OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/BARBADOS' EASTERN CARIBBEAN COMMUNITY ACTION PROJECT

AUDIT REPORT NO. 1-534-12-006-P
August 17, 2012

SAN SALVADOR, EL SALVADOR

Office of Inspector General

August 17, 2012

MEMORANDUM

TO: USAID/Barbados Acting Mission Director, Kendra Phillips

FROM: Regional Inspector General/San Salvador, Jon Chasson /s/

SUBJECT: Audit of USAID/Barbados' Eastern Caribbean Community Action Project
(Report No. 1-534-12-006-P)

This memorandum transmits our final report on the subject audit. In finalizing the audit report, we considered your comments on the draft report and have included those comments in their entirety in Appendix II of this report.

The final report includes 12 recommendations to help the mission improve various aspects of the Eastern Caribbean Community Action Project (ECCAP). Based on your written comments in response to the draft report, final action has been taken on Recommendations 6, 7, 8, 10 and 12, and management decisions have been reached on Recommendations 1, 2, 3, 4, 5, 9, and 11. Please provide the Audit Performance and Compliance Division of USAID's Office of the Chief Financial Officer with evidence of final action to close the open recommendations.

I want to thank you and your staff for the cooperation and courtesies extended to us during this audit.

CONTENTS

Abbreviations

This report contains the following abbreviations:

ADS	Automated Directives System
CHAA	Caribbean HIV/AIDS Alliance
CSO	civil society organization
CSW	commercial sex workers
ECCAP	Eastern Caribbean Community Action Project
FBO	faith-based organization
IEC	information, education, and communication
IHAA	International HIV/AIDS Alliance
MARP	most-at-risk-population
MSM	men who have sex with men
PLHIV	people living with HIV
PMP	performance management plan
RIG	Regional Inspector General

SUMMARY OF RESULTS

According to the Caribbean Regional HIV and AIDS Partnership Framework of 2010-2014,[1] the Caribbean is home to one of the largest populations of people with HIV/AIDS, second only to sub-Saharan Africa. The framework further states that in 2007, about 14,000 people died of AIDS, an estimated 20,000 people were infected that year, and another 234,000 were classified as people living with HIV (PLHIV).   While many HIV/AIDS programs have been implemented in the Caribbean region by other donors (including the United Nations Programme on HIV/AIDS and the Global Funds to Fight AIDS), few have addressed the most-at-risk-populations (MARPs), such as commercial sex workers (CSWs) and men who have sex with men (MSM), as well as PLHIV.

To address these specific needs in the region, on November 1, 2007, USAID/Barbados awarded a 3-year, $10.5 million cooperative agreement to the International HIV/AIDS Alliance (IHAA) to implement the Eastern Caribbean Community Action Project (ECCAP). The agreement was managed on a daily basis by the Caribbean HIV/AIDS Alliance (CHAA), a member of the IHAA family, and was extended through February 28, 2011.

According to the agreement, ECCAP was uniquely positioned to lead results-driven civil society responses to HIV and AIDS for MARPs in the Eastern Caribbean to achieve the regional mission's goal of increasing access to HIV/AIDS services through evidence-based programming. The expected results of the project were (1) to increase the use of strategic information to promote sustainable, evidence-based HIV/AIDS community services and (2) to increase access to HIV/AIDS community services. ECCAP targeted PLHIV and MARPs in the Eastern Caribbean countries of Antigua, Barbados, St. Kitts, and St. Vincent.

On March 1, 2011, USAID/Barbados awarded CHAA a 3.5-year, $16.1 million follow-on cooperative agreement known as ECCAP II. As with the original ECCAP agreement, this project also has the goal of increasing access to HIV prevention, treatment, and care for MARPs and PLHIV, but was expanded to include Dominica, Grenada, and Saint Lucia—a total of seven targeted countries. As of October 1, 2011, ECCAP obligated $10.5 million and disbursed $10.4 million, and ECCAP II obligated $2.5 million and disbursed $619,400.

The Regional Inspector General/San Salvador (RIG/San Salvador) conducted this audit to determine whether (1) ECCAP met its goal of improving access to evidence-based HIV services and (2) ECCAP II was achieving its goal of increasing access to HIV prevention, treatment, and care for MARPs and PLHIV.

The audit found that while ECCAP had succeeded to some degree by using outreach to improve access to HIV services, it was not achieving all goals. For ECCAP II, it was too early to judge its progress.

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[1] This was a joint effort of the U.S. Government, the Caribbean Community, the Organization of Eastern Caribbean States, and the governments of Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

To implement ECCAP, CHAA established a country program office in each of the four countries, staffed with a program officer and community outreach workers (known as community animators) to support programming efforts to target MARPs. Because the workers were often themselves members of MARPs, they were well placed to inform their clients about comprehensive prevention services and potentially change their behavior.

The use of community animators proved to be critical to the project's success, not only because of their ability to reach the target groups, but also by assisting IHAA's partners with (1) data collection for strategic information studies and (2) counseling and testing clients for HIV. In addition, CHAA became an important resource to the various Eastern Caribbean nations' AIDS programs and other stakeholders. CHAA helped build successful partnerships and was recognized by government officials as a great contributor in reaching MARPs. Through ECCAP, CHAA also trained community leaders, promoted and distributed condoms and other prevention commodities, and developed entertainment and educational materials.

Despite these successes, ECCAP never developed case management tools and other technologies to measure or determine the behavior changes as intended. Although civil society organizations (CSOs) and faith-based organizations (FBOs) benefited from CHAA's workshops, CHAA did not provide these organizations with strategic plans as promised. Also, IHAA collaborated with the University of California, San Francisco, to assist with the strategic information studies and with Intrahealth International to introduce community-based counseling and rapid testing for HIV[2] in the four countries. However, while the university completed the studies, they were too late to be useful during the project to support programming. Intrahealth International's problems with health ministries in the countries and limited staffing prevented it from fully implementing its tasks.

Furthermore, ECCAP did not achieve the sustainable results envisioned in the agreement, and the country offices and community animator activities ceased without continued project funding. While CHAA has become an independent regional organization, lack of reliable funding makes its future uncertain.

ECCAP II had been under way for only 7 months when we conducted the audit. The team noted that the project experienced some delays during the transition after ECCAP ended, but nevertheless successfully opened program offices in three other countries, hired staff, and enhanced the project's monitoring and evaluation and other internal controls. The auditors noted that the mission and CHAA benefited greatly from lessons learned during the first project and applied them to enhance the portions of the follow-on award related to case management and information technology.

In examining both projects, the audit team found the following areas of concern:

- Country program offices were not part of the grant process as intended (page 5).

- Community animators were not trained to address potential human trafficking problems (page 6).

- Project did not achieve sustainable results (page 7).

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[2] The test requires less than a single drop of blood and provides HIV status results in just 20 to 40 minutes as opposed to days or weeks.

- Performance results reported to USAID had discrepancies (page 9).

- CHAA did not track commodities properly (page 10).

- Definition of a repeat client was not clear (page 12).

- Budget and expenditures by country were not established or tracked (page 13).

- Some of CHAA's internal controls were not operating as intended (page 14).

- Some advances and reimbursements were not processed properly (page 15).

To help USAID/Barbados improve the efficiency and effectiveness of program implementation, RIG/San Salvador recommends that the mission:

1. Work with CHAA to implement a monitoring plan to confirm implementation of the subgranting process (page 6).

2. Work with CHAA to implement detailed guidelines, policies, and procedures on how to address potential victims of human trafficking (page 7).

3. Work with CHAA to implement a plan for training community animators on human trafficking issues (page 7).

4. Assist CHAA in implementing a revised sustainability plan for ECCAP II that includes specific strategies to confirm sustainable results (page 9).

5. Work with CHAA to implement a plan to verify reported data (page 10).

6. Work with CHAA to implement a plan to track and report all commodities received and provided to each country program office (page 12).

7. Direct CHAA to report as separate indicators the number of condoms distributed for free and the number of those sold (page 12).

8. Work with CHAA to implement a commodities distribution plan that is consistent with the demands or needs of the countries to avoid having significant surpluses at the project's end (page 12).

9. Direct CHAA to (1) clearly define and document what constitutes a repeat client and (2) based on the definition, adjust targets accordingly (page 13).

10. Require CHAA to prepare and document annual budgets by country, track and report expenditures by country, and compare the expenditures with the budgets (page 14).

11. Work with CHAA to correct the internal control deficiencies identified by properly storing the data backups and resolving the problems related to the bank accounts in all country program offices to allow the receiving and transferring of funds to and from CHAA's regional office and the country program offices and document results (page 15).

12. Implement a plan to confirm that advances are processed in a timely manner and made for only one month at a time and that reimbursements are made only if unliquidated advance balances have been cleared (page 16).

Detailed findings follow. The audit scope and methodology are described in Appendix I. Management comments are included in their entirety in Appendix II, and our evaluation of management comments is included on page 17 of the report.

