



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/BOLIVIA'S HEALTH PROGRAM

AUDIT REPORT NO. 1-511-13-003-P
JUNE 20, 2013

SAN SALVADOR, EL SALVADOR



Office of Inspector General

June 20, 2013

MEMORANDUM

TO: USAID/Bolivia Mission Director, Janina Jaruzelski

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

SUBJECT: Audit of USAID/Bolivia's Health Program (Report No. 1-511-13-003-P)

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

The report contains ten recommendations to help USAID/Bolivia improve the health program's long-term objectives. Based on actions that the mission has taken or plans to take, final action was taken on seven recommendations and a management decision has been reached on three.

Please provide the Audit Performance and Compliance Division in the USAID Office of the Chief Financial Officer with the necessary documentation to achieve final action for all the recommendations.

I want to express my appreciation for the cooperation and courtesies extended to us during this audit.

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Abbreviations

The following abbreviations appear in this report:

| | |
|---------|--|
| ADS | Automated Directives System |
| DEC | Development Experience Clearinghouse |
| DQA | data quality assessment |
| FY | fiscal year |
| HCP | Healthy Communities Project |
| M&E | monitoring and evaluation |
| RIG | Regional Inspector General |
| TraiNet | Training Results and Information Network |

SUMMARY OF RESULTS

Through the Global Health Initiative Strategy, the U.S. and Bolivian Governments strive to address the challenges that community-level health systems face in Bolivia's Chuquisaca and La Paz Departments. USAID/Bolivia is implementing a significant part of the health strategy through two awards to PROSALUD, a Bolivian nongovernmental organization.

- The Healthy Communities Project (HCP) is a \$14.2 million, 5-year project that began on December 12, 2011. HCP's goals are to (1) improve the health system to remove operational barriers that make it difficult to access quality health care, (2) improve the clinical knowledge, cultural awareness, and interpersonal communication skills of health care providers, and (3) support sexual and reproductive rights by promoting healthy practices and reducing risk factors.
- The Social Marketing Activity (known as Promeso) is a \$5 million, 3-year project that began on September 30, 2011. Promeso's goals are to (1) expand access to contraceptives, (2) increase the number of people who use contraceptives, (3) reduce maternal and child mortality, and (4) maintain Bolivia's low prevalence of HIV/AIDS. As of March 1, 2013, obligations and disbursements for Promeso totaled \$3 million and \$1.4 million, respectively.

The Regional Inspector General/San Salvador (RIG/San Salvador) conducted this audit to determine whether USAID/Bolivia was achieving its goals of strengthening the capacity of community-level health systems, expanding access to contraceptives, and increasing awareness of sexual and reproductive health.

The audit found that PROSALUD implemented the HCP and Promeso projects late because it focused on closing out previously funded USAID projects and had difficulty finding staff. After these initial delays, however, PROSALUD was able to make considerable progress, especially during the second half of 2012.

HCP strengthened the capacity of community-level health systems in 11 municipalities' health networks of clinics and hospitals; this should help the networks provide equitable, effective, and efficient services. The project brought health providers and community representatives together to plan, manage, and monitor activities in eight municipalities, and it provided training to more than 80 community representatives in basic health rights. As part of its efforts to increase awareness, HCP sponsored events to bring attention to gender-based violence, educated youth on reproductive health, and helped community representatives identify solutions to health problems and get access to health care.

The Promeso project expanded access to contraceptives through its network of distributors; they reported reaching 108 untraditional sales outlets such as grocery and liquor stores, motels, and brothels. In addition, PROSALUD introduced two new contraceptives, and overall sales to pharmacies exceeded the targets in fiscal year (FY) 2012. It also contributed to increased awareness by (1) training doctors and nurses about family planning methods, (2) implementing communication campaigns, and (3) distributing 510,000 promotional materials on the use of contraceptives.

While these activities are strengthening the capacity of community-level health systems and expanding access to contraceptives, it is too early to determine whether PROSALUD has

increased Bolivians' awareness of sexual and reproductive health. An independent survey to evaluate the projects' impact is scheduled for June 2014.

