OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/SENEGAL'S IMPLEMENTATION OF THE PRESIDENT'S MALARIA INITIATIVE

AUDIT REPORT NO. 7-685-10-005-P
March 15, 2010

DAKAR, SENEGAL

Office of Inspector General

March 15, 2010

MEMORANDUM

TO: USAID/Senegal Director, Kevin Mullally

FROM: Regional Inspector General/Dakar, Gerard Custer /s/

SUBJECT: Audit of USAID/Senegal's Implementation of the President's Malaria Initiative (Report No. 7-685-10-005-P)

This memorandum transmits our report on the subject audit. In finalizing this report, we considered management comments on the draft report and have included those comments in their entirety as appendix II.

The report includes four recommendations for your action. Based on actions taken by the mission and supporting documentation provided, final action has been taken on recommendation no. 3. Based upon your comments and actions planned, a management decision has been reached on recommendation nos. 1, 2, and 4. Please provide the Audit, Performance, and Compliance Division in the USAID Office of the Chief Financial Officer (M/CFO/APC) with the necessary documentation to achieve final action.

I appreciate the cooperation and courtesy extended to my staff during the audit.

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SUMMARY OF RESULTS

Preventive activities such as bed-net distribution and indoor spraying are critical parts of USAID/Senegal's implementation of the President's Malaria Initiative (PMI). Under this initiative, USAID/Senegal supports (1) distribution of insecticide-treated nets, especially to children under 5 years of age and pregnant women, (2) indoor residual spraying in three districts, and (3) training for case managers for improved malaria diagnosis and treatment (page 3).

To implement this initiative, the mission entered into cooperative agreements with Intrahealth (June 2006 to September 2011) and Christian Children's Fund (July 2006 to September 2011) and participated in USAID/Washington's centrally funded mechanisms with the Academy for Educational Development and Research Triangle Institute. During fiscal year (FY) 2008, USAID/Senegal obligated $15.8 million and disbursed $15.1 million (pages 3–4).

In FY 2008, the PMI program exceeded its performance target for training and purchasing insecticide-treated bed nets. The program did not meet its target for distributing and selling bed nets, mainly because the regions for the free net distribution were not selected until March and free distribution of bed nets had cannibalized sales to some degree. Finally, although USAID/Senegal reported that it had exceeded the target for spraying houses, deficiencies in program records made it impossible to verify this accomplishment (page 5).

On a broader level, PMI has had a positive impact as measured by the decrease in the under-5 mortality rate from 121 per 1,000 live births in 2005 to 85 per 1,000 live births in 2008–2009. Though it is difficult to disaggregate other factors that may have also contributed to the decrease in mortality, given the increase in net ownership and use and the high occurrence of malaria in Senegal prior to the beginning of PMI, it is likely that a significant amount of this reduction is due to malaria control interventions (page 7).

The audit disclosed three issues:

- Program records for the number of houses sprayed exhibited significant discrepancies. For a judgmental sample of 10,320 houses selected for testing, the implementing partner could not provide supporting documentation to show that more than 11 percent of the houses had in fact been sprayed (pages 7-8).

- Financial accountability for a subsidized bed-net voucher system has been deficient, and bed nets have been stored in unsanitary conditions (page 9).

- The partner implementing spraying activities did not adhere to USAID branding policies, as none of the three district warehouses or any of the items stored in them displayed the USAID logo. However, after the audit was completed, USAID/Senegal and the partner trained staff and took action to mark USAID-financed commodities and equipment (page 10).

To address these issues, this audit recommends that USAID/Senegal:

- Train program staff in reporting results for the spraying program (page 8).

- Verify reported results for indoor residual spraying and maintain support for the reported results (page 8).

- Review supporting documentation provided to liquidate advances totaling $645,000 (page 10).

- Establish internal control procedures to improve storage conditions of bed nets and increase transparency of future bed-net voucher programs (page 10).

USAID/Senegal did not agree with most of the recommendations, but has taken action to address the issues identified in the report. Based on actions taken by the mission and supporting documentation provided, final action has been taken on recommendation no. 3, and management decisions have been reached on recommendation nos. 1, 2, and 4. USAID/Senegal's comments are included in their entirety in appendix II.

BACKGROUND

On June 30, 2005, President Bush launched the President's Malaria Initiative (PMI), with a goal of reducing malaria deaths by 50 percent after 3 years of full implementation in 15 target countries. The initiative's goal is to reach 85 percent of the most vulnerable people (children under age 5 and pregnant women) through prevention and treatment activities. PMI is a 5-year, $1.2 billion program that began in 2006 in Angola, Tanzania, and Uganda. Four countries (including Senegal) were added in 2007, and eight more countries began implementation in 2008. Funding for PMI began with $30 million in fiscal year (FY) 2006 for the initial 3 countries, increased to $135 million in FY 2007 for the initial 3 countries plus the 4 additional countries, and was expected to reach $300 million in FY 2008 and FY 2009, with up to $500 million in FY 2010 in 15 countries.

USAID leads PMI with assistance from the U.S. Centers for Disease Control and Prevention, host country governments, international partners, nongovernmental organizations, and the private sector. PMI's key program areas for the prevention and treatment of malaria include the following:

- Distribution of insecticide-treated nets, especially to children under 5 years of age and pregnant women
- Indoor residual spraying in three districts
- Intermittent preventive treatment for pregnant women
- Case management for improved malaria diagnosis and treatment
- Community interventions

According to USAID/Senegal's FY 2008 Malaria Operational Plan, Senegal has an estimated population of 11.3 million people, of whom approximately 1.9 million are children under age 5. Malaria is a major cause of morbidity and mortality in Senegal and, as a result, it is a high priority for the government. Between 1 million and 1.5 million cases of malaria are reported each year, and more than one-quarter of those cases involve children younger than 5 years old. In Senegal, malaria is responsible for about one-third of all outpatient consultations and 27 percent of mortality in health facilities.

PMI activities in Senegal are conducted by four main implementers—IntraHealth, Academy for Educational Development (AED, implementing under the Netmark project), Research Triangle Institute International, and a consortium of six nongovernmental organizations led by Christian Children's Fund. However, the mission entered into cooperative agreements with two implementers only: IntraHealth (June 2006 to September 2011), and Christian Children's Fund (July 2006 to September 2011). The AED and Research Triangle Institute activities were implemented through centrally funded mechanisms managed in Washington, DC.

In FY 2008, PMI budgeted $15.8 million for malaria prevention and treatment activities. According to USAID/Senegal's FY 2008 Malaria Operational Plan, the major allocations of this amount are as follows:

- Forty-one percent for supporting household ownership and use of insecticide-treated nets
- Nineteen percent for indoor residual spraying
- Seventeen percent for community-based malaria interventions (including case management and promotion of insecticide-treated nets, indoor residual spraying, and malaria in pregnancy activities).
- Seven percent for improving malaria diagnosis and treatment at the health facility level
- Three percent for malaria in pregnancy activities

USAID/Senegal obligated $15.8 million and disbursed $15.1 million for FY 2008 to support PMI activities in Senegal.

