



*Office of Inspector General*

October 29, 2010

**MEMORANDUM**

**TO:** USAID/Haiti Mission Director, Carleene Dei

**FROM:** Regional Inspector General/San Salvador, Catherine Trujillo /s/

**SUBJECT:** Review of Fondation Sogebank's Activities Financed by USAID/Haiti  
(Report No. 1-521-11-001-S)

This memorandum transmits our final report on the subject review. We have considered your comments on the draft in finalizing this report and have included your response in Appendix II.

The report contains 15 recommendations intended to improve the effectiveness of the Haitian Diaspora Marketplace Program implemented by Fondation Sogebank and financed by USAID/Haiti. With the administrative decision to terminate the program, USAID/Haiti has taken final action on 14 of the 15 recommendations. A management decision has been reached on the remaining recommendation. Please provide the Office of Audit Performance and Compliance Division with the necessary documentation to achieve final action on the remaining recommendation.

I appreciate the cooperation and courtesy extended to my staff throughout the review.

# SUMMARY

The Republic of Haiti continues to face considerable economic hardships because of the country's unstable political and social environment and its slow recovery from the devastating earthquake of January 2010. Limited infrastructure and fears of insecurity have depressed investment in Haiti. As a result, extremely high unemployment persists because job opportunities are scarce, and Haiti depends heavily on foreign assistance and remittances received from Haitians living abroad, a group referred to as the Haitian Diaspora.

The remittances, which exceed \$1 billion, represent an estimated 25 percent of Haiti's annual gross domestic product. The Haitian Diaspora Marketplace Program hopes to tap into these remittances to spur economic growth in Haiti. The program, operated by Fondation Sogebank<sup>1</sup> (the Foundation) under a \$2 million cooperative agreement with USAID/Haiti, helps investors from the Haitian Diaspora establish business ventures in productive sectors of the Haitian economy. The program is designed to distribute small grants, between \$50,000 and \$100,000, to support initiatives that are likely to increase Haiti's gross domestic product, create sustainable jobs, and improve the living conditions of the population.

The 2-year program began in May 2009 and will run through May 2011. As of June 30, 2010, USAID/Haiti had obligated the full \$2 million and disbursed \$48,000 for the program.

This review was conducted to determine whether the Foundation is managing USAID-financed activities efficiently and in accordance with agreement requirements and the Foundation's own policies and procedures. The review determined that the Foundation did not comply with all the provisions included in its cooperative agreement with USAID/Haiti and did not establish operating procedures for the program. The Foundation should address the problems identified in this review to manage the program more efficiently (page 5).

The problems include the following:

- Delays slowed the progress of program activities (page 5).
- The project steering committee did not function as envisioned (page 6).
- The Foundation did not issue key documents or set policies and procedures (page 7).
- The Foundation used various bank accounts to manage program expenses (page 8).
- The program followed an ineffective staffing strategy (page 8).
- Performance indicators did not facilitate program management (page 9).

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<sup>1</sup> Fondation Sogebank is a nonprofit foundation formed in 1993 by the shareholders of the Société Générale Haïtienne de Banque (Sogebank).

- The Foundation did not submit progress reports (page 10).
- The program did not require salary documentation (page 10).
- The program's budgeting controls did not cover procurement (page 11).

This report includes 15 recommendations to improve the operating effectiveness of the program. Specifically, we recommend that USAID/Haiti:

1. Require Fondation Sogebank to submit an updated implementation plan and performance indicator targets to reflect what is possible during the remainder of the program (page 6).
2. Develop a strategy that will target and provide technical assistance to bidders that are able to submit concept papers of the desired quality (page 6).
3. Review the approval process under the program to determine whether the process can be streamlined and accelerated (page 6).
4. Reevaluate and revise the key components of the Haitian Diaspora Marketplace Program to address and correct the delays in approving grant proposals (page 6).
5. Work with Fondation Sogebank to reestablish a project steering committee and outline the specific responsibilities that the committee will carry out for the remainder of the Haitian Diaspora Marketplace Program (page 7).
6. Obtain and approve Fondation Sogebank's final communications plan, performance management plan, and operations manual containing policies and procedures for the Haitian Diaspora Marketplace Program (page 8).
7. Require Fondation Sogebank to establish and use a dedicated bank account for all Haitian Diaspora Marketplace Program activity (page 8).
8. Verify that Fondation Sogebank has reimbursed, in full, the additional accounts that were used to pay program expenses and direct Fondation Sogebank to request future advances of funds in a timely manner (page 8).
9. Request an updated staffing strategy for the program that ensures timely and adequate coverage for the management of the grants program (page 9).
10. Assist Fondation Sogebank with the development of additional performance indicators that will measure the progress and impact of the program (page 9).
11. Conduct data quality assessments on all indicators selected for inclusion in the program's performance management plan (page 10).
12. Enforce Fondation Sogebank's compliance with the requirement to submit semiannual progress reports to the mission's agreement officer's technical representative (page 10).

13. Require that program employees submit activity reports on time to comply with their employment contracts (page 11).
14. Make a management decision regarding the \$48,715 in unsupported salary charges for program employees, and recover from each recipient the amount determined to be unallowable (page 11).
15. Help Fondation Sogebank develop and incorporate budgeting processes and procedures in its operations manual that require a budget comparison before procurement (page 12).

Detailed findings appear in the following section. Appendix I contains a discussion of the review's scope and methodology. Our evaluation of USAID/Haiti's comments appears on page 13; the comments appear in their entirety in Appendix II.

In its response to the draft report, USAID/Haiti expressed agreement with all 15 of the recommendations designed to improve the effectiveness of the Haitian Diaspora Marketplace Program. USAID/Haiti indicated it has decided to terminate the program by November 30, 2010. Consequently, final action has been taken on 14 of the 15 recommendations. A management decision has been made regarding Recommendation 14.

# REVIEW RESULTS

Fondation Sogebank (the Foundation) did not comply with a number of the provisions included in its cooperative agreement with USAID/Haiti to implement the Haitian Diaspora Marketplace Program and did not establish operating procedures for the program. The Foundation should address the following problem areas to manage the program more efficiently.

## **Delays Slowed the Progress of Program Activities**

In its approved program description, the Foundation included a 24-month, three-phase implementation plan for the program and expected it to fund up to 20 grants of between \$50,000 and \$100,000. The program's current budget reflects Foundation plans to disburse up to \$1.5 million to fund the selected projects.

After 1 year of implementation, no grants had been awarded under the program. In response to the initial call for grant proposals, the Foundation received 35 concept papers. At the time of the review, two bidders had advanced to the final round of approvals for the first grant cycle and were expected to receive funding. A third, although eligible, faced disqualification for legal reasons. The Foundation's grant portfolio after the first year was significantly less than the 10 proposals expected to be funded during fiscal year 2009. According to the Foundation's original plans, applicants should have submitted the second round of concept papers for evaluation by July 30, 2010. However, as of August 24, 2010, the Foundation had not yet requested the second round of proposals. As a result, midway through its 2 years, the program had expended none of its grant funds for Diaspora entrepreneurs and had few proposals under consideration for funding.

According to Foundation officials, the program suffered delays at the outset partly because of difficulty finding a qualified project coordinator. Although the cooperative agreement was signed in May 2009, the initial project coordinator was not hired until October 2009.

As the program got under way, Foundation officials expressed their displeasure with the quality of the submissions. According to Foundation officials, many potential grantees needed technical assistance to improve the quality of their concept papers and produce viable business proposals.

The January 2010 earthquake further disrupted approval of the grants. Following the earthquake, communication between the Foundation and the winning bidders was interrupted for approximately 2 months and was not reestablished until March 2010. The project coordinator sustained severe injuries in the earthquake and could not continue with the program. A replacement coordinator was hired in May 2010.

Unless the Foundation identifies appropriate grants and disburses funds to the grantees, the program cannot meet its stated goals and objectives. The program has not met its original targets for grants selected and project funding disbursed; therefore, a new implementation plan is needed. Furthermore, without more assistance to grantees on

the technical aspects of preparing the application, the program may lose a valuable opportunity to encourage investment from the Haitian Diaspora. To address these concerns, we make the following recommendations.