AUDIT FINDINGS

**Country Program Offices Were
Not Part of the Grant Process as
Intended**

According to the ECCAP cooperative agreement, CHAA's country program offices acted as the bases for technical and organizational support for community organizations and national AIDS programs. The staff members in the offices were the primary contacts for those organizations, as well as for local governments and other civil society partners. The country program offices were to provide small grants to community organizations, with the intention of increasing the local capacity to address HIV/AIDS programming efforts. Program officers were charged with monitoring how these grant funds were used. Grant recipients were to submit detailed scopes of work and subsequent reports on the use of funds to the program offices.

Although both the agreement and the grant manual prepared by CHAA clearly established these offices as the bases for support for subgrantees, they were left out of the grant process. In actuality, CHAA's regional office provided support and monitored their activities; the only part of the grant process that program offices took part in was making recommendations to the regional office about potential subgrantees. The mission's agreement officer's representative said she was not aware of this arrangement.

CHAA's deviations from the roles and responsibilities defined in the agreement confused the subgrantees. For example, because the program offices and the subgrantees were in the same country, the subgrantees often approached the office for assistance. Questions about funding, payment, and activity support were filtered sometimes through the country program offices, but program officers were unable to help because documentation and other information were held at CHAA's regional office; the officers had to contact that office to get answers. Since the regional office worked directly with the subgrantees, the program officers were not aware of changes made to the subgrantees' activities. Furthermore, according to the ECCAP agreement, subgrantees were required to submit progress reports to the country program offices. However, they were submitting the progress reports to the regional office; program officers received the reports only when they asked for them.

These problems stemmed from a change in how the project was managed and poor communication that CHAA's regional office had with its country program offices. During ECCAP's first year, both IHAA and CHAA changed much of their leadership, creating disruption and delays in the project as well as changing opinions about what role the country program offices should play. Two of the program officers interviewed confirmed that there were extensive communication problems with the regional office, and the country program offices were not allowed to act independently as originally planned. Not only were the country program offices removed from the grant administration process, but also they were not even allowed to set up meetings with ministries without getting approval first from the regional office.

Not following the grant process plan as designed caused problems between the offices and the subgrantees. Therefore, this audit makes the following recommendation.

Recommendation 1. *We recommend that USAID/Barbados work with the Caribbean HIV/AIDS Alliance to implement a monitoring plan to confirm implementation of the subgranting process.*

Community Outreach Workers Were Not Trained to Address Potential Human Trafficking Problems

Because ECCAP works with CSWs, the project agreement states that ECCAP should ensure full compliance with the U.S. Government's Trafficking in Persons directive. The agreement states that violations of human rights and abuse should be managed appropriately when encountered during project implementation. This was particularly important in the Eastern Caribbean because the U.S. Department of State's Trafficking in Persons' 2011 Report categorizes Antigua as a Tier 2 country, while Barbados and St. Vincent are on the Tier 2 Watch List.[3]

Community animators interviewed in Antigua and Barbados admitted that some of the CSWs they worked with might have been victims of human trafficking. Animators in Barbados explained that many of the workers were recruited throughout the Caribbean islands and Latin America under the false promise of temporary work opportunities. However, upon reaching their destination, they discovered that prostitution was the only way they could repay their debt to the human traffickers for travel and lodging expenses incurred before they could return home.

While some CSWs may be victims of human trafficking, community animators have not been trained to deal with these situations, and therefore they have not been able to assist victims. A community animator in Barbados said that while it is obvious that human trafficking is occurring, addressing the problem may jeopardize the access animators have to bars and clubs where CSWs congregate; without that access, the animators could not give the sex workers information about safe sex and ECCAP's services. According to the executive director of Antigua's gender affairs office, at a minimum, CHAA should train community animators on how to handle trafficking victims since very little is done to reach them.

However, IHAA and CHAA did not have clear policies and procedures on how to address human trafficking. Furthermore, although CHAA officials agreed that they need to train community animators on handling trafficking victims, CHAA has not done so yet.

Without appropriate guidelines and sufficient training, ECCAP may be missing opportunities to help trafficking victims and bring those responsible to justice, as required by the agreement. Therefore, this audit makes the following recommendations.

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[3] There are three tiers, with Tier 1 reserved for countries that fully comply with the Trafficking Victims Protection Act, Public Law 106-386, as amended, 22 U.S.C. 7101 et seq. Tier 2 countries do not fully comply with the minimum standard, but are making significant efforts to bring themselves into compliance. Tier 2 Watch List countries are similar, but (a) the absolute number of victims of severe forms of trafficking is very significant or increasing significantly; (b) there is a failure to provide evidence of increasing efforts to combat severe forms of trafficking from the previous year, including increased investigations, prosecution, and convictions of trafficking crimes, increased assistance to victims, and decreasing evidence of complicity in severe forms of trafficking by government officials; or (c) they are making significant efforts to bring themselves into compliance with minimum standards based on commitment by the country to take additional steps over the next year.

Recommendation 2. *We recommend that USAID/Barbados work with the Caribbean HIV/AIDS Alliance to implement detailed guidelines, policies, and procedures on how to address potential victims of human trafficking.*

Recommendation 3. *We recommend that USAID/Barbados work with the Caribbean HIV/AIDS Alliance to implement a plan for training community animators on human trafficking issues.*

Project Did Not Achieve Sustainable Results

Automated Directives System (ADS) 201.3[4] states that USAID missions should create foreign assistance programs and activities that maximize the impact of development cooperation. Missions should build the capacity of specific institutions and related governance systems at the state (national), regional (subnational), or local levels—or a combination of these three—to ensure that the results of any work done can last well into the future.

The ECCAP agreement explicitly addressed how sustainability would be achieved. According to the agreement, IHAA and CHAA would:

- Collaborate with local entities, national government ministries, and national AIDS programs in the four targeted countries, national AIDS centers, all regional AIDS coordinating agencies, and relevant stakeholders on each of the islands. This should ensure that USAID's response to the HIV/AIDS epidemic in the Caribbean would result in the creation of sustainable, highly technical, and competent CSOs with explicit mandates to make sure that project beneficiaries continue to have care after ECCAP ends.

- Strive to make country program offices self-sustaining community programs with core mandates of addressing the prevention, care, and support needs of MARPs and PLHIV. According to the agreement, the country program offices should become sustainable local organizations that depend on local support from national AIDS programs and civil society partners of ECCAP. This transformation would take place during the third year.

- Make CHAA an independent organization. ECCAP would thereby contribute to helping CHAA become the region's leading indigenous technical resource for organizational development and HIV/AIDS prevention.

The audit found, however, that ECCAP did not achieve the sustainable results envisioned in the agreement. While CHAA did become an independent regional organization, lack of reliable funding has made its future uncertain. Furthermore:

- None of the program offices developed sufficient local support to become self-sustaining. The weakness of these local organizations was illustrated by the virtual disappearance of the offices when ECCAP ended. While some community animators kept serving their clients on a voluntary basis until USAID funds became available again under ECCAP II, much of the project's momentum was lost.

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[4] ADS Chapter 201 was updated on March 23, 2012.

- CHAA was unable to get national governments, or community organizations to commit funds to keep serving the target populations when ECCAP ended. CHAA noted in its reporting that the national governments lacked funding and that the government employees working on HIV/AIDS projects did not, for the most part, possess the skills and knowledge necessary to implement programs to serve MARPs. Thus, while the community animators themselves had developed and grown significantly through the training and empowerment that CHAA provided, the national governments did not support their work once ECCAP ended.

- According to CHAA, most community organizations in the region are still characterized by "a) short-term goals with their vision, mission and goals focused on projects and organizational survival and sustainability; b) project-level strategies; c) project-grounded organizational structure; d) limited resources, both human and financial; e) systems, policies and procedures based on project requirements and; f) an absence of monitoring and evaluation expertise."

Despite the lack of success in getting national governments and local community organizations to achieve sustainable results during ECCAP, ECCAP II included a sustainability strategy that again focused on these two elements. According to ECCAP II:

> Sustainability will be integrated into project activities, with an emphasis on creating closer linkages between CSOs, government entities and other regional organizations. Thus, under ECCAP II, CHAA will work closely with NAPs and Ministries of Health on all islands in order to ensure that country initiatives are appropriate, feasible, well implemented and sustainable. In addition, according to the agreement, sustained collaboration and coordination will contribute to greater technical and organizational capacity among CBO and other CSO across the region, and enhance sustainable programming for HIV and AIDS prevention, treatment care and support.

The strategy of simply working closely with government agencies and community organizations is well intended, but it is the same strategy that failed to achieve sustainable results under ECCAP. The strategy failed because CHAA and USAID/Barbados did not consider and implement specific measures to integrate the program into other U.S.-supported HIV/AIDS activities, or to analyze and address weaknesses related to the institutional capacity of community and civil society organizations. Alternative strategies to enhance future sustainability might include:

Greater Integration Into Other U.S.-supported HIV/AIDS Activities. USAID/Barbados officials said they are actively seeking ways to help address the problem of sustainability because it is not an issue for ECCAP alone. According to the mission, USAID is seeking ways to help countries better understand what they need to prevent the spread of HIV/AIDS. Additionally, USAID/Barbados is also supporting efforts to better integrate HIV programs within the health sector. To increase the sustainability of CHAA's efforts, the ECCAP initiatives might be integrated more thoroughly into other related efforts.