AUDIT OBJECTIVE

The Regional Inspector General/Dakar conducted this audit in Senegal as part of its FY 2008 audit plan[1] to answer the following question:

- Did USAID/Senegal achieve the results planned for the President's Malaria Initiative program, and what has been the impact of that program?

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

[1] RIG/Dakar had to postpone the audit because of unexpected staffing shortages. Audit fieldwork was resumed in September 2009.

AUDIT FINDINGS

Did USAID/Senegal achieve the results planned for the President's Malaria Initiative program, and what has been the impact of that program?

The President's Malaria Initiative (PMI) program in fiscal year (FY) 2008 exceeded the target for the number of people trained in malaria treatment or prevention (10,502 compared with a target of 2,749) and the target for the number of insecticide-treated bed nets purchased. The program did not achieve its target for distributing and selling insecticide-treated bed nets because of a delay in selecting the regions for the free net distribution and because free distribution of nets cannibalized sales to some degree. The mission also reported that it had exceeded the target for spraying houses, but deficiencies in program records raised questions concerning the validity and reliability of this reported result.

The key indicators used to measure the progress of PMI are summarized in Table 1.

Table 1. FY 2008 USAID Targets and Reported Results

Indicators	Targets	Reported Results	Percentage Met	Results Achieved?
Number of people trained in malaria treatment or prevention with U.S. Government funds	2,749	10,502	382	Yes
Number of insecticide-treated nets purchased with U.S. Government funds	935,000	948,966	101	Yes
Number of insecticide-treated nets distributed or sold with U.S. Government funds	1,324,000	1,010,522	76	No
Number of houses sprayed with insecticide with USAID support	76,000	153,942	203	Could Not Determine[2]

Service providers and community health workers trained in prevention and treatment of malaria. To enhance service providers' and community health workers' knowledge and reinforce diagnostic capacities, PMI supported medical staff training in the area of prevention and treatment of malaria. For FY 2008, the mission reported 10,502 service providers and community health workers trained, exceeding its target by 282 percent.

Insecticide-treated nets purchased. The procurement and distribution of insecticide-treated nets is part of PMI's strategy in the prevention of malaria, primarily for children under age 5 and pregnant women. For FY 2008, the mission purchased 948,966 bed nets, exceeding its target by 1 percent.

[2] Inaccurate reporting raised questions concerning the validity and reliability of this reported result in the mission's FY 2008 performance report (see the finding beginning on page 7).

Insecticide-treated nets distributed or sold. The mission reported that 1,010,522 U.S.-funded treated nets had been distributed and/or sold in FY 2008, slightly short of its target of 1,324,000. The mission missed its target for two reasons. First, the regions for the free net distribution were not selected until March 2008, midway through the fiscal year. Second, in four of the five regions where nets were sold, free bed nets were also available, and availability of free bed nets cannibalized sales to some degree. (Subsequently, the mission took this factor into account when it set FY 2009 performance targets.)

Houses sprayed. During FY 2008, PMI supported spraying of 153,942 houses, protecting about 645,000 people including children and pregnant women. However, there were significant discrepancies in the reported data as described on page 7, and the audit could not obtain reasonable assurance that the results reported for this indicator were valid and reliable and met required data quality standards. Accordingly, the audit could not reach any conclusions on the spraying results.

According to a national malaria survey in 2008–2009, the percentage of children younger than 5 years sleeping under treated nets increased from 16 percent in 2006 to 29 percent in 2008–2009, and the percentage of pregnant women sleeping under treated nets increased from 17 percent to 29 percent. Also, the proportion of households possessing at least one treated net increased from 36 percent in 2005 to 60 percent in 2008–2009.

Training for health workers has helped them to better distinguish malaria-related symptoms from symptoms of other illnesses and to use a rapid testing technique to diagnose malaria quickly. Prior to the training and the introduction of rapid testing, numerous cases were misdiagnosed[3] as malaria because patients who suffered from a high fever were almost always automatically treated for malaria, despite the presence of other nonmalarial symptoms. Before training and rapid testing were implemented, medical staff logged a much higher monthly average of suspected malaria cases. For example, in the catchment area of the district of Le Centre de Santé de Velingara, an average of 613 cases were logged, compared with 7,269 cases prior to the implementation of PMI. Also, in the catchment area of the district of Le Poste de Santé de Keur Taffa, an average of 16 suspected malaria cases were logged, compared with 92 cases prior to the implementation of PMI. Not only have suspected malaria cases decreased by 83 to 92 percent, but medical staff also are able to confirm true cases of malaria. Of the 613 cases noted above at Velingara, an average of 280 (45 percent) were confirmed malaria cases.

In one region, doctors told us they believe that indoor spraying has reduced the number of malaria-carrying mosquitoes to the point that malaria will soon be eradicated in the region.

The number of reported malaria cases has in fact decreased, but it is not clear to what degree the decline in reported cases reflects better diagnosis or an actual decline in malaria infections. Testing for the presence of plasmodium parasites in the blood accurately measures the prevalence of malaria infection, but this testing was done for the first time on a nationwide scale only during the 2008–2009 Malaria Indicator Survey.

[3] In areas where quality diagnosis and testing was unavailable, presumptive treatment of malaria (the provision of malaria treatment in cases of fever without serological testing) is consistent with World Health Organization policy and guidelines.

Other indicators also point to a possible decline in malaria infection rates. Malaria infection contributes to anemia, and the prevalence of anemia in children under age 5 has fallen from 82.6 percent in 2005 to 79.4 percent in 2008–2009. Similarly, the under-5 mortality rate has decreased from 121 per 1,000 live births in 2005 to 85 per 1,000 live births in 2008–2009. It is difficult to disaggregate other factors that also may have contributed to the decrease in mortality, but given the increase in net ownership and use and the high occurrence of malaria in Senegal prior to the beginning of the PMI, it is likely that a significant amount of this reduction is due to malaria control interventions.

The audit identified problems with (1) a lack of supporting documentation for one reported result, (2) poor financial accountability, (3) unsanitary storage of bed nets, and (4) noncompliance with USAID's branding and marking policy. These issues are discussed below.

Spraying Results Were Not Supported

Summary: According to USAID's Automated Directives System (ADS) 203.3.5.1, performance data should meet data quality standards, including standards for reliability and precision, and missions should take steps to ensure that submitted data are adequately supported. The audit found significant discrepancies with regard to results reported for one of the four main indicators—the number of houses sprayed. For the sample of 10,320 houses selected for testing, the implementing partner could not provide support for 89 percent of the houses sprayed. This occurred because Research Triangle International does not have internal controls to ensure proper collection and reporting of results. Consequently, USAID/Senegal did not have reasonable assurance that the data met acceptable standards of validity, reliability, and timeliness. Without reliable data, managers cannot make sound performance-based decisions.