**Recommendation 1.** *We recommend that USAID/Haiti require Fondation Sogebank to submit an updated implementation plan and performance indicator targets to reflect what is possible during the remainder of the Haitian Diaspora Marketplace Program.*

**Recommendation 2.** *We recommend that USAID/Haiti work with Fondation Sogebank to develop a strategy that will target and provide technical assistance to bidders that are able to submit concept papers of the desired quality.*

**Recommendation 3.** *We recommend that USAID/Haiti and Fondation Sogebank review the approval process under the Haitian Diaspora Marketplace Program to determine whether the process can be streamlined and accelerated.*

**Recommendation 4.** *We recommend that USAID/Haiti and Fondation Sogebank reevaluate and revise the key components of the Haitian Diaspora Marketplace Program to address and correct the delays in approving grant proposals.*

## **The Project Steering Committee Did Not Function as Envisioned**

According to the program description, the project steering committee was to be the mechanism to ensure adequate coordination of the main parties involved in the program. The steering committee was to comprise delegates from the Foundation, USAID, and other stakeholders and was intended to (1) ensure adequate planning and preparation of the project launching phase, (2) select the concept papers for funding, and (3) monitor project implementation. The steering committee was to meet at least once a month and adopt the program's operating procedures no later than at the second meeting. Furthermore, the steering committee was to monitor the implementation schedule and take the corrective actions needed to meet the program's goals.

From the start of the program in May 2009 until July 2010, the project steering committee convened only twice and did not carry out the functions outlined in the program description. Instead, a project management committee, largely made up of the Foundation's senior management, assumed these responsibilities.

The lack of oversight by the project steering committee during implementation may have contributed to the delays experienced by the program. Furthermore, without appropriate oversight, the program may experience delays in future rounds of the grant cycle. Although the Foundation officials stated that they maintained regular communication with the USAID/Haiti technical office and that additional oversight from the project steering committee was not necessary, program results indicated that the project management committee did not provide the needed oversight and management.

**Recommendation 5.** *We recommend that USAID/Haiti work with Fondation Sogebank to reestablish a project steering committee and outline the specific responsibilities that the committee will carry out for the remainder of the Haitian Diaspora Marketplace Program.*

## **The Foundation Did Not Issue Key Documents or Set Policies and Procedures**

According to the Substantial Involvement clause of the cooperative agreement between the Foundation and USAID/Haiti, the mission should approve key program documents and key program personnel. The clause also requires the Foundation to report deviations from the budget and to request prior approvals from the agreement officer for any of the following reasons:

- To change the scope or the objectives of the program or revise the funding allocated among program objectives;
- To change a key person specified in the award or allow a 25 percent reduction in time devoted to the program.

Also, the agreement requires the Foundation to establish policies and procedures for implementing the program.

According to the mission, key program documents, including the communication plan and the performance management plan (PMP), had not been approved by the agreement officer's technical representative as required under the cooperative agreement. USAID/Haiti officials recalled receiving a draft of the communications plan in November 2009 but said the Foundation had never submitted a final version. The Foundation submitted the PMP to USAID/Haiti in June 2010, midway through the program.

Similarly, the Foundation did not report deviations from the budget or seek approval of changes in program personnel. Foundation officials did not notify the mission of a slight budget revision made in November 2009; USAID/Haiti officials were unaware of this adjustment at the time of this review. Regarding personnel, it was unclear whether the Foundation had sought USAID/Haiti approval for the change in project coordinator, which took place in May 2010.

The Foundation had prepared an operations manual that covers policies and procedures for program revenues, procurement actions, payments, and accounting operations. However, as of the date of the review, the Foundation had not issued the manual. Instead, the manual was still considered to be in draft more than a year after program implementation had begun.

Thus, the Foundation did not comply with key provisions of the USAID/Haiti cooperative agreement. Without approved program documents—a communication plan, a PMP, and program policies and procedures—it will be difficult for the Foundation to implement and monitor the program effectively. Moreover, without being informed of budget deviations and personnel changes, the mission cannot fulfill its monitoring role.