Implementation of Rigorous Analysis of Project Sustainability. USAID's most recent *Project Design Guidance* explains the kinds of analyses missions should conduct to help them define the degree of sustainability that is essential for a project's success. According to the guidance, they should:

- Analyze sustainability related to numerous important issues, including economic, financial, social soundness, cultural, institutional capacity, political economy, technical/sectorial, and environmental. Missions should analyze the institutional capacity that projects need, including systems, policies, and skills. This analysis should include the sustainability objectives of the project or project components (and indicate how the project intends to meet these objectives).

- Conduct "an in-depth assessment of the local institutions and systems most critical to the project's success, including an assessment of the quality of leadership, structure, and staff, and identification of their administrative and financial management strengths and weaknesses."

Without an appropriate sustainability strategy, the general goal of having national governments and local organizations sustain the work of ECCAP II has little chance of succeeding. Therefore, we are making the following recommendation.

> **Recommendation 4.** *We recommend that USAID/Barbados assist the Caribbean HIV/AIDS Alliance in implementing a revised sustainability plan for the Eastern Caribbean Community Action Plan II that includes specific strategies to confirm sustainable results.*

Performance Results Reported to USAID Had Discrepancies

ADS 203.3.5 lists data quality standards for USAID program data. Among other qualities, it states that data must be precise and valid. The mission should be confident that progress toward performance targets reflects real changes rather than variations in data collection methods. The guidance further states that data should be as complete and consistent as management needs and resources permit.

Under ECCAP, the CHAA regional office collected and reported results from all the country program offices to USAID. However, the auditors could not verify some of the results because the supporting documentation was not available at the office. For the information that was available, the auditors noted the following discrepancies for the indicators in Table 1 (judgmentally selected from the first quarter of 2010).

Table 1. Results Reported Versus Audited

Country	Indicator	Reported	Verified	Difference
Antigua	Number of condoms distributed	55,649	54,749	(900)
	Number of lubricants distributed	8,556	9,376	820
	Number of people reached through HIV prevention activities	494	515	21
	Number of people referred for counseling and testing services	368	399	31
Barbados	Number of condoms distributed	17,318	12,416	(4,902)
	Number of lubricants distributed	11,110	9,049	(2,061)
	Number of people referred for counseling and testing services	266	152	(114)

Country	Indicator	Reported	Verified	Difference
St. Vincent	Number of condoms distributed	35,062	34,363	(699)
	Number of lubricants distributed	6,925	4,996	(1,929)

Sources: CHAA regional office and country program offices

There were also significant discrepancies with the number of information, education, and communication (IEC) materials (informational brochures that give clients information about HIV/AIDS) that CHAA delivered. The auditors noted that items such as wallets, bags, coasters, and pouches were counted incorrectly as communication materials distributed, resulting in an overstatement of 4,841 IEC materials in three of the country program offices visited. Furthermore, a review of the offices' detailed spreadsheets of commodities distributed during the quarter had numerous mathematical errors.

These discrepancies occurred because CHAA did not have a process in place to verify reported data by country program office. In addition, significant changes to the CHAA monitoring and evaluation personnel from ECCAP to ECCAP II caused a loss of historical information.

Although CHAA has created new procedures and updated many of its monitoring and evaluation tools to track commodities better, these changes did not address data verification efforts to confirm that results reported to USAID are valid, accurate, and reliable. Managers need accurate, reliable data to determine project effectiveness; without them, the project's accomplishments and impact cannot be determined. To address these concerns, this audit makes the following recommendation.

> **Recommendation 5.** *We recommend that USAID/Barbados work with the Caribbean HIV/AIDS Alliance to implement a plan to verify reported data.*

Caribbean HIV/AIDS Alliance Did Not Track Commodities Properly

The General Accountability Office's *Standards for Internal Control in the Federal Government*[5] states that transactions and internal controls need to be documented clearly and should be readily available for examination. The guidance also states that "transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions" and that vulnerable assets should be counted and compared with control records periodically to help reduce the risk of errors, fraud, misuse, or unauthorized alteration.

Under ECCAP, male and female condoms, lubricants, Spanish and English IEC materials, and HIV rapid tests were procured and received at the CHAA regional office and later shipped to the four country program offices (with the exception of the IEC materials in Spanish, which were sent to Antigua). CHAA made procurements based on the proposed amounts of commodities budgeted and approved each year.

However, CHAA did not maintain records for any of the commodities received or distributed, with the exception of female and male condoms—and records for those contained the following discrepancies:

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[5] GAO/AIMD-00-21.3.1, November 1999.

- According to USAID/Barbados shipment records, 2.241 million male and female condoms were procured, but CHAA's records showed that 2.286 million condoms were procured—a difference of 45,000.

- ECCAP's final progress report stated that more than 1.5 million male and female condoms were distributed during the project, but CHAA's records showed that more than 1.8 million were distributed—a difference of more than 321,000 condoms.

CHAA said the discrepancies occurred because some condoms were distributed to other CHAA country program offices that were not part of ECCAP. However, even if commodities were provided to those other offices, this information should have been tracked.

In addition, during site visits to some country program offices, the audit identified IEC materials and lubricants that had been distributed during ECCAP but were not included in the offices' inventory balance at the beginning of ECCAP II. CHAA was able to provide beginning balances for condoms in two of the four initial country program offices, but the information for amounts received and distributed did not match the reported information, making it impossible to reconcile the ending balance.

ECCAP reported indicators for each commodity distributed, but ECCAP II did not, with the exception of condoms. For them, the indicator tracks condoms sold and condoms distributed free as a combined indicator. While distributing free condoms has always been part of the project, selling them is a new strategy under ECCAP II that is managed through Population Services International, a new partner under CHAA. Consequently, these two channels of distributing condoms should be separate indicators in order to determine any behavioral changes in a country.

Finally, records related to condoms and IEC material distributions contained a number of inconsistencies and unexplained variations during ECCAP implementation, especially during the last quarters in late 2010. For example, according to CHAA's records:

- Between October 2008 and March 2010, the Barbados country program office never distributed more than 9,000 IEC materials during any quarter. However, during the two quarters from April to September 2010, the Barbados office distributed more than 21,000 IEC materials per quarter.

- Between October 2007 and June 2010, the Antigua country program office never distributed more than 69,000 condoms during any quarter. However, during the quarter from July to September 2010, the Antigua office distributed more than 125,000 condoms.

- Between October 2007 and June 2010, the Antigua country program office never distributed more than 6,500 IEC materials during any quarter. However, during the quarter from July to September 2010, the office distributed more than 29,000 IEC materials.

- The number of condoms distributed by the St. Vincent and Antigua country program offices was more than four times larger than St. Vincent's population and more than five times larger than Antigua's population throughout the 3 years under ECCAP.

According to CHAA officials, one of the causes for the surge in 2010 was the uncertainty of whether the project would continue. The ambiguity of the project's follow-on award led CHAA to

close some of its country program offices and eliminate staff. As a result, many of the offices tried to eliminate as many of the commodities they had, indicating that CHAA may have overestimated the amount of commodities needed for the project.

The lack of controls over commodities received and distributed could lead to potential waste and abuse of commodities and funds. Furthermore, without adequate monitoring, management is unable to determine how many commodities each country program office needs. Therefore, we make the following recommendations.

> ***Recommendation 6.*** *We recommend that USAID/Barbados work with the Caribbean HIV/AIDS Alliance to implement a plan to track and report all commodities received and provided to each country program office.*

> ***Recommendation 7.*** *We recommend that USAID/Barbados direct the Caribbean HIV/AIDS Alliance to report as separate indicators the number of condoms distributed free and the number of those that were sold.*

> ***Recommendation 8.*** *We recommend that USAID/Barbados work with the Caribbean HIV/AIDS Alliance to implement a commodities distribution plan that is consistent with the demands or needs of the countries to avoid significant surpluses at the project's end.*

Definition of a Repeat Client
Was Not Clear

One of ECCAP II's indicators is *Number of MARP reached with individual and/or small group level HIV prevention interventions that are based on evidence and/or meet the minimum standards required.* This indicator tracks the outreach work that community animators do to educate new and repeat clients on behavior change and prevention activities. Tracking repeat clients is important because it helps determine a client's behavior change and the impact that the community animators are having on MARPs and PLHIV. Although CHAA defines a repeat client as one who has been contacted and provided a service more than once, the organization has not defined clearly a process for determining behavior change in a repeat client or when to stop considering a client as a repeat client.

