2008 and early May 2010,<sup>19</sup> it conducted over 250 trainings for almost 6,000 participants. According to a grantee official, however, individuals are entered into the database each time they attend a training, so the total number of participants may count the same person multiple times. The grantee collects information on individuals' political parties, provinces, gender, and which trainings they attended. Figure 2 shows the number of participants in grant 209 trainings by province between February 2008 and May 2010.

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<sup>19</sup> Even though the grant was awarded in September 2007, the grantee and DRL agreed work would not begin until January 2008. The grantee did not begin collecting participant information for the grant until February 2008.

**Figure 2—Number of Grant 209 Training Participants by Province (February 2008 – May 2010)**



Source: IRI, May 7, 2010.

### ***Monitoring and Evaluation Plan Not Structured To Measure Impact***

The request for proposals that resulted in the awarding of grant 209 to the grantee states that proposals would be judged in part on the merit of the proposed program evaluation plan. According to the request, proposals should demonstrate the capacity for engaging in impact assessments and providing long and short-term goals with measurable outputs and outcomes. The request defines outcomes as specific results a project is intended to achieve that are usually measured as an extent of change. In addition, the grant 209 agreement states that grantee quarterly progress reports should reflect the grantee’s continued focus on measuring project impact on the overarching goals or problems the projects set out to address. Assessment of overall impact and/or incremental impact, as appropriate, should be included in each quarterly progress report. Moreover, the solicitation for the grant stated the potential grantee should demonstrate the capacity for engaging in impact assessments and providing long- and short-term goals with measurable outputs and outcomes. DRL defines impact as a change in social, economic, or civic condition.

In its application to receive grant 209, the grantee included 14 expected outcomes of their work toward meeting 6 objectives. The grantee also included 43 indicators under the outcomes that would show progress toward meeting the outcomes and eventually the objectives. However, not all of the outcomes and indicators were specifically measurable. For example, for meeting the objective of strengthening the organizational capacity, sustainability, and accountability of civil society to effectively engage in the democratic process, the grantee expected their work to result in civil society organizations beginning to experience healthy organizational growth while effectively engaging in the democratic process. However, the grantee did not describe any techniques for measuring progress for the indicators or determining when outcomes have been met. The grantee’s previous country director stated the indicators were vague and were not

suited to day-to-day management of the grant, but that the grantee has some measurements to determine grant impact. Another grantee official stated the grantee uses the indicators established in the agreement, but some measurements of progress do not fit into an indicator. As of April 14, 2010, the grantee reports it completed 271 trainings under grant 209, including 223 trainings under objective 5 to encourage movement towards internally democratic, socially-integrated and issues-based political organizations. See Table 3 for information on the grant objectives and expected outcomes.



**Table 3—Objectives, Outcomes, and Number of Trainings for Grant 209**

Objective and Outcome	Number of trainings by Objective
<p><b>Objective 1: Enhance government capacity to perform core functions of national institutions.</b></p> <p>Outcome: Foster development of the Iraqi Council of Representatives Research Directorate departments to ensure that the directorate continues to advance as a quality, objective information service for all Council of Representatives members, committees, and staff.</p> <p>Outcome: Support greater transparency, a commitment to public dialogue and responsiveness in the public policy-making process on the part of legislature and government.</p>	4
<p><b>Objective 2: Foster transparency, public dialog, and responsiveness in the legislative process.</b></p> <p>Outcome: Support development of non-governmental, non-partisan, non-sectarian public policy think tanks, particularly on economic policy and security issues, and facilitate their participation in the policy-making process.</p>	2
<p><b>Objective 3: Strengthen the organizational capacity, sustainability, and accountability of civil society to effectively engage in the democratic process.</b></p> <p>Outcome: Civil society organizations start to experience healthy organizational growth, while effectively engaging in the democratic process.</p> <p>Outcome: Iraqi youth start participating in public life.</p> <p>Outcome: Iraqi women’s groups actively engage in the political and legislative processes to protect their rights.</p> <p>Outcome: Ethnic and religious minority activists actively engage in the political and legislative processes to protect their rights and attain equal legal status with majority groups.</p>	37
<p><b>Objective 4: Encourage and facilitate dialogue among Iraqi civil society, Iraq local and national government, and international actors.</b></p> <p>Outcome: Civil society organizations start to influence decision-makers from all levels of government and engage international actors to facilitate this process.</p> <p>Outcome: Civil society organizations play key roles in reducing political violence through inter-sectarian and inter-ethnic dialogue.</p>	5
<p><b>Objective 5: Encourage movement towards internally democratic, socially-integrated and issues-based political organizations.</b></p> <p>Outcome: Iraqi political parties regularly and effectively practice two way communications with voters as the way to retain their base, broaden it and keep the public informed both about their platforms and their agendas.</p> <p>Outcome: Iraqi political parties and party leaders engage in party building and implement issues-based political outreach, including the use of public service announcements, to promote issues-based discourse through a variety of print and electronic media outlets.</p> <p>Outcome: Women are increasingly integrated into party organizations as officers, candidates, and volunteer activists.</p>	223