According to ADS 203.3.5.1, performance data should meet data quality standards, including standards for reliability and precision (i.e. data should be sufficiently precise to present a fair picture of performance), and missions must take steps to ensure that submitted data are reasonably accurate and that they adequately represent the intended result. In addition, the Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*[4] includes, among control activities common to all agencies, the accurate and timely recording of transactions and significant events. It also includes the control activity of appropriate documentation of transactions and internal control, for which transactions and significant events should be clearly documented with readily available documentation.

One of USAID/Senegal's main PMI indicators—the number of houses sprayed—reported by Research Triangle International (RTI, the sole implementing partner for spraying activities) was not supported. For fiscal year (FY) 2008, RTI reported a total of 153,942 houses sprayed in 51 villages. To verify this quantity, the audit team reviewed RTI's work plans and progress reports and noted no discrepancies. However, additional testing, which consisted of reviews of daily and recap reports for four villages sprayed, revealed significant discrepancies in the number of houses sprayed. According to RTI's

[4] GAO/AIMD-00-21.3.1 (11/99).

2008 “Final Indoor Residual Spraying Update Report,” it had sprayed 10,320 houses in the four villages selected. However, when the audit compared daily recap reports with the amounts reported by RTI, the audit team was able to account for only 1,134 houses (11 percent). Table 2 details the variances noted during the audit.

Table 2. Spraying Results Reported by RTI and Verified by Auditors

Health Posts	RTI Reported Results	Auditor Verified Results	Percentage of Error
Gnith	2,249	423	81
Medina Diaquet	2,405	55	98
Taiba Niassene	4,396	209	95
Saboya	1,270	447	65
Total	**10,320**	**1,134**	**89**

These discrepancies occurred primarily because RTI does not have internal controls to ensure proper collection and reporting of results. Also, although RTI reportedly trained some of its staff, the training may not have been sufficient or available to all staff involved with data collection. In November 2007, the mission conducted a data quality assessment on this indicator and, among other findings, identified a lack of adequate data archiving. Furthermore, the mission did not sufficiently verify the results that were reported by this implementing partner to ensure that submitted data were adequately supported.

With inadequate records and an inconsistent and undocumented reporting system, internal controls for results reporting could not ensure that reported results were (1) valid, (2) supported, and (3) accurately summarized before being reported to the mission. Consequently, USAID/Senegal did not have reasonable assurance that the data met acceptable standards of validity, reliability, and timeliness. Without reliable data, managers cannot make sound performance-based decisions. As a result of these significant variances, the audit could not obtain reasonable assurance that the results reported by RTI for the indicator—the number of houses sprayed—were valid and reliable and met required data quality standards. Therefore, this audit includes the following recommendations to strengthen the results reporting system under the mission’s PMI program.

Recommendation No. 1: We recommend that USAID/Senegal, in conjunction with Research Triangle Institute, develop a written plan with a timetable to conduct training for all staff who are responsible for collecting, compiling, and reporting data—administrative staff and personnel responsible for spraying.

Recommendation No. 2: We recommend that USAID/Senegal develop a written plan for cross-checking and verifying data on reported indoor residual spraying and maintain support of their verification of reported results.

Accountability For the Subsidized Bed-Net Voucher Program Needs Improvement

Summary: According to GAO,[5] effective and efficient control activities help to ensure that transactions are recorded completely and accurately to allow agencies to make operating decisions, monitor performance, and allocate resources efficiently. The audit found a lack of accountability and poor management of transactions for the subsidized bed-net voucher program and unsanitary storage conditions of bed nets. These weaknesses were attributable to poor record keeping and poor internal controls over the storage of commodities. Because the distributors neglected to collect vouchers at the health facilities, a potential for misuse arose. Moreover, $645,000 of advances could not be reconciled because the Academy for Educational Development did not follow up on its transactions.

According to GAO, effective and efficient control activities help to ensure that transactions are recorded completely and accurately to allow agencies to make operating decisions, monitor performance, and allocate resources efficiently.

One of the goals of the PMI is to provide proven preventive interventions, such as bed nets, to 85 percent of the most vulnerable groups. To accomplish this goal, USAID, in partnership with Academy for Educational Development (AED), instituted a subsidized voucher program that would grant a voucher to targeted groups (children under the age of 5 and pregnant women), who could exchange it (in addition to a small copayment) for a bed net at specified health facilities. A fraction of the copayment would remain with health facilities to assist with small improvements to the facility and purchases of medical supplies. The balance of the copayment would be submitted to the distributor, who would be responsible for providing a steady supply of bed nets at the health facilities. Distributors would make periodic visits to the facilities to collect redeemed vouchers and restock bed nets; in some cases, AED staff would collect the redeemed vouchers.

The audit team visited six health posts (but only four participated in the Netmark bed net program). At three of the posts, the distributor had not visited the site in the past 5 months. These sites had a total of 566 uncollected vouchers. In addition, AED acknowledged that it had not accounted for $645,000 in bed nets that were given to PaluNet and DNS from February 2007 through April 2008.

This lack of accountability occurred primarily because the distributors had no incentive for promptness in collecting the redeemed vouchers, since the nets had already been granted to them. Also, AED was delayed in reconciling its books and failed to follow up with the distributors and recover redeemed vouchers and/or the money advanced to the distributors. Consequently, an estimated $645,000 of advances remained unreconciled.

In addition, at one of the six sites visited where bed nets were distributed, the audit team found rodent droppings, rodent bite marks, and urine stains on plastic bags and cartons that contained the bed nets. These unsanitary conditions could endanger the health of people who used the nets, including children and pregnant women. This hazard resulted from poor internal controls for storing the commodities.

[5] *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (11/99)

Recommendation No. 3: We recommend that USAID/Senegal review the supporting documentation provided by the implementing partner and verify that outstanding advances totaling $645,000 have been properly reconciled.

Recommendation No. 4: We recommend that USAID/Senegal establish written internal control procedures to improve storage conditions of bed nets and provide transparency over the voucher programs in future projects.

USAID/Senegal and Its Implementing Partner Need to Adhere to Branding and Marking Policy

Summary: ADS 320 generally requires[6] that USAID programs, projects, activities, public communications, or commodities be prominently marked as U.S. assistance. However, none of the three district warehouses visited and none of the items stored in the warehouses displayed the USAID logo. This failure to display the logo occurred because of a lack of oversight by both mission and implementing partner staff. Consequently, the objectives of USAID's branding campaign—enhancing the visibility and value of USAID's foreign assistance—were not met.