**Recommendation 6.** *We recommend that USAID/Haiti obtain and approve Fondation Sogebank's final communications plan, performance management plan, and operations manual containing policies and procedures for the Haitian Diaspora Marketplace Program.*

## **The Foundation Used Various Bank Accounts to Manage Program Expenses**

According to USAID's *Mandatory Standard Provisions for Non-U.S. Nongovernmental Recipients* (a mandatory reference for Chapter 303 of USAID's Automated Directives System), the Foundation should deposit all USAID advance cash payments in a separate bank account and make all disbursements for program goods and services (such as salaries, rent, and supplies) from this account.

However, after signing the cooperative agreement in May 2009, the Foundation used five bank accounts to disburse program funds. For the first 6 months of the program, the Foundation paid all expenses using other accounts; when USAID/Haiti provided the first advance—the Foundation did not request any advance funds from USAID/Haiti until December 2009—the Foundation deposited the funds in those five accounts to reimburse them for the expenses already paid.

Not using a single account to make all program disbursements complicated accounting transactions, prompting examination of the Foundation's balance sheet and documentation. The examination disclosed accounting and documentation irregularities. The Foundation's accounting records reflect liabilities for salaries paid to a current program employee using nonprogram funds and for salaries not yet paid to a former program employee. These accounting entries are incorrect because the Foundation received reimbursement for the salaries. Furthermore, program officials issued salary payments to some employees without requiring activity reports to support the payments.

The multitude of bank accounts increases the difficulty of tracking program expenses and increases the likelihood that some expenses will be unaccounted for by the program.

**Recommendation 7.** *We recommend that USAID/Haiti require Fondation Sogebank to establish and use a dedicated bank account for all Haitian Diaspora Marketplace Program activity.*

**Recommendation 8.** *We recommend that USAID/Haiti verify that Fondation Sogebank reimbursed, in full, the additional accounts that were used to pay Haitian Diaspora Marketplace Program expenses, and direct Fondation Sogebank to request future advances of program funds in a timely manner.*

## **The Program Followed an Ineffective Staffing Strategy**

The program was slow to add staff. At the time of the review, the program had recently added two staff members—a project coordinator and an investment officer—to assist

with the management of the program. In planning documents, program officials stated their intention to hire an additional investment officer to manage the grants program, but the search for a qualified investment officer was expected to take several weeks or months. Meanwhile, for several months, the Foundation's managing director was responsible for managing all the functions of the program.

Foundation officials explained their strategy. They said they preferred to look for qualified candidates who are well known and respected in their respective industry sector rather than submit a vacancy announcement to a local newspaper or other medium because an announcement might generate an excessive number of resumes. However, the results indicated that the strategy officials followed was not effective.

The understaffing of the program contributed to implementation delays. Without adequate staff for the management of the next grant cycle, additional delays likely will occur.

***Recommendation 9.*** *We recommend that USAID/Haiti request an updated staffing strategy for the Haitian Diaspora Marketplace Program that will provide timely and adequate coverage for the management of the grants program.*

## **Performance Indicators Did Not Facilitate Program Management**

USAID's Automated Directives System (ADS) Chapter 203, "Assessing and Learning" (203.3.4.1), advises missions to select for a program's PMP performance indicators that are the most appropriate for the result being measured. The same chapter (203.3.5.2) requires that a data quality assessment be performed for all data submitted to Washington for reporting on Agency performance and that the assessment take place within the 3 years before data submission.

The Foundation, however, developed indicators that do not reflect program results, and the Foundation did not test the quality of indicator data. In the draft PMP, several indicators were developed to manage the progress of the program. These indicators—*total amount of grants awarded* and *total number of grants awarded*—are output indicators, meaning they measure only the accomplishment of the task and not the greater impact of the program. The Foundation did not develop any impact indicators, such as businesses established with the grants or increase in business income as a result of the grants. Moreover, as of the date of the review, USAID/Haiti had not completed any data quality assessments for the program because the Foundation had not completed the PMP.