The audit identified certain areas for improvement that will help the projects achieve their long-term objectives.

- Promeso's monitoring and evaluation (M&E) plan was incomplete and not fully implemented (page 4). PROSALUD did not define indicators, track targets and results, or verify data quality.
- PROSALUD did not develop a management and sustainability plan for Promeso (page 5). Promeso's chief of party said they have discussed preliminary concepts of the plan with mission officials, but further actions were on hold pending an independent analysis of PROSALUD's social marketing activities, which is not expected to start until April 2013.
- Distributors and clinics were not repaying PROSALUD for contraceptives purchased on credit (page 6). Many of the outstanding debts in the system were from another USAID contraceptive distribution project.
- Promeso's data quality assessment was not conducted by an independent party (page 7). This lack of independence can compromise data quality or even invalidate an assessment.

The audit also identified other matters that warrant the mission's attention.

- PROSALUD was not reporting training results in USAID's Training Results and Information Network (TraiNet) for HCP (page 8). Project officials said the employees had not been trained to use the system.
- USAID/Bolivia did not submit documents to the Agency's Development Experience Clearinghouse (page 9). While mission officials recognized this problem and started working to resolve it, as of March 1, 2013, the required documents have not yet been submitted.

The audit recommends that USAID/Bolivia:

1. In conjunction with PROSALUD, complete Promeso's monitoring and evaluation plan, which will define clearly each indicator and its target, source, and method for data collection (page 5).
2. In conjunction with PROSALUD, implement a validation and verification process for Promeso's indicators (page 5).
3. Work with PROSALUD to complete Promeso's management and sustainability plan (page 5).
4. Help PROSALUD implement effective controls and procedures to avoid unpaid debts, reconcile the accounting records to determine the exact amounts each distributor owes, and collect those amounts (page 6).
5. Assign an independent party to conduct the data quality assessments for Promeso (page 7).

6. In conjunction with PROSALUD, verify in writing that all necessary training information is entered into TraiNet and reported in the progress reports for the Healthy Communities Project (page 8).
7. Provide and document training to its staff and implementing partners on how to use and report results in TraiNet (page 8).
8. Determine in writing who will monitor the Training Results and Information Network for the mission, and implement a verification process to confirm that the information entered and reported is accurate (page 8).
9. Review reporting requirements, confirm in writing that all required documents have been submitted to USAID's Development Experience Clearinghouse, and identify and document individuals to serve as liaisons to the clearinghouse (page 9).
10. Require PROSALUD to include in its progress reports a cumulative list of reports, studies, and documents that it has submitted to USAID's Development Experience Clearinghouse (page 9).

Detailed findings appear in the following section. Appendix I describes the audit scope and methodology. The mission's comments are included in Appendix II, and our evaluation of them is on page 10.

AUDIT FINDINGS

Promeso's Monitoring and Evaluation Plan Was Incomplete and Not Fully Implemented

Automated Directives System (ADS) 203.3.4.3 states that M&E plans should “support reliable data collection by defining indicators, sources, and methods of data collection, and prescribed frequency and schedule of data collection.” Indicators should monitor results for each level of the project and provide a precise definition for each indicator. Additionally, USAID must establish baselines and targets for them. Per ADS 200.2, missions are required to “ensure that all accountability requirements” related to their projects “are identified, met, and adequately documented.”

According to the Promeso agreement, PROSALUD was to develop an M&E plan during the first 45 days of implementation to track the activities and results outlined in the project. PROSALUD was required to work closely with the mission's health office to develop relevant indicators for measuring and reporting outputs and impact. The agreement further states that the plan will include a list of indicators with their respective sources for obtaining data, report on the progress toward targets, and include explanations of any problems related to data quality.

During Promeso's first year, PROSALUD submitted an M&E plan that listed 28 indicators. However, the plan had some weaknesses, described below.