According to ADS 320.3.1, USAID employees must ensure that the applicable branding and marking policy directives and procedures are included in the instruments USAID uses to implement development assistance programs and projects. ADS 320.3.2.4 generally requires Marking Plans to be incorporated in USAID direct contracts to ensure that programs, projects, activities, public communications, or commodities prominently display the USAID identity. ADS 320.3.1 also states that to comply with the general requirement that USAID-funded foreign assistance be branded and marked, employees involved in program implementation must ensure that USAID implementing partners communicate that the assistance is from the American people.

None of the three district warehouses managed by RTI displayed the USAID logo, and items such as spray tanks and containers were not marked with the USAID logo. The audit team spoke to many villagers who highly praised the efficiency of the indoor spraying campaign, but many did not know that USAID had financed the program.

This failure to display the logo occurred because of a lack of oversight by both mission and implementing partner staff. As a result, the objective of furthering U.S. foreign policy may not be met, and neither the U.S. Government nor the American people will be given recognition for the provision of public resources.

Following audit fieldwork, the mission and the implementing partner took action and provided evidence that all items funded with PMI money—such as warehouses, containers, spray tanks, and even laptops—have been marked as required. In addition, all community health workers and personnel who spray houses have been trained to communicate to the villagers that USAID is responsible for financing the program. Since

[6] ADS 320.3.2.5 provides for exceptions to contract marking requirements, and ADS 320.3.2.6 addresses waivers to contract marking requirements.

the mission has taken sufficient action to address the problem, this audit is not making a recommendation.

Spray tanks at RTI's main warehouse were not marked with the USAID logo. Picture taken by USAID auditor on January 22, 2009.

EVALUATION OF MANAGEMENT COMMENTS

Although USAID/Senegal did not agree with three of the four recommendations in the draft report, the mission has taken action to address the issues noted in the report. Based on actions taken by the mission and supporting documentation provided, final action has been taken on recommendation no. 3 and management decisions have been reached on recommendation nos. 1, 2, and 4.

Regarding recommendation no. 1, the mission did not agree with the recommendation, stating that there was misunderstanding on the part of the audit team as to the definition of the area (district, health post, or village). The audit team would like to clarify that the implementing partner was not able to provide evidence to support the reported results for the four areas sprayed. According to the 2008 Final IRS Updates Per Health Post report received from the mission, 10,320 houses were sprayed in Gnith, Medina Diaquet, Saboya, and Tiaba Nasseene. The audit team requested detailed documentation to support the reported results of the 10,320 houses sprayed for those areas. The supporting documentation provided by the implementing partner did not match the reported results. Even if there was confusion over the name of the area (district, health post, or village), there was no confusion as to the number being verified. Furthermore, the implementing partner staff came to the audit office twice—first on January 27, then again on January 28—and after several hours of going through documentation was unable to provide any documentation to support the data. Although an implementing partner staff member returned a third time with boxes of data for the auditors, the audit team considered that the information was not clearly documented to support accurately reported results.

However, regardless of the disagreement with the audit finding, the mission has agreed to conduct a workshop to revise data collection tools and review supervision procedures by April 30, 2010. Accordingly, a management decision has been reached on this recommendation, and the target date for final action is April 30, 2010.

Regarding recommendation no. 2, the mission did not agree with the recommendation but acknowledged that current training manuals needed clearer descriptions to avoid errors in data compilation. To ensure that supervision is timely, adequate, and documented, the implementing partner will conduct a workshop by April 30, 2010. Accordingly, a management decision has been reached, and the target date for final action is April 30, 2010.

Regarding recommendation no. 3, the mission did not agree with the recommendation; however, based on the mission's comments and supporting documentation provided, the mission has reviewed the tracking sheets and invoices submitted by the implementer and reconciled the outstanding advances without exception. Accordingly, this recommendation is closed upon issuance of the audit report.

For recommendation no. 4, the mission agreed with the recommendation. USAID/Senegal will ensure that the new project will include necessary written guidance on the proper storage of bed nets by September 30, 2010. Accordingly, a management decision has been reached, and a target date for final action is September 30, 2010.

In addition, the mission made some comments about the draft report. The audit team has modified the report to reflect those comments with which it agrees. For those comments with which it does not agree, an evaluation is presented below:

- The mission claimed that the statement "the effect of PMI on malaria is not clear" was out of context and inaccurate because the 2008 Senegal Malaria Indicator Survey showed a 30 percent reduction in all-cause under-5 mortality when compared with the 2005 Demographic and Health Survey. The mission also stated that "a 30 percent reduction in all-cause mortality, with the context of coverage indicators drastically improving and anemia decreasing, is clear indication of real high-level impact."

  The Regional Inspector General/Dakar (RIG/Dakar) agrees with the mission that there was a reduction in the under-5 mortality, but states that the effect of PMI on malaria is not clear because many factors could have influenced these outcomes. Based on a followup conversation, RIG/Dakar has revised the wording to better explain its position as well as the mission's.

- The mission stated that it was no longer accurate to say, "In Senegal, malaria is responsible for about one-third of all outpatient consultations and 28 percent of mortality in health facilities."

  This information came directly from the fiscal year (FY) 2009 Malaria Operational Plan. The audit team noted, however, that the percentage of mortality in health facilities was 27 percent instead of 28 percent and has made the change in the audit report accordingly.

- The mission stated that the audit team visited six sites where the voucher system was in operation, not four.

  The audit team visited six sites, but according to staff at these sites, only four were participating in the Netmark bed net program.

- The mission stated that it was incorrect and misleading to say that the implementer did not adhere to USAID's branding policies, and that the implementer's branding and marking plan, approved on May 16, 2007, states that the President's Malaria Initiative logo will not be used to mark project offices. Also, the mission stated that it was inaccurate to say that "items such as spray tanks and containers were not marked with the USAID logo."

  According to a copy of the final task order from the cognizant technical officer in Washington, DC, it is USAID policy that USAID-financed commodities and shipping containers, project construction sites, and other project locations be suitably marked with the USAID logo. Additionally, Automated Directives System 320 states that it is USAID's policy that programs, projects, activities, public communications, or commodities implemented or delivered under contracts and subcontracts exclusively funded by USAID are marked exclusively with the USAID brand. The USAID principal officer has the authority to waive, in whole or in part, USAID marking requirements. The principal officer may exercise this authority only if he or she determines that USAID-required markings would pose compelling political, safety, or security concerns, or that marking has had or will

have an adverse reaction in the cooperating country. No waiver for marking and branding was noted.

The projects sites visited during the audit were clearly not marked. The spray tanks may have been marked during the spray campaigns; however, during the audit visit to the main warehouse, none of the tanks observed were marked with the USAID logo. To illustrate, the audit team added to the audit report a photograph of the spray tanks observed during the audit.

Management comments in their entirety are included in appendix II.