Outcome: Youth are increasingly integrated into party organizations as officers, candidates, and volunteer activists.	
<b>Objective 6: Facilitate the development of institutions, laws, and procedures that promote free and fair elections.</b>	0 <sup>a</sup>
Outcome: Political parties are able to effectively monitor elections and produce credible assessments of electoral procedures and outcomes.	
<b>Total</b>	<b>271</b>

**Note:**

<sup>a</sup> IRI and DRL agreed that IRI would not conduct any trainings for objective 6 so as not to duplicate efforts of the National Democratic Institute.

Source: SIGIR analysis of IRI data, as of 4/14/2010.

***Plans To Assess Impact of Future Grants***

SIGIR previously reported that DRL officials were taking steps to improve the quality of their evaluation process and determine methods to measure the impact of grant programs and assess the overall impact of DRL’s work. In March 2010, DRL published on its website updated proposal submittal instructions and included a monitoring and evaluation plan primer with a sample monitoring and evaluation plan. The primer states that all proposals being considered for DRL funding must include a comprehensive monitoring and evaluation plan. Monitoring and evaluation plans consist of indicators with baselines and targets; means for tracking critical assumptions; plans for managing the data collection process; and regular collection of data. Grantees should schedule and carry out evaluations throughout the course of the program. Plans should include performance indicators linked to the program’s strategic objectives with performance measures that are specific, measurable, attainable, realistic, and timely.

DRL also developed standard output-oriented indicators under the Foreign Assistance Framework.<sup>20</sup> The primer states that grantees are required to report on relevant DRL indicators in addition to their own program-specific indicators by each quarter and cumulative over the life of the grant. According to an IRI official, DRL’s new monitoring and evaluation requirements will be incorporated into future grantee proposals for DRL grants.

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<sup>20</sup> The Foreign Assistance Framework is part of the *Fiscal Year 2007-2012 Department of State and USAID Strategic Plan*, 5/7/2007.

# Conclusion and Recommendations

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## Conclusion

Federal regulations require less day-to-day government oversight and accountability for grants than for contracts. Nevertheless, both IRI and the Department of State have distinct responsibilities to ensure that grant funds are used in accordance with the terms of the grant and OMB regulations. Funds should be spent efficiently and effectively to meet grant objectives. In the case of this grant, these responsibilities were not always met. DoS did not always fully oversee grantee efforts and thus could not assure that the grantee was making progress in meeting grant goals and objectives. DoS oversight of grant charges and cost allocations were particularly weak. This occurred for a variety of reasons. An insufficient number of Grants Officers, insufficient knowledge on the different roles and responsibilities among the various DoS oversight offices, and less-than-comprehensive audit and financial reporting were major contributing factors.

Similarly, the grantee could have done more to ensure the organization complied with OMB regulations by seeking approval for certain management and accounting decisions from the appropriate DoS officials before they were implemented. As a result of these lapses, significant potentially questionable cost charges and allocations were applied to this grant. Finally, it is incumbent on the grantee to clearly demonstrate how its activities are meeting the specific goals and objectives of the grant to foster democratic development in Iraq. Without such analyses, it is not possible to determine if the U.S. investment is having the desired impact.

## Recommendations

To improve the management of grants for Iraq reconstruction, SIGIR recommends the U.S. Secretary of State direct offices as she determines appropriate to take the following actions:

1. Assess the adequacy of the number of Grants Officers assigned to manage DRL grants to in Iraq.
2. Require the Grants Officers to conduct in-depth assessments of the IRI cost charges accounting allocation methods highlighted in this report. The assessments should determine the level of questionable costs and whether funds should be recovered.
3. Require the Grants Officers to instruct IRI to follow OMB guidelines on reasonableness, allocability, and allowability of costs and non-competitive contracts.
4. Require the Grants Officers to instruct IRI to incorporate in its next A-133 audit a comprehensive audit of indirect costs and a compliance audit for at least one major DRL grant.
5. Require that Grants Officer Representatives are trained on OMB Circulars A-110, A-122, and A-133, as well as DoS grant policy directives to ensure they are fully aware of their responsibilities and limitations.
6. Require the Grants Officer Representatives to enforce the grant requirements that IRI provide measurable indicators of their success in meeting grant goals and objectives.