- PROSALUD did not define the indicators, nor did it explicitly identify the source or method for collecting and reporting data.
- PROSALUD did not establish annual targets for most of its indicators for fiscal years 2012 or 2013.
- PROSALUD did not collect data for most of the indicators and did not report results to USAID/Bolivia. During this audit, Promeso analyzed many indicators and calculated its FY 2012 results in February 2013, 5 months after the data should have been collected.
- PROSALUD's M&E specialist for Promeso did not verify reported results and mostly compiled figures reported by others. He relied on his colleagues to report on the number of people trained and did not maintain any documentation to support that number. Additionally it was unclear how participants were counted. Because of the lack of controls, there were errors in the reported number of people trained.

These weaknesses occurred because USAID/Bolivia did not make sure that changes to the accountability requirements related to M&E plans were documented adequately. Mission officials said that after PROSALUD submitted its plan, the mission wanted to focus on different indicators and asked PROSALUD to report only on 6 health office indicators and 5 required project indicators—a total of 11 indicators (only 2 of which were included in the original M&E plan). The reason for this change was that many of the indicators in the M&E plan did not reflect the mission's data needs. However, USAID's request to change indicators was not documented, and PROSALUD did not revise the M&E plan. Promeso officials said it was on hold pending an independent analysis of the indicators by the end of March 2013. They said they planned to

submit a revised M&E plan for USAID/Bolivia's approval thereafter.

Without indicator targets and results to measure performance, it will be difficult for the mission to track progress and make necessary adjustments to the activities during implementation. Also, insufficient data monitoring and verification could erode confidence in the data or lead to making wrong decisions. Therefore, we make the following recommendations.

Recommendation 1. *We recommend that USAID/Bolivia, in conjunction with PROSALUD, complete Promeso's monitoring and evaluation plan, which will define clearly each indicator and its target, source, and method for data collection.*

Recommendation 2. *We recommend that USAID/Bolivia, in conjunction with PROSALUD, implement a validation and verification process for Promeso's indicators.*

PROSALUD Did Not Develop Management and Sustainability Plan for Promeso

The Promeso award states that within the first 6 months of project implementation, PROSALUD must develop and implement a management and sustainability plan. USAID's project design guidance adds that the plan should include a "strategy to ensure that the institution will remain administratively and financially sustainable by the end of the project and equipped to continue to play [its role] in local development."

However, 18 months after project implementation, the management and sustainability plan had not been developed. Promeso's chief of party said they have discussed preliminary concepts of the plan with USAID/Bolivia officials, but further actions were on hold pending an independent analysis of PROSALUD's social marketing activities that started in April 2013. As a result, the management and sustainability plan probably will not be finalized and approved by the mission until the end of FY 2013, leaving only 1 year for PROSALUD to implement it.

The management and sustainability plan was not developed because of confusion regarding the specific requirements for these plans. USAID/Bolivia officials believed that PROSALUD had met the requirements by submitting a financial plan, which the mission approved in June 2012. However, this financial plan was only one part of a well-developed management and sustainability plan, and cannot be considered as the plan itself. Furthermore, the financial plan was developed to meet a requirement under a previous PROSALUD project, and the Promeso agreement noted that the plan should be considered when developing Promeso's overall management and sustainability plan.

USAID's project design guidance states, "The ultimate goal of development cooperation is to enable developing countries (governments, civil society, and private sector organizations) to devise and implement their own solutions to key development challenges. All projects must define the degree of sustainability that is considered essential for the success of the project." A delay in completing the management and sustainability plan could affect PROSALUD's ability to be sustainable after the project ends and affect USAID/Bolivia's decisions for future health programming. Therefore, we make the following recommendation.

Recommendation 3. *We recommend that USAID/Bolivia work with PROSALUD to complete Promeso's management and sustainability plan.*

Distributors and Clinics Were Not Repaying PROSALUD for Contraceptives

According to ADS 625, as part of the Debt Collection Improvement Act of 1996, “Debt collection efforts must provide for timely, forceful, and efficient action to collect from the individual payee, recipient, or other person or entity legally liable for payment of the debt” within the initial 60 days of the delinquency period. Furthermore, through an agreement between USAID and PROSALUD in 2009, USAID provided special funds to PROSALUD to procure contraceptives. The agreement requires PROSALUD to fully comply “with the regulations established by the government of the United States of America through USAID.” USAID is also “responsible for tracking, monitoring, and approving the use of donations and funds up to 5 years after the last donation,” which was made in 2009.