SCOPE AND METHODOLOGY

Scope

The Office of the Regional Inspector General/Dakar (RIG/Dakar) conducted this 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, based on our audit objective. We believe that the evidence obtained provides that reasonable basis. The audit was designed to determine whether USAID/Senegal had achieved the results planned for the President's Malaria Initiative (PMI) program.

In planning and performing the audit, RIG/Dakar reviewed and assessed the effectiveness of management controls related to PMI. The management controls we assessed included the country malaria operational plans and monitoring activities, bed-net inventory management controls, and controls over the voucher system. During the audit, we requested and reviewed (1) mission's documentation related to managing and monitoring the program, (2) implementing partners' reports, (3) mission's site visit reports, and (4) mission's annual self-assessment of internal control in accordance with provisions of the Federal Managers' Financial Integrity Act of 1982.[7]

Fieldwork was conducted from February 2 to 21, 2009,[8] at USAID/Senegal, at partner offices in Dakar, and at select sites throughout Senegal including the districts of Richard Toll, Velingara, and Nioro. During the period covered by the audit (October 2006 to September 2008),[9] USAID/Senegal obligated $16.7 million for fiscal year (FY) 2007 and $15.8 million for FY 2008 and disbursed $13.3 million for FY 2007 and $15.1 million for FY 2008 to support PMI activities in Senegal.

Methodology

To answer the audit objectives, we interviewed officials from USAID/Senegal, Research Triangle Institute International (RTI), Christian Children's Fund (CCF), IntraHealth, and Academy for Educational Development (AED) as well as an official from the Senegalese Ministry of Health. We visited health facilities and health district offices. At the health facilities, we interviewed pharmacists, laboratory technicians, supervising nurses and other medical and paramedical staffs, and implementing field staff. We verified inventories of bed nets and artemisinin-based combination therapy drugs and reviewed patient intake registers. We visited officials from the four implementers—RTI, AED, CCF, and IntraHealth—and examined their agreements and progress reports.

We traced FY 2007 targets to the mission's FY 2007 operational plan, its FY 2007 performance report, and its internal worksheets. We compared reported targets with

[7] Public Law 97–255, as codified in 31 U.S.C. 1105, 1113, and 3512.

[8] The audit entrance conference was held on September 15, 2008; the exit conference was held on September 14, 2009; and the draft report was issued to the mission on January 6, 2010.

[9] The period covered by the audit was October 2006 to September 2008, but the audit is reviewing results for FY 2008 only.

reported results and determined the level of achievement. We also compared FY 2007 indicators with FY 2008 indicators for consistency.

For all four indicators for FY 2008, listed on page 5 of this report, we validated performance results and compared reported information with documented results in work plans and progress reports submitted by the implementing partners. In addition, we reviewed documentation (e.g., summary worksheets and records) supporting the results reported by USAID/Senegal. We determined achievement of each indicator by utilizing a threshold criterion of at least 90 percent. In addition, we judgmentally selected 3 of the 55 health districts—Nioro, Velingara, and Richard Toll—giving preference to communities that had activities falling under the key program components of bed-net distribution, spraying of houses, and voucher distribution. We also visited 9 of 558 health posts, 9 of the 1,253 health huts, 2 of the 15 district health centers, and 7 of the houses sprayed during the 2007 or 2008 spraying campaigns. We are not projecting the results from our testing to the entire population.

We also verified and counted vouchers to reconcile the amount of redeemed vouchers on hand with funds available to ascertain whether health facilities had sufficient funds to remit to distributors upon demand.

To ascertain the impact of the results achieved, we interviewed an official from the Ministry of Heath, USAID/Senegal officials, health facilities' staffs, health district officials, and beneficiaries. We reviewed PMI reports and tested reported results for accuracy. For selected months, we reviewed registers for the number of individuals reported as being seen for malaria at the health facilities. This review compared monthly data captured on the health facilities' registers for October, November, and December 2007 and 2008, whenever possible, depending on the available data.

To judge the significance of variances found during the audit between reported accomplishments and supporting documentation, we considered a variance of 10 percent or more to be significant and reportable.

MANAGEMENT COMMENTS

USAID | SENEGAL
FROM THE AMERICAN PEOPLE

MEMORANDUM

DATE: February 6, 2010

TO : Regional Inspector General/Dakar, Gerard Custer

FROM: George Zegarac, Acting Mission Director, USAID/Senegal

REF: RIG/Dakar Draft Audit Report No.7-685-10-00X-P

This memorandum transmits USAID/Senegal's management comments to the subject RIG/Dakar Draft Audit Report. Thank you for sharing the draft report and providing us the opportunity to offer clarifications and our response. We view audits as an opportunity to improve USAID health programming, however, we have a number of concerns with the resultant findings and recommendations.

In particular, USAID/Senegal is concerned about the comments which describe the higher level effect of malaria activities. The statement that "the effect of PMI on malaria is not clear", is out of context and inaccurate. The 2008 Senegal Malaria Indicator Survey (MIS) showed a 30% reduction in all-cause under-five mortality when compared with the 2005 Demographic and Health Survey (DHS). Since Senegal was receiving significant amounts of USAID malaria funding before PMI was launched, and this support increased greatly after 2006 we believe that much of the reduction in under five mortality is due to malaria control efforts and the USG has played a major role in this achievement. The dramatic increases in bed net ownership and usage, the nationwide roll out of artemisinin-based combination therapy and intermittent preventive treatment of pregnant women, together with the introduction of large-scale IRS supported by PMI over this same period of time, suggests that malaria control played a major role in this reduction.

Numerous factual and technical inaccuracies are present in the report, which we have sought to correct in the "General Comments" section. The draft report contains four recommendations. The attached response includes action items that respond to certain aspects; however, we disagree with all of the recommendations as well as many of the assertions and much of the analysis that supports the recommendations. We believe that the extraordinary length of time taken to carry out this audit, due to competing priorities and staff shortages in the RIG/Dakar, contributed significantly to these difficulties. Despite that, it should be noted that we have appreciated the professionalism of the RIG/Dakar staff in conducting the audit, even under these challenging circumstances.

We remain open to further discussion on the content of the report and look forward to a continued collaborative working relationship.