The indicators selected will provide little useful information about the impact of the program. Furthermore, without an assessment of the quality of the data collected for the program, USAID/Haiti may base funding or programmatic decisions on inaccurate or poor-quality data.

***Recommendation 10.*** *We recommend that USAID/Haiti assist Fondation Sogebank with the development of performance indicators that will measure the progress and impact of the program's activities.*

**Recommendation 11.** *We recommend that USAID/Haiti conduct data quality assessments on all indicators selected for inclusion in the program's performance management plan.*

## **The Program Did Not Submit Progress Reports**

According to its cooperative agreement with USAID/Haiti, the Foundation is to submit semiannual progress reports to USAID/Haiti that include: (1) program and project indicator data based on USAID/Haiti's approved PMP and the indicators set forth in the program description, and (2) information on program activities, including status, implementation challenges, and planned activities, along with a timeline.

According to USAID/Haiti officials, the Foundation had not submitted the required progress reports. The activities under the program were severely delayed, and the program's PMP and corresponding performance indicators had not received mission approval. Therefore, officials from the program had not prepared and sent semiannual progress reports to USAID/Haiti as required.

Without regular progress reports that detail the status of activities and implementation challenges and successes, USAID/Haiti and the Foundation cannot properly manage the program. Although Foundation officials reported that they maintained regular communication with USAID/Haiti regarding the program, the lack of official reporting may have been responsible for some of the delay in implementation. If the Foundation had reported implementation challenges when it encountered them, USAID/Haiti might have been able to provide additional assistance to remove obstacles and improve program performance.

**Recommendation 12.** *We recommend that USAID/Haiti enforce Fondation Sogebank's compliance with the requirement to submit semiannual progress reports to the mission's agreement officer's technical representative.*

## **The Program Did Not Require Salary Documentation**

According to USAID's *Mandatory Standard Provisions for Non-U.S. Nongovernmental Recipients* (a mandatory reference for ADS Chapter 303), "Accounting, Audit, and Records," accounting records supported by documentation are required for all costs incurred under the award. Salaries being a cost under the award, program employees are to receive their salaries only after submitting monthly activity reports to their supervisors.

No monthly activity reports were available for the first program coordinator, who worked for the program from October 2009 until January 2010. This employee was to be paid quarterly, and her activity reports were due in early January. However, the program coordinator sustained significant injuries in the January earthquake and left the program. As a result, the Foundation had not received any of the required monthly activity reports from the program coordinator, and the employee had not been paid.

Likewise, no activity reports were available for the Foundation's managing director. Between the departure of the first program coordinator and the hiring of her replacement, the Foundation's managing director was the only employee of the program. Also, according to Foundation officials, the submission of the managing director's monthly activity reports was not deemed urgent. Therefore, no official record of the program activities undertaken by the managing director from June to September 2009 had been submitted, as required.

As for salary payments, expenses were accrued for both employees, and the Foundation received reimbursement for both. Although the program coordinator had not been paid, the Foundation had requested and received reimbursement for her salary expenses. The Foundation used the funds to reimburse nonprogram accounts used to pay program expenses prior to May 2010. Corrective action of this issue is addressed in Recommendation 8 of this report. Meanwhile, the managing director charged his salary to the program based on the percentage of his time worked on program activities. The Foundation paid his salary with nonprogram funds that were to be reimbursed even though he had not submitted reports regarding his program-related activities.

The program had long-outstanding payables totaling \$48,715 for these two employees on the program's books. However, the program received reimbursement for the salaries of these employees. Additionally, these expenses were accrued without the employees providing the required support for the completion of their tasks, creating unsupported salary charges.

**Recommendation 13.** *We recommend that USAID/Haiti require Haitian Diaspora Marketplace Program employees to submit activity reports on time to comply with their employment contracts.*

**Recommendation 14.** *We recommend that USAID/Haiti make a management decision regarding the \$48,715 in unsupported salary charges for Haitian Diaspora Marketplace Program employees, and recover the amount determined to be unallowable.*

## **Budgeting Controls Did Not Cover Procurement**

At the start of the program, the Foundation submitted a detailed budget for \$2 million. To manage this budget, it incorporated a brief section of controls over budgeting processes in the draft of its operations manual.