As part of Promeso's agreement, PROSALUD procures contraceptives for distributors that then sell them to various vendors throughout Bolivia. While some distributors pay in cash, many receive a line of credit for 45 to 60 days. PROSALUD also sells contraceptives on credit to its affiliated clinics.

PROSALUD's accounting system showed that several distributors and clinics had not paid for their contraceptives according to the terms of their credit lines. Five with balances that totaled \$49,539¹ were between 300 and 1,600 days overdue. Many of the outstanding debts were carried over from an earlier USAID-funded contraceptive distribution project. Promeso officials said the accounting system was already problematic when the project started, and they were concerned that existing records were not accurate

These uncollected debts occurred because PROSALUD has not always maintained effective financial controls over its contraceptive sales program. Since Promeso began in September 2011, PROSALUD has improved its financial controls by (1) sending written notices to distributors when payments were overdue, (2) verifying that a distributor did not have an overdue debt before allowing more orders to be placed, and (3) requiring a mortgage guarantee. However, PROSALUD did not follow these controls consistently; late notices were not sent on a regular basis, and distributors with overdue debts were allowed to buy more contraceptives. Promeso officials said they would have to perform reconciliations to determine the exact balance due from each distributor.

Selling contraceptives is one of PROSALUD's main sources of revenue. Having strong controls over the collection of money from distributors and clinics is vital to the long-term success of PROSALUD and its social marketing activities. Since USAID/Bolivia aims to help PROSALUD become sustainable by the end of the activity, addressing these accounting problems is an important step toward this goal.

Recommendation 4. *We recommend that USAID/Bolivia help PROSALUD implement effective controls and procedures to avoid unpaid debts, reconcile the accounting records to determine the exact amounts each distributor owes, and collect those amounts.*

¹ This equates to 344,795.83 *bolivianos* (Bs) using the March 2013 exchange rate of Bs 6.96 per 1 U.S. dollar.

Data Quality Assessment Was Not Conducted by Independent Party

ADS 203 states that the purpose of a data quality assessment (DQA) is to make sure missions are aware of “the strengths and weaknesses of the data,” and the “extent to which the data integrity can be trusted to influence management decisions.” The ADS also states that a DQA needs to meet USAID data quality standards, which include validity and reliability.

Officials from HCP conducted the required DQAs for the mission’s health indicators, including those associated with the Promeso project. While the staffs of HCP and Promeso are not collocated, PROSALUD funds and manages both projects. PROSALUD had been responsible for conducting DQAs as part of an earlier project with USAID/Bolivia. However, USAID/Bolivia did not see it as a conflict of interest because the PROSALUD project offices were independent from each other; both were located in different cities and maintained a separate staff. Therefore, the mission did not revise the agreement when PROSALUD began implementing two health projects in 2011.

During a meeting with the audit team, however, officials from HCP and USAID/Bolivia agreed that having HCP perform a DQA for Promeso can be perceived as a conflict of interest.² Lack of independence during the administration of a DQA could compromise the quality or even invalidate its conclusions. To address this concern, we make the following recommendation.

Recommendation 5. *We recommend that USAID/Bolivia assign an independent party to conduct the data quality assessment for Promeso.*

² USAID/Bolivia staff conducted the DQA for HCP’s indicators.

OTHER MATTERS

Training Data Were Not Reported in TraiNet

ADS 253.3 states that all USAID units involved in funding or managing training must “design, implement, and track the training or program event for results and impact,” and “report on participant training activities as part of their monitoring, evaluation, and reporting requirements.” Training information that meets minimal requirements of hours trained must be entered into TraiNet. In addition, the HCP award states that PROSALUD will report on planned and actual training activities that have been entered into TraiNet in its quarterly and annual reports.