GENERAL COMMENTS AND CORRECTIONS

Summary of Results

1. P. 1, 1st paragraph - Although it is correct to label bed-net distribution and indoor residual spraying as "preventive activities" it is not accurate to imply that training of health care workers in improved malaria diagnosis and treatment also falls under the label of preventive activities. To ensure accuracy suggest – replace "Through these activities" to "Under this Initiative."
2. P.1, 2nd paragraph - For the same reason as above, suggest replacing "To implement these activities" with "To implement this Initiative…"
3. P. 1, 3rd paragraph, 1st sentence - Quantitatively, the PMI program **exceeded** its targets for both training and bed net purchasing.
4. P. 1, 3rd paragraph, 2nd sentence - Should read «…mainly because the regions for **the free** net distribution had not been selected until March…"
5. P. 1, 4th paragraph, final sentence - The statement that "the effect of PMI on malaria is not clear", is out of context and inaccurate. The 2008 Senegal Malaria Indicator Survey (MIS) showed a 30% reduction in all-cause under-five mortality when compared with the 2005 Demographic and Health Survey (DHS). Since Senegal was receiving significant amounts of USAID malaria funding before PMI was launched, and this support increased greatly after 2006 we believe that much of the reduction in under five mortality is due to malaria control efforts and the USG has played a major role in this achievement. The dramatic increases in bed net ownership and usage, the nationwide roll out of artemisinin-based combination therapy and intermittent preventive treatment of pregnant women, together with the introduction of large-scale IRS supported by PMI over this same period of time, suggests that malaria control played a major role in this reduction.
6. P. 1, third bullet – The audit findings related to branding and marking policies only refer to one of PMI Senegal's 12 implementing partners. Thus it is incorrect and misleading to say categorically that "The **implementers** were not adhering to USAID branding policies." In addition, there was virtually no spray equipment stored at the district warehouses during the audit team visits and after the audit, USAID/Senegal did not take specific action to mark commodities, as they were already sufficiently marked (see detailed response on p. 9 below).

Background

7. P. 3, first paragraph, last sentence: "..and was expected to reach $300 million in FY2008 **and FY2009** and $500 million in FY2010 in 15 countries."
8. P. 3, second from last paragraph - it would be important to note that the malaria statistics presented refer to the year 2006 or earlier [as for example, it is no longer accurate to state that malaria is responsible for one-third of all out patient consultations and 28% of mortality in health facilities].
9. P. 3, last paragraph – It is more accurate to say that PMI activities in Senegal are conducted by four **main** implementers. In FY08, there were in fact 12 different implementing partners. Also, there are **six** NGOs in the consortium led by Christian Children's Fund, not four.

10. P. 4, first sentence - "In FY2008, PMI budgeted $15.8 million for malaria prevention **and treatment** activities." PMI supports more than just prevention activities and the bullets that directly follow illustrate this.

Audit Findings

11. P. 5, first paragraph - it would be more accurate to state **exceeded** the target for nets purchased as opposed to met "…and **exceeded** its target for the number of insecticide-treated bed nets purchased."
12. P. 5, paragraph following Table 1 – The figures presented for persons trained in malaria treatment or prevention include clinical service providers – i.e. people who diagnose and treat patients – and community outreach workers who conduct health education and community mobilization activities. Using the terms "service providers" and "medical staff" incorrectly implies that only clinical staff was trained and ignores the important prevention element. Also, the target was exceeded by **282%**, not 382% (achievement of the target equals 100%).
13. P. 5, next to last paragraph - The target for insecticide-treated nets purchased was exceeded by **1%**, not 101% (achievement of the target equals 100%).
14. P. 6, second complete sentence – This sentence should read "…the regions for **the free** net distribution had not been selected until March…" This distinction is important because NetMark, the project responsible for selling nets, was already operating in the regions eventually selected for the free campaign and had set its target based on a scenario that did not include free nets being given to the same target population. Thus the "first" and "second" reasons for the mission missing its net distribution target are essentially the same.
15. P. 6, third paragraph, last sentence – "the effect of program activities on malaria infection rates or other health indicators is less clear" implies that there are both positive and negative results and the net effect is neutral. However, as stated previously, 2008 Senegal Malaria Indicator Survey (MIS) showed a 30% reduction in all-cause under-five mortality when compared with the 2005 Demographic and Health Survey (DHS). Since Senegal was receiving significant amounts of USAID malaria funding before PMI was launched, and this support increased greatly after 2006 we believe that much of the reduction in under five mortality is due to malaria control efforts and the USG has played a major role in this achievement. The dramatic increases in bed net ownership and usage, the nationwide roll out of artemisinin-based combination therapy and intermittent preventive treatment of pregnant women, together with the introduction of large-scale IRS supported by PMI over this same period of time, suggests that malaria control played a major role in this reduction.
16. P. 6, fourth paragraph, first sentence – in the Malaria Indicator Survey 2008 report, the first result refers to **children less than five years** sleeping under treated nets, not infants (who are defined as children less than one year).
17. P. 6, fifth paragraph, second sentence – It should be noted that in areas where quality diagnosis and testing is unavailable, presumptive treatment of malaria (the provision of malaria treatment in cases of fever without serological testing) is consistent with World Health Organization policy and guidelines.

18. P. 6, fifth paragraph, fourth sentence to end of paragraph –
    - The facilities discussed include the Velingara district health center and one health post, Keur Tapha. Using the term "region" implies a much larger

geographic scope than the reality. "**Catchment area"** would be a more appropriate term.

- Saying "prior to the program" and "after the program" implies that PMI activities were only implemented during a specific period and have now ended, which is not the case as PMI activities continue.
- The data cited for Velingara Health Center refer in fact to the entire health district, not just that one facility.

19. P. 6, last paragraph - P. 7 – This language once again leads the reader to conclude that there has been no or very "unclear" impact of malaria control in Senegal. It is unfortunate that the frequency of malaria parasitemia was not measured in the 2006 Malaria Indicator Survey, but at the time that survey was conducted, parasitemia was not a standard part of the survey protocol. However, the 5.7% frequency of parasitemia found in the 2008/09 survey is well below the 30% level that one would expect in a household survey of children under five in West Africa, suggesting again that there has already been a significant reduction in the level of malaria transmission in Senegal. Since malaria-specific mortality is impossible to measure, PMI uses all-cause under five mortality to determine progress towards achievement of PMI goals. A 30% reduction in all cause mortality, with the context of coverage indicators drastically improving and anemia decreasing is clear indication of real high level impact.
20. P. 9, third paragraph – The audit team visited **six** sites where the voucher system was in operation, not four[10]. In Velingara District the team visited one health center and three health posts; **three** of these health facilities participated in the voucher program. In Nioro District the team visited **three** health posts, all of which participated in the voucher program. The voucher program did not operate in Richard Toll District.

Scope and Methodology

21. USAID/Senegal would like to have included in this section the dates of the audit entrance conference (09/15/2008), exit meeting (09/14/2009) and receipt of the draft report (01/06/2010).
22. P. 12, third paragraph – This text says that the period covered by the audit is October 2006 to September 2008, but the body of the report only refers to fiscal year 2008 results.
23. P. 12, last paragraph – Same as above – text should only reference FY08.
24. P. 12, footnote 7 – Artemisinin is a drug used to treat malaria (not "multi-drug-resistant strains of malaria"). It is used in "combination therapy" with other drugs in order to delay the development of drug resistance in the parasite that causes malaria.
25. P. 13, first paragraph, fourth sentence – The audit team visited 2 **district health** centers, not regional medical centers.