According to CHAA, it generally takes six to eight interventions with a repeat client to determine whether behavior has changed. Determining and tracking the behaviors of a repeat client has been extremely difficult. Under ECCAP, the community animators were supposed to use the case management files to help track and identify repeat clients. They did not, and historical information on repeat clients was not maintained. Under ECCAP II, CHAA has implemented a tracking system giving each client a unique identifier code, which should help track and measure behavior change and allow community animators to maintain case management files on their clients. However, because community animators did not develop case management files under ECCAP, no historical data was available on the clients to determine if they were new or repeat under ECCAP II.

Furthermore, the targets established under ECCAP II for repeat and new clients may be skewed. The targets for new clients were based on new clients whom community animators contacted at the start of the project (and their intent was to turn 80 percent of those people into repeat clients). However, some of the clients considered for the baseline data were also clients under ECCAP. Instead of considering these as repeat clients or clients who met the behavior

change criteria, all were considered new clients under ECCAP II. As a result, the targets established for new and repeat clients may misrepresent the actual target population and the impact the project is having on behavior changes.

Also, while most of the MSM and PLHIV population is stable, the CSW community is transient. That makes it difficult to meet the repeat client targets, especially in popular tourist spots such as Antigua and Barbados. Moreover, many CSWs were on temporary visa status (usually in a country for only a few weeks), therefore they are unlikely to become repeat clients.

Without a clear definition of what constitutes a repeat client, the project is not able to measure the behavior changes and the impact that it has on vulnerable populations accurately. Therefore, this audit makes the following recommendation.

> **Recommendation 9.** *We recommend that USAID/Barbados direct the Caribbean HIV/AIDS Alliance to (1) clearly define and document what constitutes a repeat client, and (2) based on the definition, adjust targets accordingly.*

Budget and Expenditures by Country Were Not Established or Tracked

According to the ECCAP and ECCAP II awards, IHAA and CHAA must list each country's total amount of funds expended under the award as part of their financial reporting. Additionally, 22 Code of Federal Regulations 226.21 states that the recipient's financial management systems should provide a comparison of outlays with budget amounts for each award. Whenever appropriate, financial information should be related to performance and unit cost data. Therefore, comparisons of expenses to budgeted amounts on a country-by-country basis should be tracked to confirm that the project is efficient and effective.

ECCAP provided funding for four countries in the Caribbean totaling $10.5 million, while ECCAP II expanded to include seven countries with total funding of $16.1 million. While CHAA's regional office submitted an overall project budget to the mission, no budgets were established for any of the countries. Furthermore, CHAA did not develop a breakdown of budgeted expenditures on a monthly, annual, or quarterly basis for each country as required by the agreements. Therefore, costs incurred by each country program office could not be compared to budgeted amounts to determine if the project was progressing as intended.

Additionally, CHAA's accounting general ledger for ECCAP II had not been designed to track expenses incurred by each country program office. For instance, data on expenses related to community animators incurred in each country could not be extracted easily from the system without having to review each expense individually.

USAID did not enforce compliance with the agreement by requiring the recipient to track budgets on a country-by-country basis. Although country-by-country expenditures were not tracked and monitored during ECCAP's implementation, CHAA was able to provide total costs incurred for each country at the end of the program. However, without an established budget, it was difficult to determine if these expenditures were reasonable.

Furthermore, the audit found no evidence that CHAA utilized country-by-country information when determining resource levels. As shown in Table 2, for example, although Barbados had

the greatest number of PLHIV (2,100), total project expenditures were very similar with Antigua whose PLHIV (791) was less than half that of Barbados. St. Vincent and St. Kitts both incurred more or less the same amount of project costs, but St. Vincent's PLHIV was double that of St. Kitts. These are examples of data that could be useful when determining the reasonableness of the costs incurred and when making other decisions.

Table 2. Analysis of Country Expenditures and Statistics

	Antigua	Barbados	St. Kitts	St. Vincent	Total
Total project costs incurred by country	804,170	739,131	475,181	438,218	2,456,700
Percent allocation of funds	33	30	19	18	100
PLHIV per country	791	2,100	453	935	4,279

Sources: USAID and CHAA.
* Data for PLHIV were obtained from the USAID HIV/Health profile report of April 2011, which estimated the PLHIV population of Barbados at 2,100 and 0.2 percent to 0.9 percent of the total population for the region.

Tracking down expenditures by country, comparisons of budgets to actual expenditures, and statistics on a country-by-country basis would help management review and confirm that the project is functioning in an efficient, effective manner. To correct this situation, this audit makes the following recommendation.

> **Recommendation 10.** *We recommend that USAID/Barbados require the Caribbean HIV/AIDS Alliance to prepare and document yearly budgets by country, and track and report expenditures by country and compare it to the budgets.*

Some Internal Controls Were Not Operating as Intended

According to 22 Code of Federal Regulations 226.21(b)(6), recipients are required to maintain written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with federal cost principles and the terms and conditions of the award. Furthermore, Office of Management and Budget Circular A–133, Section 300(b), indicates that the organization is responsible for maintaining internal control over federal programs that provides reasonable assurance that it is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on programs.

While CHAA has developed detailed policies and procedures supporting internal controls for ECCAP II, we noted that in some instances internal controls were not operating as intended.

- Data backups were conducted monthly rather than daily as required by CHAA's policies and procedures. Also, the backups were not stored in a fireproof safe as CHAA required; instead, they were stored in a computer room that was not fireproof. CHAA officials said they feared storing them in a small space might generate heat, which would damage the files.

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- Each country program office was required to have a local bank account. However, we noted that bank accounts were not fully functional at six of the seven offices; they could not receive or transfer funds from/to CHAA's regional office in Trinidad because they had not received the proper paperwork and approvals that the local banks needed. CHAA was working to resolve this problem but encountered delays because it was difficult to obtain all the approvals for nonprofit organizations.

Proper internal controls over data backups and bank accounts help reduce the risk of losing data in case of an adverse event and misappropriation of assets. Therefore, we make the following recommendation.

> ***Recommendation 11.*** *We recommend that USAID/Barbados work with the Caribbean HIV/AIDS Alliance to correct the internal control deficiencies identified by properly storing the data backups and to resolve the problems related to the bank accounts in all country program offices to allow the receiving and transferring of funds to and from the Caribbean HIV/AIDS Alliance's regional office and the country program offices, and document the results.*

Some Advances and Reimbursements Were Not Processed Properly

According to ADS 636, advances shall be limited to the minimum amount needed for "immediate disbursing needs" and paid as close as is administratively feasible to the actual disbursements being made by the recipient organization. The directive defines immediate disbursing needs for periodic advances as a period of up to 30 days from the date received until expended. In addition, ADS 636 also states that mission controllers must be sure that requests for advances are reasonable and not excessive to the recipient's immediate disbursement needs, outstanding advances are monitored on an ongoing basis, and funds in excess of immediate disbursement needs are refunded to USAID. ADS 636.3.2.3 explains that as part of its reimbursement process, the Agency is responsible for making the payments as close as possible to the 30th day after receipt of the billing. In addition, both agreements allowed the recipient to submit the request for advances on a quarterly basis for each month.

The audit identified the following problems with advances and reimbursements related to ECCAP:

- USAID sometimes processed advances late. For instance, three requests for advances from 2008 were not processed until 2009.

- Contrary to ADS 636 guidance, USAID/Barbados made reimbursements even though IHAA still had unliquidated advances. For instance, on February 2, 2009, USAID/Barbados told IHAA in a letter that it could ask for advances based only on current disbursement needs because liquidations had not been recorded against the advances USAID had already made. However, IHAA received a reimbursement 6 months later in August totaling $238,699 while it still had unliquidated advances worth $571,217.

According to the mission, these problems were a result of IHAA's poor reporting and lack of internal controls to ensure that advances and reimbursements were recorded properly.

The lack of controls over processing advances and reimbursements may result in misreporting and potentially misappropriated funds. Therefore, we make the following recommendation.

> ***Recommendation 12.*** *We recommend that USAID/Barbados implement a plan to confirm that advances are processed in a timely manner and made for only one month at a time and that reimbursements are made only if unliquidated advance balances have been cleared.*

EVALUATION OF MANAGEMENT COMMENTS

Based on our evaluation of USAID/Barbados' comments on our draft report, we have determined that final action has been taken on Recommendations 6, 7, 8, 10, and 12. In addition, management decisions have been reached on Recommendations 1, 2, 3, 4, 5, 9, and 11. Our evaluation of mission comments appears below.

Recommendation 1. In response to this recommendation, the mission stated that the subgranting process is already documented in CHAA's *Onward Grant Manual*. The roles for staff are clearly articulated with an emphasis on the significant role for the program officers in each country in relation to (1) the selection of grantees, (2) provision of technical assistance to grantees, and (3) the monitoring of grant implementation. We reviewed the manual (issued in 2010, under the previous project) and confirmed that the program officer and CPO are included in the process. Therefore, this part of the recommendation has been deleted from the report. For the second part of the recommendation, the mission agreed to ask the CHAA regional office to review the grant manual with all staff and develop a monitoring plan for implementation by September 30, 2012. Based on the mission's described actions and time frames, a management decision has been reached for this recommendation.