## **Management Comments and Audit Response**

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In written comments on a draft of this report, DRL incorporated input from AQM and generally agreed with the draft report recommendations. Specifically, DRL concurred with five of the six recommendations and identified specific actions it plans to take in addressing the recommendations. DRL stated that it did not concur with one of the recommendations, but its planned actions meet the intent of our recommendation.

DRL's comments are reprinted in their entirety in Appendix E. AQM also provided written technical comments, which we incorporated as appropriate. SIGIR believes that the actions identified by management, if properly implemented, are responsive to this report's recommendations.

# Appendix A—Scope and Methodology

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## Scope and Methodology

In February 2010, the Special Inspector General for Iraq Reconstruction (SIGIR) initiated Project 1007a to examine the United States Department of State Bureau of Democracy, Human Rights, and Labor's (DRL) management and oversight of democracy-building grants to the International Republican Institute (IRI). SIGIR's objectives are to examine for grant 209, the reasonableness, allocability, and allowability of IRI's claimed security costs, and the extent to which the grantee documented its success in achieving governance, political participation, and civil society goals and objectives.

We performed this audit under the authority of Public Law 108-106, as amended, which also incorporates the duties and responsibilities of inspectors general under the Inspector General Act of 1978. SIGIR conducted its work during February through June 2010 in Baghdad, Iraq and Washington, D.C.

To determine the reasonableness, allocability, and allowability of IRI's claimed security costs charged against grant S-LMAQM-07-GR-209 (grant 209), we first obtained and assessed all grant documents, interviewed DRL, U.S. Agency for International Development, U.S. Embassy Baghdad, and IRI personnel in Washington and in Iraq.

We then obtained and reviewed relevant criteria, including Office of Management and Budget (OMB) Circular A-110, OMB Circular A-122, and OMB Circular A-133. We obtained and reviewed budget and cost data submitted by IRI. We then selected a judgmental sample of invoices submitted by IRI security contractors from a schedule of security costs provided by the grantee. We reviewed the files of the contracts issued by the grantee to the security firms to determine the grantee's compliance with federal regulations. We also examined applicable grantee policies and procedures. Additionally, we reviewed IRI's internal controls over contractor performance as well as invoice processing. To ensure the existence of vehicles included in reported costs, we performed a physical inventory of the vehicles in Iraq.

To determine the extent to which IRI assessed the impact of grant 209, we interviewed IRI and DRL personnel in both Iraq and Washington, D.C. and reviewed IRI's quarterly progress reports. To confirm the grantee's reporting of activities under grant 209, we judgmentally selected a sample of approximately 10% of IRI trainings conducted under the grant and reviewed supporting documentation, including receipts, agendas, and sign-in sheets. In addition, we visited grantee headquarters in Erbil, Iraq, where we reviewed documentation, interviewed staff, and attended one training session under the grant.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that SIGIR plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Use of Computer-processed Data**

We used computer-processed data in this report. The grantee provided security cost data in a report from their accounting system, managed using Deltek, a packaged accounting software. In our previous audit, the grantee stated that they have not modified the software. We reviewed source documents and gathered other evidence to confirm that the data was accurate. We did not review these systems but consider the data sufficiently reliable for the purposes of the audit objectives.

## **Internal Controls**

We reviewed DRL internal control procedures to oversee and manage these grants. In addition, SIGIR identified and assessed internal controls IRI used in managing grant costs and activities. The results of the review are presented in the report. We also reviewed selected financial management practices by IRI and in particular looked at compliance with certain aspects of OMB circulars, A-110, A-122, and A-133.

## **Prior Coverage**

We reviewed the following reports by SIGIR and the Government Accountability Office:

### ***Special Inspector General for Iraq Reconstruction***

*Department of State Grant Management: Limited Oversight of Costs and Impact of International Republican Institute and National Democratic Institute Democracy Grants*, SIGIR 10-012, 1/26/10.

*Opportunities To Enhance U.S. Democracy-Building Strategy for Iraq*, SIGIR 09-001, 10/22/08.

### ***Government Accountability Office***

*Grants Management: Enhancing Performance Accountability Provisions Could Lead to Better Results*, GAO-06-1046, 9/06.

*Rebuilding Iraq: U.S. Assistance for January 2005 Elections*, GAO-05-932R, 9/7/05.

