The budgeting controls outlined in the draft of the operations manual require "periodic" comparison of program expenses with the budget, but the period is not specified. The manual does not require a budget comparison before procurement actions.

Without comparing the program's expenditures with the budget, especially before procurement, the program risks exceeding the budgeted amount for a specific line item and losing the right to reimbursement for the additional expense.

**Recommendation 15.** *We recommend that USAID/Haiti help Fondation Sogebank develop and incorporate budgeting processes and procedures in its operations manual that require a budget comparison before procurement.*

# EVALUATION OF MANAGEMENT COMMENTS

In its response to the draft report, USAID/Haiti expressed agreement with all 15 of the recommendations presented. Because of the numerous deficiencies noted in the management of the program, USAID/Haiti indicated it intends to terminate the Haitian Diaspora Marketplace Program effective November 30, 2010. The agreement officer notified Fondation Sogebank in a termination letter of this action. As a result, final action has been taken on 14 of the 15 recommendations included in the draft review report.

Regarding Recommendation 14, USAID/Haiti stated that an Audit Resolution Committee, chaired by the agreement officer, will conduct a review of documentation provided by Fondation Sogebank regarding \$48,715 in questioned costs for unsupported salary charges for current and former program employees. A final determination on the amount considered unallowable that is to be recovered will be made within 30 days of the issuance of this report. On the basis of this proposed action and timeline, a management decision has been reached on this recommendation.

USAID/Haiti's comments are presented in their entirety in Appendix II.

# SCOPE AND METHODOLOGY

## Scope

The Regional Inspector General/San Salvador conducted this review in accordance with the general standards in Chapter 3 of *Government Auditing Standards* and the *Office of Inspector General Audit Procedures Handbook*. The standards for a review require that sufficient testing and work be conducted to express a conclusion on our findings, based on the review objective. We believe that sufficient work was performed to express the conclusions contained in this report.

This review was designed to determine whether the Fondation Sogebank (the Foundation) is managing USAID-financed activities efficiently and in accordance with agreement requirements and the Foundation's own policies and procedures. No other reviews have been conducted regarding the Foundation's management of USAID-financed activities.

This review was conducted at the Foundation's offices in Port-au-Prince, Haiti, from July 20 to July 29, 2010. The review focused on the Foundation's management of the Haitian Diaspora Marketplace Program to date. The 2-year program began in May 2009 and will run through May 2011. As of June 30, 2010, USAID/Haiti had obligated the full \$2 million and disbursed \$48,000 for the program.

## Methodology

To answer the review objective, we obtained an understanding of what USAID/Haiti and the Foundation intended to accomplish under the Haitian Diaspora Marketplace Program. We interviewed officials from USAID/Haiti, including the agreement officer's technical representative, and the Foundation, including the managing director. We reviewed the terms of the cooperative agreement between USAID/Haiti and the Foundation and the Foundation's own policies and procedures for the management of the program. On the basis of these terms and policies, we determined whether the Foundation was managing the USAID-funded activities efficiently and in accordance with its own policies and procedures. We set no materiality threshold for the review objective.

**TO:** Catherine Trujillo, RIG/San Salvador

**FROM:** Carleene Dei, Mission Director /s/

**DATE:** October 15, 2010

**SUBJECT:** Mission Response to the draft RIG Audit Report of USAID/Haiti's funded activity, Haiti Diaspora Marketplace (HDM) implemented by Fondation Sogebank (FSGB)-Report No. 1-521-10-00X-S

This memorandum represents USAID/Haiti's formal response to the draft RIG audit report of the Mission's Haiti Diaspora Marketplace (HDM) to determine whether the Foundation is managing USAID-financed activities efficiently and in accordance with agreement requirements and the Foundation's own policies and procedures (Report No. 1-521-10-00X-S). USAID/Haiti appreciates the time and effort of the RIG staff in carrying-out this audit and for the professional and cooperative manner in which the audit was conducted.

**General Comments:**

The auditors provided 15 recommendations, fourteen of which were actions that are directly related to establishing key procedures for the effective management of the program.