Recommendations 2 and 3. The mission accepted both recommendations and will work with CHAA to draft appropriate guidelines and protocols, and to be sure that the requisite training for all program officers and community animators is completed. According to the mission, CHAA is currently in the process of developing guidelines and procedures on the importance of this subject and has asked the mission for help with the activity; completion is expected by November 30, 2012. The mission will also ask that follow-up to this training be included in all future training for staff and community animators. Based on the mission's described actions and time frames, a management decision has been reached for both recommendations.

Recommendation 4. The mission accepted this recommendation and stated that CHAA will document a sustainability plan by December 30, 2012. Based on the mission's described actions and time frames, a management decision has been reached for this recommendation.

Recommendation 5. The mission agreed that this is critical and will continue to work with CHAA's enhanced monitoring and evaluation plan to ensure that data and results are supported, accurate and verifiable. According to the mission, there is now an additional member on the USAID HIV/AIDS team whose purview is to assist with the overall monitoring and evaluation activities of the HIV/AIDS portfolio. This team member will verify data in the mission's PMP and for all U.S. President's Emergency Plan for AIDS Relief (PEPFAR) reporting. CHAA is in the process of recruiting a new monitoring and evaluation advisor, and by October 30, 2012, CHAA will have reviewed and amended the monitoring and evaluation guide as appropriate. Based on the mission's described actions and time frames, a management decision has been reached for this recommendation.

Recommendations 6 and 8. The mission agreed with recommendations related to tracking commodities and has worked with CHAA to carry them out. CHAA's commodity monitoring user guide and commodity monitoring tool were amended. The commodity management system was revised in November 2011 to better monitor the process by which commodities are procured,

stored, handled and distributed. The system assists CHAA's offices in their efforts to assess and manage their commodity distribution to beneficiaries, according to specified quantities, selection criteria, and priorities. . We reviewed CHAA's user guide and monitoring tool, and we determined that the revisions addressed both recommendations. As a result, final action has been taken for Recommendations 6 and 8.

Recommendation 7. The mission agreed with the recommendation. Officials there said that condoms received by USAID for free distribution have been tracked separately from condoms sold by Population Service International and will be reported under two separate indicators. The mission provided the audit team with the new indicators. As a result, final action has been taken for this recommendation.

Recommendation 9. In response to the recommendation, the mission noted that the unique identifier tracking system was not maintained under ECCAP. This made it difficult to establish at the onset of ECCAP II whether a client reached for the first time was in fact someone who participated in the previous project. Therefore under EC-CAP II, CHAA defined new clients as people who received interventions by community animators for the first time. These clients are given unique identifier codes (UICs) and are then counted as repeat clients for the duration of the project. Additionally, in order to follow behavior change, CHAA introduced a tool to provide better information about each client.

Mission officials said that each year they consider whether to adjust targets and have scheduled to do this for ECCAP II by November 30, 2012. Based on the actions taken and time frames identified, a management decision has been reached for this recommendation.

Recommendation 10. In response to this recommendation, the mission noted that the controller's office has been in contact with CHAA to make sure it has developed budgets for all the country program offices and that these budgets are monitored. On May 29, 2012, a financial analyst from USAID/Dominican Republic[6] visited CHAA and confirmed that CHAA has developed budgets for all countries.

The mission provided the audit team a copy of the offices' budgets for the first and second years of ECCAP II, along with their expenditures with the breakdown of various operating costs. As a result, final action has been taken on this recommendation.

Recommendation 11. In response to this recommendation, the mission noted that on May 29, 2012, a financial analyst from USAID/Dominican Republic visited CHAA and confirmed that CHAA is backing up data on the server daily. Mission officials said two copies of the backup tapes are maintained; one is kept in a fireproof cabinet in the office, and another is kept off site. CHAA has opened three bank accounts and plans to open the remaining accounts by August 31, 2012. Based on the actions taken and time frames established, a management decision has been reached.

Recommendation 12. The mission accepted this recommendation. Officials said USAID/Dominican Republic will work with the agreement officer's representative to monitor closely the advances, liquidation, and reimbursement process to comply with this recommendation and to be sure that, requests for funds and liquidation of funds under ECCAP II have been handled consistently and in a timely manner. The mission provided a plan of

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[6] USAID/Barbados' contracting and financial management is handled by staff members in the USAID mission in the Dominican Republic.

action and communication on how advances and liquidations will be handled with CHAA. As a result, final action has been taken on this recommendation.

SCOPE AND METHODOLOGY

Scope

RIG/San Salvador conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objective. We believe that the evidence obtained provides that reasonable basis.

The purpose of the audit was to determine (1) if ECCAP met its goal of improving access to evidence-based HIV services, and (2) if ECCAP II is achieving its goals of increasing access to HIV prevention, treatment, and care for MARPs and PLHIV. We conducted fieldwork at USAID/Barbados and at field locations in and around Barbados, Trinidad and Tobago, Antigua and Barbuda, and St. Vincent and the Grenadines from October 16 to November 4, 2011. Additionally, we had conference calls with the staff at USAID/Dominican Republic, IHAA partners, and a subgrantee.

The audit covered activities under two USAID/Barbados awards. The first, ECCAP, was implemented by IHAA; it was a 3-year, $10.5 million cooperative agreement from November 1, 2007, to February 28, 2011. The second, ECCAP II, implemented by CHAA, was awarded as a $16.1 million cooperative agreement to implement the follow-on award to ECCAP from March 1, 2011, to September 30, 2014. As of October 1, 2011, USAID/Barbados had obligated $2.5 million and disbursed $619,400 to implement ECCAP II.

The audit focused on activities implemented by USAID/Barbados, IHAA, and CHAA from November 1, 2007, to November 4, 2011. In planning and performing this audit, we included in the audit scope a review of internal and financial controls put in place by USAID/Barbados and its partners related to their activities. Management controls assessed included those related to the agreement process, monitoring and evaluation procedures, plans and policies established, and monitoring of performance indicators.

Methodology

To answer the audit objective, we obtained an understanding of the mission's program goals. We interviewed officials from USAID/Barbados, USAID/Dominican Republic, CHAA, IHAA, and partners under ECCAP. We reviewed award documents to obtain an understanding of the projects' goals, objectives, activities, monitoring and evaluation requirements, measurement of project results, and financial controls. We also reviewed and analyzed relevant documents and data at the mission and at CHAA's regional and country program offices to determine program accomplishments. Documents included annual work plans, quarterly reports, progress reports, agreements USAID/Barbados had with IHAA and CHAA, financial data, and other evaluations.

We conducted site visits to observe and discuss the progress of the activities, and we interviewed government officials, subgrantees under ECCAP, and staff at country program offices.

MANAGEMENT COMMENTS

MEMORANDUM

DATE: **August 7, 2012**

FROM: **Kendra Phillips, Acting USAID Representative /s/**

THRU: **Amr Elattar, Regional Controller**

SUBJECT: **Audit of USAID/Barbados' Eastern Caribbean Community Action Project**

TO: **Office of Inspector General**

REF: Audit of USAID/Barbados' Eastern Caribbean Community Action Project -- Audit Report No. 1-534-12XXX-P

MISSION RESPONSES:

This Memo, with input from the technical implementing partner, has sought to respond to the Audit findings and recommendations. Please see the Mission's responses noted below.

AUDIT FINDINGS:

Country Program Offices' Granting Capacity Was Not Implemented as Intended

Mission/Partner Response:

The structure of the Caribbean HIV/AIDS Alliance (CHAA) is that of a regional office with country offices (CO) functioning as the implementing arms of CHAA's programme of work across the region. As such CHAA's country offices are not autonomous entities, but operate within the framework of CHAA's policies, guidelines and procedures. We agree that a level of

autonomy is required to ensure the smooth functioning of the country offices including maintaining and strengthening its linkages to the national response. Responsibility will continue to be devolved to programme staff over the life of the project and commensurate with growth and capacity of all staff.

While the cooperative agreement defines a role for the CO around support to implementing partners this is not an autonomous function and is linked to the type of grant provided. Specifically, closed call grants are awarded in consultation with COs on the basis of agreed criteria – such as track record of the partner and area of programmatic alignment with project goals and objectives. Further, where closed call grants are awarded COs are assigned the responsibility to support the development of the proposal, monitoring and evaluation plan and budget. These proposals are then taken through the granting process as defined in the CHAA grants manual. Once grants are awarded, COs are required to provide on-going monitoring support to the implementing partners with technical and financial back stopping by the Regional Office. Additionally, all partner reports are forwarded to the Regional Office through respective COs. Members of the project management team (PMT) also undertake periodic monitoring and support visits with implementing partners to ensure the full range of technical assistance required is available to both the CO and the recipients.