USAID/SENEGAL RESPONSE TO IDENTIFIED PROBLEMS

1) Spraying Results Were Not Supported

[10] The audit team was accompanied by PMI team member in Velingara and Richard Toll districts, but not to Nioro district.

Recommendation 1. *We recommend that USAID/Senegal, in conjunction with Research Triangle Institute, develop a written plan with a timetable to conduct training for all staff who are responsible for collecting, compiling, and reporting data—administrative staff and personnel responsible for spraying.*

Recommendation 2. *We recommend that USAID/Senegal develop a written plan for cross-checking and verifying data on reported indoor residual spraying and maintain support of their verification of reported results.*

USAID/Senegal's position on the findings and Recommendations 1 and 2, of the draft audit report:

USAID/Senegal does not agree with the finding that indoor residual spraying (IRS) results were not supported.

The auditors attempted to verify the number of houses sprayed in four areas where the activity was conducted. However, there was misunderstanding on the part of the audit team as to the definition of these areas. Research Triangle Institute (RTI) reports results for IRS by district and within each district, by health post. A health post bears the name of the village in which it is located but the spray teams operating from the health post carry out IRS activities in numerous other villages. The description in the audit report suggests that these differences were not well understood by the audit team, leading to misunderstandings about what data they were verifying during the audit and to recommendations that are not supported by the facts. For example, the report states that IRS activities were done in 51 villages (p. 7, last paragraph). In fact, the activity was implemented in 1,270 villages that are within the catchment areas of 51 health posts. The text also states that data was verified for four villages, while the table on page 8 compares the verified totals against the four health posts that bear the same name, but cover numerous villages.

The auditor requested on January 23, 2009 the data collection forms to support the results for four health posts covered by IRS. The RTI Chief of Party (COP) understood the request, but a miscommunication within RTI resulted in the auditor receiving on January 23, 2009 the data collection forms for only the four villages bearing the same name as the health post. The auditor reviewed these forms to verify the results, noted the discrepancies on January 28, 2009 and informed RTI. RTI then provided the additional data collection forms for the remaining villages covered by the health posts, with the auditor acknowledging receipt of said documentation on January 28, 2009, indicating that he would review them upon return from a site visit after February 14, 2009. It was not until September 15, 2009 that it was brought to the attention of the PMI team that the auditor did not review these forms, stating that he did not have the time to do so. This is surprising, considering that the audit exercise which commenced on September 15, 2008 did not end until January 6, 2010. Please find all relevant emails attached.

USAID/Senegal has reviewed the same data collection forms that were provided to the auditor and confirms that the totals presented in Table 2 for health posts "RTI Reported Results" are correct and that the totals from the auditor's additional testing ("Auditor verified results") are for only the villages that bear the same name.

Therefore, the issues raised by the auditors reflect miscommunication, a refusal to complete a data review although the information was provided within a reasonable timeframe, and the long delay in completing the audit, rather than problems with internal controls, training or archiving. With an adequate review of the data collection forms, no actual significant discrepancies between the reported results and the supporting documents have been found.

Given this situation, neither of the recommendations related to IRS are relevant and in fact significant care has already been taken to ensure the viability of reported results.

- **Data collection procedures**: Data collection forms for IRS were developed during meetings that included staff from PMI, RTI, the NMCP, and other key vector control partners. During training of trainers and the training of spray operators several sessions are devoted to discussing the forms and how to complete them. During spray operations regular meetings are held at health post and district level to present results, discuss problems encountered, and determine what corrective measures need to be made; the proper completion of the data collection forms is a key part of the discussions. Each evening when forms are received local RTI staff review them for completeness and coherency, enter the data, and share district- and health post-level results with RTI, the PMI Senegal team, and the NMCP. During supervisory visits to observe spray activities by RTI, PMI, and Ministry of Health central and district staff, the forms are reviewed at the household and verified against the actual structures found.

- **Data verification procedures**: Cross-checking and verification of data is done in the field at the end of each spraying day by local staff and during supervision visits by central staff. PMI/Senegal staff visit each district during spray operations in part to verify the quality of data collection, through observations at the household level, watching data compilation at the end of the day, checking completed forms and participating in daily review meetings. At the end of spray operations the quantity of insecticide used is compared to the number of rooms reported to have been sprayed to look for disparities based on the usual amounts of insecticide used to spray a room. In addition, USAID/Senegal has in place written procedures for verifying and checking data and data quality that are in accordance with ADS 203.3.5. Furthermore, during a 2007 data quality assessment of RTI indicators, USAID/Senegal noted that only electronic summaries of the spray operations were available at the RTI office in Dakar, to which RTI responded by transporting the original data collection forms to Dakar, organizing them and archiving them in the RTI central warehouse. Monitoring and evaluation staff at USAID will be conducting a second regularly scheduled data quality assessment of RTI indicators this year. In addition, regular site visits to supervise spray operations will be conducted by RTI headquarters staff as well as the PMI Team.

Action Planned: The Mission and RTI do recognize that improving the quality of the data reported is a continuous process. The current training manuals need clearer descriptions of how to complete the various data collection forms and data collection procedures need to include entry of data into computerized databases at a lower level – for example, direct entry of the spray operator's form – to avoid errors in data compilation. Data collection tools will be revised and procedures for supervision will be reviewed at a workshop with IRS partners to be held by 04/30/2010, well before the

2010 spray operations commence, to ensure supervision is timely, adequate, and documented.

2) Accountability over the Subsidized Bed-Net Voucher Program Needs Improvement

Recommendation 3: *We recommend that USAID/Senegal review the supporting documentation provided by the implementing partner and verify that outstanding advances totaling $645,000 have been properly reconciled.*

USAID/Senegal's position on the finding and Recommendation 3:

USAID/Senegal does not agree with Recommendation 3 of the draft audit report – which characterizes AED's financial management of the subsidized bed-net voucher program as inconsistent with accepted standards.

The assertions that there was a "*lack of accountability*", "*poor management of transactions*" and "*poor record keeping*" in the subsidized bed-net voucher program are not supported by the evidence. The Academy for Educational Development (AED) maintained meticulous records of its transactions with the four bed-net distributors involved in the voucher program over the course of the project. The master tracking spreadsheet and copies of invoices were provided to the auditors at their request following the initial interview in January 2009 and again at project close-out in September 2009. These show that the distributors submitted invoices on a regular basis (in most cases more than one per month) and that AED reimbursed them in a timely manner once the submitted vouchers had been validated.