USAID/Haiti fully agrees with the recommendations which, when taken together, indicate that far reaching measures are required to ensure that the program is being effectively managed, in terms of activity planning, implementation, monitoring, reporting and financial management. USAID/Haiti, based on its own prior independent observations (that have been fully confirmed by the RIG audit), has therefore taken the administrative decision to terminate this project.

Finally, an action plan and timeframe are developed below regarding the implementation of recommendation No. 14 which is related to unsupported salary charges.

***Recommendation 1.*** *We recommend that USAID/Haiti require Fondation Sogebank to submit an updated implementation plan and performance indicator targets to reflect what is possible during the duration of the Haitian Diaspora Marketplace Program.*

**Recommendation 2.** We recommend that USAID/Haiti work with Fondation Sogebank to develop a strategy that will target and provide technical assistance to bidders that are able to submit concept papers of the desired quality.

**Recommendation 3.** We recommend that USAID/Haiti and Fondation Sogebank review the approval process under the Haitian Diaspora Marketplace Program to determine whether the process can be streamlined and accelerated.

**Recommendation 4.** We recommend that USAID/Haiti and Fondation Sogebank reevaluate and revise the key components of the Haitian Diaspora Marketplace Program to address and correct the delays in approving grant proposals.

**Recommendation 5.** We recommend that USAID/Haiti work with Fondation Sogebank to reestablish a project steering committee and outline the specific responsibilities that the committee will carry out for the remainder of the Haitian Diaspora Marketplace Program.

**Recommendation 6.** We recommend that USAID/Haiti obtain and approve Fondation Sogebank's final communications plan, performance management plan, and operations manual containing policies and procedures for the Haitian Diaspora Marketplace Program.

**Recommendation 7.** We recommend that USAID/Haiti require Fondation Sogebank to establish and use a dedicated bank account for all Haitian Diaspora Marketplace Program activity.

**Recommendation 8.** We recommend that USAID/Haiti verify that Fondation Sogebank has reimbursed, in full, the additional accounts that were used to pay for Haitian Diaspora Marketplace Program expenses, and direct Fondation Sogebank to request future advances of program funds in a timely manner.

**Recommendation 9:** We recommend that USAID/Haiti request an updated staffing strategy for the Haitian Diaspora Marketplace Program that will provide timely and adequate coverage for the management of the grants program.

**Recommendation 10.** We recommend that USAID/Haiti assist Fondation Sogebank with the development of performance indicators that will measure the progress and impact of the program's activities.

**Recommendation 11.** We recommend that USAID/Haiti conduct data quality assessments on all indicators selected for inclusion in the program's performance management plan.

**Recommendation 12.** *We recommend that USAID/Haiti follow-up with Fondation Sogebank to ensure its compliance with the requirement to submit semiannual progress reports to the mission's agreement officer's technical representative.*

**Recommendation 13.** *We recommend that USAID/Haiti require Haitian Diaspora Marketplace Program employees to submit activity reports on time to comply with their employment contracts.*

**Recommendation 15.** *We recommend that USAID/Haiti help Fondation Sogebank develop and incorporate budgeting processes and procedures in the operations manual that require a budget comparison at the time of procurement.*

**Planned Action:**

The USAID Mission in Haiti has taken the administrative decision to terminate this project by November 30, 2010. A termination letter was sent to Fondation Sogebank by the Agreement Officer to notify them of this action.

**Recommendation 14.** *We recommend that USAID/Haiti make a management decision with regard to the \$48,715 in unsupported salary charges for Haitian Diaspora Marketplace Program employees, and recover from each recipient the amount determined to be unallowable.*

**Planned Action:**

The Audit Resolution Committee (ARC) chaired by the Agreement Officer will review the supporting documents related to the questioned costs, and will make a final determination within 30 days of the final report issued date.

Once again, we would like again to express our appreciation for the professional manner in which the audit was conducted. The initiative of listing in advance the documentation needed for the audit contributed to a smoother implementation of the field work.

This audit has given us the opportunity to receive clear and to the point recommendations that would have enabled us, under different circumstances, to improve overall management of the HDM project.