In relation to open call grants, the application process is competitive – which involves tendering by any civil society applicant which assesses that it meets the criteria set out for the award grants. Once the expression of interest is received by the Regional Office and assessed to meet the criteria for granting, communication is forwarded to the CO to inform them of the grants received and potential area of programmatic focus. However, the process for awarding grants has been carefully defined in our granting manual – and requires a more rigorous and transparent procurement process to carefully assess the bids submitted.

It is our belief that our partners do not see the segregation between the CHAA Regional and Country Office. However, there are instances where it is necessary for the Regional Office to lead project implementation and others in which the COs will lead. It is imperative that COs understand the scope and intent of the involvement of the Regional Office in order to minimise the misconceptions about areas of autonomy. Thus through continuous dialogue and collaboration with the COs the goals of the programme can be achieved.

From a more "contextual perspective" the recommendation fails to take into account the full scope of the onward granting process – in relation to technical review and management process, financial management and quality assurances. These "specialisms" do not reside in our COs – but with the Project Management and Technical Teams which are based at the CHAA Regional Office. The approach recommended by the Audit team will require a greater level of staffing and infrastructure than was ever put in place for either grant.

Overall, while CHAA agrees that it will be helpful to continuously review roles and responsibilities of all staff to ensure the most effective programme delivery; it is felt that the recommendation does not take account of CHAA's operational structure and should be revisited against a more complete understanding of the organisation.

Recommendation: *We recommend that USAID/Barbados work with Caribbean HIV/AIDS Alliance to (1) document what role and responsibilities the country program offices have in the sub granting process under ECCAP II and (2) develop a monitoring plan to ensure implementation of sub granting process.*

Mission Response to Recommendation:

The Mission does not accept the first part (1) of this recommendation. The process of sub granting is documented in their Onward Grant Manual. The roles for staff are clearly articulated with an emphasis on the significant role for the Program Officers in country in relation to: 1) the selection of grantees, 2) provision of technical assistance to grantees and, 3) the monitoring of grant implementation.

The mission accepts the second part (2) of this recommendation. The Mission will request that the CHAA Regional Office review the Onward Grant Manual with all staff and develop a monitoring plan for implementation by September 30th, 2012. (Onward Grant Manual attached).

Community Outreach Workers Were Not Trained to Address Potential Human Trafficking Problems

Mission/Partner Response:

CHAA recognises the significance of addressing the issue of Human Trafficking within its programme. Under the previous grant, some COs and Community Animators (CAs) participated in training provided at the country level. CHAA agrees that the issue is taking on increased significance within the region and is committed to ensuring both staff and CAs are provided with the necessary training that will allow all project staff to have the information sand skills necessary to appropriately respond to situations of human trafficking.

CHAA is currently in the process of developing guidelines and procedures to guide our response to this important issue. CHAA welcomes the support and guidance of USAID/Barbados in implementing training and ensuring our policies are compliant with USAID and global best practice.

Recommendation 2: *We recommend that USAID/Barbados work with Caribbean HIV/AIDS Alliance to implement detailed guidelines, policies, and procedures on how to address potential victims of human trafficking.*

Recommendation 3: *We recommend that USAID/Barbados work with Caribbean HIV/AIDS Alliance to implement a plan for training community animators on human trafficking issues.*

Mission Response to Recommendations:

USAID/Barbados accepts these Recommendations and will work with CHAA to ensure that appropriate guidelines and protocols are drafted and that the requisite training for all Program Officers and Community Animators is completed. CHAA has requested USAID/Barbados to assist with this activity and we are working to complete this by November 30th, 2012. USAID/Barbados will also request that follow up to this training be institutionalized into all future training for staff and Community Animators.

The Mission will work with CHAA to develop the guideline and protocols and complete the initial training for staff by November 30th. USAID/Barbados will request that follow up trainings are incorporated into all of their scheduled trainings for staff including the Community Animators. These trainings occur at different points throughout the course of the year. The Mission is already in discussions with CHAA on this matter.

ECCAP Did Not Achieve Sustainable Results

Mission/Partner Response:

The following narrative highlights the steps being taken to promote the sustainability of the core elements of this program at the country level. A core pillar of CHAA's approach is to promote and facilitate country specific sustainable responses of programming for MARP as well as to contribute to the sustainability of civil society organisations in the national HIV response. On this basis CHAA continues to work collaboratively with international, regional, national and local partners to ensure successful achievement of programme results and impact. As such, mutually beneficial partnerships have been sought which facilitate the exchange of technical expertise and harmonisation of approaches at the country level. Collaborations with a broad range of organisations also help to promote sustainability as programming is integrated into on-going initiatives. The unique nature of EC-CAP also enables CHAA to contribute evidence-based input into policy and programming discussions. Several areas of our work have and continue to contribute to the production of regional public goods and resources that will remain with countries beyond the life of the project.

International and Regional
U.S. Centres for Disease Control and Prevention (CDC) Global AIDS Programme is working globally to build capacity in communities for a decentralised community-based counselling and rapid testing (CBCRT) model and securing CDC's global expertise in doing this is a major success. A key achievement is the partnership developed between CHAA and CDC, both at the Regional level and with the Global AIDS programme in support of its work in Antigua and Barbuda. CDC has importantly collaborated with CHAA and Ministries of Health (MOH) to introduce the *Risk Assessment Data Form* into counselling and testing (CT), which is also a major achievement for improved national data collection. CDC has also supported recommendations made by CHAA to the MOH that CBCRT targeting most-at-risk populations (MARP) be incorporated into the country's national rapid testing strategy. Another significant achievement has been the adaptation of CDC's CT MARP training into EC-CAP. This also provides the basis for our current work under ECCAP II and it is envisioned that this will become the model for the region.

CDC has also been a key partner around the adaptation and evaluation of the evidence based intervention SISTA (Sisters Informing Sister on Topics on AIDS) – providing critical input and support to monitoring and quality assurance.

In addition CHAA has worked collaboratively with Population Services International, Pan Caribbean Partnership Against AIDS (PANCAP), United Nations Joint Program on HIV/AIDS (UNAIDS), British Department for International Development (DFID), Pan American Health Organization (PAHO), Caribbean Health Research Council (CHRC), Caribbean HIV/AIDS Regional Training Network (CHART), United Nations Population Fund (UNFPA) and the Organization of Eastern Caribbean States (OECS) and will continue to deepen these relationships in the coming year. CHAA has also developed relationships with a series of other organisations:
-        Caribbean Vulnerable Communities Coalition (CVC),
-        Caribbean Harm Reduction Coalition,
-        Centre for Orientation and Integral Research (COIN),
-        Caribbean Broadcast Media Partnership (CBMP).

National

Country Offices and technical staff continue to work on establishing, developing and sustaining relationships with key stakeholders in each country. This is integral to ensuring buy-in and commitment at two levels: i) to ensure access to services for MARP; and ii) to promote a collaborative approach that supports national programming and sustainability. These relationships are varied and include a broad range of civil society organizations (CSOs), as well as government Ministries and Agencies (NAPs, Health, Education, Gender Affairs and Social Affairs among others). These relationships have enabled CHAA to move forward in many areas including CT, where the partnership model is proving to demonstrate good results in ANB and Barbados. EC-CAP I and II are aligned with NAPs and build on capacity and services where they exist, and critically addresses programming gaps to facilitate increased access to services for MARP. Additionally, CHAA continues to support national efforts to improve data collection through documenting and disseminating MARP specific information and to assist countries in their UNGASS reporting.

CHAA also works collaboratively with CSOs – providing both grants and technical assistance. This sustained collaboration and coordination contributes to facilitating greater technical and organisational capacity among CBOs and other CSOs across the region, enhances sustainable programming for MARP HIV programming, and improves community programme delivery.

Another major platform to CHAA's approach is social capital building within the MARP community. CHAA works through CAs to ensure that MARP receive comprehensive combination prevention interventions along the continuum of care. This involves deepening of the role of CA and developing an accredited network of MARP peers. This will result in a regional network of professionally trained MARP peers integrated into national responses and leadership roles, guaranteeing greater and more meaningful MARP involvement. This approach therefore contributes to greater acceptance and sustainability of MARP in the national response.

CHAA however recognises the on-going challenges around country ownership and agrees that greater and more coordinated efforts are required to achieve sustainability. It should, however, be noted that this issue is intimately linked to the economic reality of many of these countries which has seen the HIV and AIDS response externally funded as well as impacted on the high levels of debt and vulnerability of their economies. Additionally, given the high levels of stigma and prohibitive legal frameworks attached to homosexuality and sex work in particular, there remains resistance in some settings to either allocation of human and financial resources to be engaged in responses for these populations.

CHAA welcomes the collaboration of USAID/Barbados in developing and implementing innovative approaches to promoting sustainable results.