AED advanced bed nets to Palu-net (136,500) and DNS (125,000) beginning in early 2007 when the voucher program started to expand, in order to ensure that these distributors would have sufficient stock to serve the large number of sites being added. Memorandums of Understanding were signed with each distributor detailing the terms of the advance, including 1) the distributors agreed to procure additional stock with their own funds, 2) AED would reimburse 50% of the vouchers submitted to assure sufficient working capital was available to cover distribution costs, and 3) the distributors would reimburse AED for any amount owed after their final voucher submissions. Starting in November 2007, all vouchers submitted were used to redeem against the pre-financed stock.

The assertions that "$*645,000 of advances could not be reconciled because AED did not follow up on its transactions*", "*AED acknowledged that it had not accounted for $645,000 in bed nets that were given to Palu-net and DNS from February 2007 through April 2008*", and "*AED was delayed in reconciling its books and failed to follow-up with the distributors and recover redeemed vouchers and/or the money advanced to the distributors*" are also not accurate. The two distributors had a total of $645,000 worth of advanced stock (no money was ever advanced) in their possession at a specific point in time during the audit (as of February 5, 2009), but this in no way reflects negligence on the part of AED. As stated above, AED had entered into written agreements with the distributors detailing how the pre-financed bed nets would be accounted for and all of the available documentation shows that both parties respected their commitments to regularly submit and reimburse vouchers. The amount outstanding at any one point in time cannot alone be used to judge the validity of the entire program or process.

Thus the auditors seem to imply that it was improper for AED to have pre-financed the bed nets in the first place. It should be noted that pre-financing commodities for health programming is a standard practice in USAID and is covered in cooperative agreements, such as in the case of AED's agreement for the NetMark project. Without the pre-financing of products, USAID would often cease to have any programming and/or our programs would suffer from chronic unstable supply of product. The NetMark cooperative agreement revised program description enacted with Modification #8 included the objective of "increasing access to and appropriate use of ITNs in sub-Saharan Africa through the growth of commercially sustainable ITN markets" and within the scope of activities to be funded specified "support for procurement or financing of seed netting and insecticides [prior to current LLIN technology] using project funds." Furthermore, included on page five of Modification #21 to the NetMark Cooperative Agreement, under the section describing activities to be funded by the ceiling increase, under the subsection entitled "Senegal" it is stated "NetMark will establish buffer stocks for the leading brands to ensure that there are sufficient LLINs to cover the voucher program as well as retail market expansion." Therefore, the practice of pre-financing to ensure sufficient supply of stock is consistent with the overall objectives of the cooperative agreement and was specifically approved by USAID's AOTR and Agreement Officer.

The statement *"the distributors had no incentive for promptness in collecting the redeemed vouchers, since the nets had already been granted to them"* is also inaccurate. The distributors collected between 800 and 1,300 FCFA (approximately $1.75 - $2.85) per net from the beneficiary's copayment, which covered their logistics costs and profit. This incentive was the same whether the nets were purchased by the distributor or AED.

Action Taken: USAID/Senegal has reviewed the supporting documentation (tracking sheets and invoices) submitted by AED at project close-out in September 2009 and has verified that the stock advances made to Distribution Networks and Services (DNS) and Palu-net were reconciled with no exceptions noted.

Recommendation 4: *We recommend that USAID/Senegal establish written internal control procedures to improve storage conditions of bed nets and provide transparency over the voucher program in future projects.*

USAID/Senegal's position on the finding and Recommendation 4 of the draft audit report:

USAID/Senegal concurs with Recommendation 4.

Storage conditions: USAID/Senegal recognizes that rodent droppings on bed net packaging could potentially endanger the health of people who handle the nets, including both beneficiaries and health facility personnel. The Mission disagrees, however, that finding "unsanitary conditions" at one of six sites visited reflects the failure of the entire program, which was operating at more than 500 sites. Furthermore, we feel that monitoring storage conditions to this level of detail is beyond the Mission's manageable interest.

Action Planned: The project that gave rise to this recommendation ended in September 2009 and there are currently no stocks of bed nets financed by

USAID/Senegal in health facilities. A new project to promote ownership and use of bed nets is in start-up phase and it is anticipated that nets purchased through this project will be available in Senegal in the second half of 2010. At that time, USAID/Senegal will ensure that the project include written guidance on the proper storage of bed nets in any project orientation materials used at the peripheral level.

Transparency: USAID/Senegal does not agree that there was a lack of transparency over the subsidized voucher program, as described above.

Action Planned: As stated above it is anticipated that nets purchased through the new bed net project will be available in Senegal in the second half of 2010. While the design of the new subsidized net distribution system has not yet been developed, it is likely that the project and other donors will procure nets directly and place them at health facilities, without working through intermediary distributors. In addition, funds generated from the sale of nets will likely be retained at the district or health post level and used to support malaria control activities. While the project will not be involved in any direct management of funds, USAID/Senegal will ensure that written guidelines are developed to govern the management and use of proceeds from the sale of USAID-funded nets and will provide financial management training as necessary.

3) USAID/Senegal and Its Implementing Partners Need to adhere to Branding and Marking Policy

USAID/Senegal's position on this finding:

The audit findings related to branding and marking policies only refer to one of PMI Senegal's 12 implementing partners. Thus it is incorrect and misleading to say categorically that "The **implementers** were not adhering to USAID branding policies."

Furthermore, RTI's Branding and Marking plan approved on May 16, 2007, states: "The PMI logo will not be used to mark project offices. Signs may say "RTI International (and the name of any on-site implementing partners), a contractor for the PMI | IRS project'" According to the USAID Branding Guidelines, contractors (acquisition agreements) have different branding requirements and are not required to display logos on office signs, though this is a requirement for with assistance agreements.

Please see attached a picture of the RTI office sign in Velingara, illustrating that it is in fact, in compliance with its USAID/Washington approved branding and marking plan.

The report is also inaccurate in saying that *"items such as spray tanks and containers were not marked with the USAID logo"* (p. 10), which implies that these items were seen at the district warehouses. At the Velingara District warehouse, the only items in storage were the water barrels used for the progressive rinse process at the operations centers. All other equipment, including spray tanks, had been transferred to the central RTI warehouse in Dakar for maintenance, inventory and storage until the next spray round. Thus is it incorrect to say that the auditors saw spray tanks at the district warehouses that were not marked with the USAID logo.

In the RTI Dakar warehouse, many of the spray tanks and other equipment examined at the warehouse still bore the PMI logo. However, it should be noted that the audit was not conducted during a spraying period. All equipment examined was in storage in

preparation for the next spray season. Given the chemicals used in spraying as well as the multiple washings of equipment after spray operations, most of the stickers come off. The practice is to replace these stickers just before spraying and to replace them every 3 – 4 days during spray operations. RTI has since 2008 purchased stickers made fully of plastic, to extend as much as possible the life of the stickers. Each spray operator and all supervisors are furnished with bags which display clearly the PMI logo.

CC: Kevin Mullally, Mission Director, USAID/Senegal

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