Recommendation 4: *We recommend that USAID/Barbados assist Caribbean HIV/AIDS Alliance in implementing a revised sustainability plan for Eastern Caribbean Community Action Plan II that includes specific strategies to ensure sustainable results.*

Mission Response to Recommendation:

The Mission accepts this recommendation. CHAA has undertaken a number of steps, through EC-CAPII, to work towards the sustainability of the USG investments in HIV prevention. CHAA will be requested to document these steps and other specific strategies in a sustainability plan by December 30th, 2012.

Note: The issue of sustainability has been, and remains to be a complex one, especially given the sensitivity and controversial nature of the populations and behaviours being addressed by this project. This is further compounded by the resource limitations of these countries and the fact that they have been heavily reliant on external donor resources to fund many facets of their respective national responses and these resources are declining. This challenge is not unique to this region and PEPFAR as a whole is also seeking to address this issue.

Performance Results Reported to USAID Had Discrepancies

Mission/Partner Response:

Under EC CAP II, CHAA has sought to address the gaps that contributed to some challenges in relation to the tracking of commodities and reporting of results. A well-defined and robust monitoring and evaluation and reporting system has been introduced and is integrated across the project to allow for stronger management of all results under the program.

Data Quality

Data quality was an important component of EC-CAP and is highlighted in the M&E guide (p.14) and the M&E step by step (p4-6; p10-11) documents (see attached). While these documents still need to be updated to reflect the new tools used under EC-CAP II, the M&E principles and guidelines remain the same with data quality check still being in place. CHAA agrees that data verification is essential and have taken steps to ensure that results reported to USAID are valid, accurate and reliable.

Under EC-CAP II Data quality visits were already performed in the following countries:
> Antigua: 16/01/12 – 19/01/2012
> Dominica: 29/02/12 -02/03/2012
> St Kitts: 29/01/12 -01/02/2012
> St. Vincent: 23/02/12 – 26/02/2012
> Barbados: 29/05/12 – 31/05/12
> St. Vincent: 29/05/12 – 31/05/12

Part I Data accuracy /data verification
The following were performed during the field visit:
>   Documentation review
>> -   Ensure that data is recorded by animator correctly and reflects accurately the intervention conducted
>> -   Review availability and completeness of source documents
>> -   Cross check reported results with animators notebooks
>> -   Review available documentations of supervised outreach
>> -

Part II Systems assessment
Data entry
>> -   Ensure there is one designated staff responsible for data entry into database and submission to HQ
>> -   Ensure that all levels of data quality at CO is followed

Commodity system
>> -   Review animators distribution log book
>> -   Review support document for partners distribution
>> -   Review Commodity reports in country

- Ensure that animator's distribution (from outreach tools) matches with distribution logbook and commodity reports
- Ensure that commodities are in a controlled stored room/facility

Additionally, a routine part of PMT monitoring and support visits includes reviewing compliance with agreed M&E guidance.

USAID Data Quality Assessment
A technical consultant from MEASURE Evaluation Project visited the CHAA HQ office over the period 23rd and 24th August, 2011. The purpose of the visit was to conduct a Data Quality Assessment of all indicators which CHAA reported under the EC-CAP Cooperative Agreement. The Baseline Year used for conducting the assessment was October 2009 to September 2010 (USAID FY09.) The assessment revealed that the data quality for indicator P8.3.D was very good and that the introduction of *Unique Identifier Codes* will improve data collection and provide better "face validity" for this indicator.

It also recognized the need for strengthening data quality for indicator P11.1.D and taking appropriate steps necessary for obtaining approval from the MOH to keep duplicate records of Animator-provided HIV Testing and Counselling services. The consultant recommended that PEPFAR Indicators P9.1.N P9.2.N, P9.3.N, and P9.4.N are national indicators and should not be collected under EC-CAPII. Recommendation was also made to revise and strengthen the data collection tools to include Prevention with MARPS, PwP, and Care Services.

Recommendation 5: *We recommend that USAID/Barbados work with Caribbean HIV/AIDS Alliance to implement a plan to verify reported data to ensure that the reported results are supported, accurate, and verifiable.*

Mission Response to Recommendation:

The Mission agrees that this is critical and will continue to work with CHAA's enhanced plan to ensure that data and results are supported, accurate and verifiable. Since this audit was conducted there is now an additional member on the USAID HIV/AIDS team whose purview is to assist with the overall monitoring and evaluation activities of the HIV/AIDS portfolio. Our new Team Member commenced work on December 5th, 2012. This position was articulated in the organizational chart which was provided to the Audit Team and was noted as "under recruitment", the position is now filled. Copies of the USAID Health Team Organizational Charts are attached. This team member will follow up from the DQA and will verify data in relationship to the Mission's PMP and for all PEPFAR related reporting. The M&E Advisor for CHAA is anticipated to commence duties on September 10th, 2012 and by date October 30th, 2012 CHAA will review and amend the M&E Guide as appropriate.

Caribbean HIV/AIDS Alliance Did Not Track Commodities Properly

Mission/Partner Response:

Commodity Distribution:
Under EC-CAP commodity distribution was reported without disaggregation of condom type. Therefore male condom distribution and female condom distribution were amalgamated and reported together. In addition commodity distribution was reported without disaggregation of outreach type (that is outreach distribution, large events and implementing partners distribution),

outreach forms only reflecting distribution done through community animator outreach interventions. Attached are the commodity reports received at HQ from Antigua, Barbados and St Vincent for EC-CAP Q 10 which show both male and female condom distribution as well as implementing partners and large events distributions. See summary below:

Country/ Distribution type	Male condom	Female condom	Lubricants
Antigua			
Animators	19436	556	3078
IP	26100	1325	3000
Public events, large distribution	8350	132	2478
Total	53886	2013	
		55,899	**8,556**
Barbados			
Animators	11220	150	6760
IP	704	0	2252
Public events, large distribution	5096	148	2098
Total	17020	298	
		17,318	**11,110**
St. Vincent			
Animators	6800	132	943
IP	3000	289	2000
Public events, large distribution	24578	263	3982
Total	34378	684	
		35,062	**6,925**

Commodity Distribution and Monitoring Tools

At the core of the Eastern Caribbean Community Action Project II, is the Community Animator Model which features community-based peer outreach as a primary vehicle for accessing MARPs. As part of the behaviour change intervention, Community Animators provide condoms, lubricants, oral dams and literature and other materials to support risk reduction. Providing IEC materials substantiates the verbal messages provided by the Animator and provides a greater level of detail. In addition, promotion of prophylactic materials may empower individuals to adopt particular prevention techniques to help lower their risk. Aside from the BCC interventions, these prevention commodities are also distributed to other programmes and projects or events supported by EC-CAP II.

In order to effectively manage the distribution and uptake of these commodities in the field, CHAA's commodity management system was revised (November 2011) to better monitor the process by which commodities are procured, stored, handled and distributed, including forecasting of condom requirements. The system assists both the CHAA Head Office as well as its country offices (CO) in their efforts to assess and manage their commodity distribution to intended beneficiaries, according to specified quantities, selection criteria and priorities. It also provides a mechanism to readily transmit each country's data to the M&E team for use in

generating reports to CHAA management for the purpose of planning, monitoring and evaluation.

The primary measurement tools include: (i) Commodity Distribution and Monitoring database (ii) Commodity Receipt Form (iii) Commodity Requisition Form. Existing monitoring tools, including Animator Outreach tools, Implementing Partners (IPs) Quarterly Programmatic Reports and programme reviews supplement the primary measurement tools.

All COs were trained in the use of the Commodity management system at the beginning of the project. The Commodity Distribution and Monitoring database is completed each time commodities are received or distributed and submitted to the M&E team on a monthly basis. This allows HQ to track each COs' distribution and stock balance and determine gaps and areas that need strengthening.

Under EC-CAP II the updated commodity reporting system will allow for more effective monitoring the distribution of all commodities, including condoms, lubricants, oral dams and IEC materials.

Condoms received by USAID for free distribution will be tracked separately from condoms sold by Population Service International and will be reported under two separate indicators.

This updated system will allow a stronger management of commodities and IEC material. Please note that the *Commodity Monitoring User Guide* and *Commodity Monitoring Tool* have been revised and amended.

Recommendation 6: We recommend that USAID/Barbados work with Caribbean HIV/AIDS Alliance to implement a plan to track and report all commodities received and provided to each country program office.

Recommendation 7: We recommend that USAID/Barbados direct Caribbean HIV/AIDS Alliance to report condoms distributed free and those sold as separate indicators.

Recommendation 8: We recommend that USAID/Barbados work with Caribbean HIV/AIDS Alliance to implement a commodities distribution plan that is consistent with the demands or needs of the countries to avoid significant surpluses at the project's end.

Mission Response to Recommendations:

CHAA has already taken the requisite steps to address recommendations 6, 7 and 8 as noted above. Attached please see The Commodity Monitoring User Guide and The Commodity Monitoring Tool both of which have been amended since the audit was conducted (November 2011).

Since October 2011 condoms received by USAID for free distribution have been tracked separately from condoms sold by PSI. The attachments: 'Condom Distribution' and 'Q5' illustrates the condom tracking.

Definition of a Repeat Client Was Not Clear

Mission/Partner Response:

Under EC CAP a unique identifier tracking system was not maintained, as such it was difficult to establish at the onset of EC-CAP II whether a client reached for the first time had already been met under the previous project by Community Animators. **Therefore under EC-CAP II, CHAA has defined a "new" client as someone who has received an intervention by a Community Animator and is issued a unique identifier code for the first time. Once a client has been given a UIC code, he/she will be counted as a "repeat" client for all follow-up interventions throughout the life of the project.**

In addition, in order to follow behaviour change, CHAA introduced in their outreach tool a component recording the "Stages of Change" of the client. (Please see follow up form attached).

This model identifies the six stages of behaviour change including:
- Uninterested, unaware or unwilling to make a change (unaware/ pre-knowledge; also known as the pre-contemplation stage);
- Considering a change (Thinking about change; also known as the contemplation stage);
- Deciding and preparing to make a change (preparing for change; preparation stage);
- Genuine, determined action is then taken by the client (Action!) and;
- Over time, attempts to maintain the new behaviour occurred (Maintaining/Sticking to change);
- Relapses are almost inevitable and become part of the process of working toward life-long change.

Community Animators are guided to work with their clients, checking in on them regularly to help them maintain their healthy behaviour in the prevention of HIV and other sexually transmitted infections.

Under EC-CAPII in the "Outreach Handbook" developed by the M&E team – new and repeat clients are well defined and we are confident the animators know how to capture this correctly. Internally the challenge is in establishing exactly how many clients are being followed up i.e. working out the "reoccurrence rate". The M&E team is currently working to provide further clarification on how best to capture this.

Recommendation 9: We recommend that USAID/Barbados direct Caribbean HIV/AIDS Alliance to (1) develop a clear definition of what constitutes a repeat client, and (2) based on the definition, adjust targets accordingly.

Mission Response to Recommendation:

CHAA maintains a supported and verifiable process for reporting and documenting repeat clients – supported by the introduction of the UIC and the repeat intervention log sheet (see AC One on One Follow-up Community Animator Tool attached). Therefore Recommendation 9(1) has already been addressed. The Mission will monitor this quarterly, semi-annually and annually as Progress Reports are received. In relation to Recommendation 9(2), this is already embedded into the Mission's annual processes. Consideration is given to the achievements reported and adjustments are made to targets, as appropriate, on an annual basis (November) following an analysis of the results achieved. Information from these reporting periods is also used to update the Mission's PMP.

Budget and Expenditures by Country Were Not Established or Tracked

Mission/Partner Response:

Country Office Budgets
In the execution of the ECCAP Project, CHAA provided funding for four countries in the Caribbean. CHAA was able to capture the total costs incurred for each country at the end of the Project's life. However, since no budget was implemented for each country, during the life of this project, comparison of expenses to the budgeted amounts on a country-by-country basis was not possible.

In the execution of the ECCAP 11 Project, CHAA has established annual budgets for all the seven countries in which the program is rolled out. These budgets are further broken down into monthly budgets. Actual expenses against these budgets are captured on a monthly basis and are compared to the budget to ensure the efficiency and effectiveness of the Project.

Tracking of Expenditure by Country Offices
Expenditure for each country office is captured in CHAA's accounting general ledger. However, the report does not total the expenditure for each country office. Each country office expenditure is coded and captured accordingly. The expenditure for each country office can therefore be done easily by transferring the information on excel and reformatting the report.

Recommendation 10: *We recommend that USAID/Barbados require Caribbean HIV/AIDS Alliance to develop yearly budgets by country and track and report expenditures by country and compare it to the budgets.*

Mission Response to Recommendation:

USAID/Controller's office has been in contact with CHAA. This organization has been developing budgets for all the country offices and these are being monitored. Attached is a copy of the country offices budget for Year one along with the actual expenditure.

A USAID/DR Financial Analyst visited CHAA on May 29, 2012 and confirmed that CHAA has developed budgets for all countries.

The Attached consists of a detailed breakdown of the budget against actual expenditure for Year 1 (March 1st 2011 to February 28th 2012).

The Revised Year 2 file indicates the detailed budget for Year 2 (March 1st 2012 to February 28th 2013). However, the actual expenditure recorded is up to May 2012.

Some Internal Controls Were Not Operating as Intended

Mission/Partner Response:

CHAA has policies and procedures that support internal controls. These are reviewed on a regular basis (annually) to ensure the effective operation of the organisation.

Data Backup

CHAA has been backing up its data three times a week (Mondays, Wednesdays and Fridays) since April 2011. When the auditors were here in October 2011, this was shown to them and verified. In March 2012 we upgraded our server so as to improve the entire process. A copy of the backup file is currently being kept in a vault while another copy is being kept out of the office compound for security reasons.

Local Bank Accounts

The process of registration and opening of the bank accounts has taken much longer than anticipated. CHAA currently has seven country offices in the Caribbean. To date, three of these offices have fully functional bank accounts. They are Antigua, Barbados and St. Vincent. In three other countries the documents have been submitted to the relevant banks and we are awaiting confirmation on the opening of these accounts. The countries are Grenada, St. Lucia and St. Kitts.

We are still waiting on the registration of the Dominica office before pursuing the opening of the bank account in that country. We are having some challenges with the lawyer who is currently working on this matter. If we are unable to get positive feedback by the next two days from the lawyer, we may have to take alternative action to ensure the speedy opening of this account.

In these countries that the bank accounts are not yet opened, funds are disbursed on a request basis and are properly monitored by the Trinidad office. It is anticipated that the bank accounts in Grenada, St. Lucia and St. Kitts will be opened in the next few weeks as the relevant documentation has been submitted to facilitate this process.

Recommendation 11: *We recommend that USAID/Barbados work with Caribbean HIV/AIDS Alliance to correct the internal control deficiencies identified by properly storing the data backups and resolving the issues related to the bank accounts in all country program offices to allow the receiving and transferring of funds to and from the Caribbean HIV/AIDS Alliance's regional office and the country program offices.*

Mission Response to Recommendation:

A USAID/DR Financial Analyst visited CHAA on May 29, 2012 and confirmed that CHAA is currently backing up data on the Server on a daily basis. There are two copies of the backup tapes. One is kept in a fire proof cabinet in the office and another is kept off site.

In regards to open bank accounts in each country CHAA has opened three bank accounts and it is in the process to open the remaining four.

Status of Bank Accounts:
CHAA has functioning back accounts in Antigua, Barbados and St. Vincent. In respect of the other countries the status is as follows:

- Saint Lucia – The bank requested some additional information on the Directors. These were submitted on Tuesday 10th 2012
- Grenada – All forms and documents were submitted. A call was made to our contact person at the bank on 7/20/12 and she indicated that she has not yet reviewed them. She will do so today and provide feedback later.
- St. Kitts – The bank requested some additional information on the Directors. This was submitted to them on Friday 6th July, 2012. The Bank personnel when contacted on Tuesday 10th 2012 indicated that they are yet to review and approve the information.
- Dominica – The registration is still being finalized before the process can start to open the bank account. We are awaiting feedback from the lawyer on the registration. He was last contacted on Monday 9th July, 2012.

Update as of 19th July from FMO based on communication with CHAA:
An estimated date for the opening of all of the remaining bank accounts is the end of August 2012.

Some Advances and Reimbursements Were Not Processed Properly

Mission/Partner Response:

In respect to ECCAP 1, advances were requested by IHAA and therefore it was not CHAA's responsibility to do so. In the ECCAP 11 project CHAA liquidates on a monthly basis and the request for funds has been consistent and timely.

Recommendation 12: We recommend that USAID/Barbados implement a plan to ensure that advances are processed in a timely manner and made for only one month at a time and that reimbursements are made only if unliquidated advance balances have been cleared.

Mission Response to Recommendation:

USAID/DR will work with the AOR to monitor closely the advances, liquidation and reimbursement process to comply with this recommendation related to CHAA. USAID/Barbados accepts this recommendation.

"CHAA will be required to submit liquidation for advances by the first day of each month. For example, funds advanced at the end of December (Dec 26) for January would be reported as expenses on the recipient's liquidation voucher for January. This January liquidation voucher

should be received by USAID within 30 days after month end, or by March 1. USAID processes the liquidation voucher along with an advance request for April within 30 days. The expenses would be recorded, the advance for January liquidated and a new advance for April distributed to the Grantee near the end of March."

Report Date	Advance request	Liquidate advance
September	October	July
October	November	August
November	December	September

It is the grantee's responsibility to deliver to the Controller's office both an advance request and liquidation on the 1.st of each month. The AOR will be responsible for enforcement on a monthly basis while USAID/DR will monitor closely and will review the Aged Project Advance Outstanding Report on a quarterly basis. For all advances over 90 days a Bill for Collection will be issued to the grantee and no further advances will advance is liquidated.