As of the end of FY 2012, HCP had completed 41 training courses, but the staff entered data from only 1 in TraiNet. In addition, HCP officials did not report on planned and actual training activities in their progress reports as required.

HCP officials said the staff had not received training on how to use the system. They said they were not sure how to count trainees, which courses to include or exclude, what information needed to be entered, and what the cutoff date was for entering information. While the officials now are more aware of the need to enter data into TraiNet, the information entered to date is still incomplete.

These problems occurred because USAID/Bolivia did not train PROSALUD employees to use TraiNet. Nor did the mission give them access to the system or provide any guidance on how to use it. Additionally the mission did not designate anyone from its staff to monitor TraiNet for completeness and accuracy. Staff reductions and the fact that many mission employees did not know much about TraiNet contributed to these problems. This also affected other implementing partners that may not have accesses or training in TraiNet, but are expected to report results.

As a result, USAID/Bolivia’s training results were not complete or accurate, and information related to those activities, such as subject area, number of participants, and costs incurred, are not known. Therefore, we make the following recommendations to improve the mission’s TraiNet reporting.

Recommendation 6. *We recommend that USAID/Bolivia, in conjunction with PROSALUD, verify in writing that all necessary training information is entered into USAID’s Training Results and Information Network, and reported in the progress reports for the Healthy Communities Project.*

Recommendation 7. *We recommend that USAID/Bolivia provide and document training to its staff and implementing partners on how to use and report results in USAID’s Training Results and Information Network.*

Recommendation 8. *We recommend that USAID/Bolivia determine in writing who will monitor USAID’s Training Results and Information Network for the mission, and implement a verification process to confirm that the information entered and reported is accurate.*

Mission Did Not Submit Documents to Clearinghouse

According to ADS 540.3.2, missions must submit specific items in USAID's Development Experience Clearinghouse (DEC) throughout the project. The items include research and technical reports, evaluations, assessments, and quarterly, semiannual, annual, and final reports describing the project's progress and accomplishments. Further, to confirm that all relevant documents have been submitted, operating units should designate individuals to serve as liaisons to the DEC unit. The liaison could be the agreement officer, agreement officer's representative, program officer, or another staff member.

Both the HCP and Promeso awards required PROSALUD to (1) submit documents to the DEC, (2) maintain a cumulative list of submitted documents, and (3) include a list of submitted documents as part of its quarterly and annual progress reports.

However, despite these requirements, neither USAID/Bolivia nor PROSALUD submitted any documents. As a result, the mission's progress and annual reports, evaluations, assessments, and research studies for its projects were not in the DEC.

USAID/Bolivia and its implementing partners stopped submitting documents in recent years because the mission's employees were focused on other priorities and did not monitor the implementing partners' adherence to this requirement properly. While USAID/Bolivia officials recognized this problem and started working to resolve it, as of March 1, 2013, the required documents have not yet been submitted.

According to USAID, "The DEC is the Agency's living archive for best practices, lessons learned, and challenges faced among its multitude of development programs. Capturing the right information is crucial since documents maintained in the DEC provide insight into the history of international development and a framework for future innovations." Failure to submit documents into the DEC would reduce USAID's ability to improve the performance and effectiveness of existing and new programs, and evaluate alternative approaches for achieving best practices in program and technical areas. Therefore, we make the following recommendations.

Recommendation 9. *We recommend that USAID/Bolivia review reporting requirements, confirm in writing that all required documents have been submitted to USAID's Development Experience Clearinghouse, and identify and document individuals to serve as liaisons to the clearinghouse unit.*

Recommendation 10. *We recommend that USAID/Bolivia require PROSALUD to include in its progress reports a cumulative list of reports, studies, and documents that have been submitted to USAID's Development Experience Clearinghouse.*

EVALUATION OF MANAGEMENT COMMENTS

In its response to the draft report, USAID/Bolivia identified actions planned or taken in response to each of our recommendations. Mission officials also informed us that because the Bolivian Government asked USAID to leave the country, they expect to close the mission by November 2013. Based on our evaluation of management comments on our draft report, we acknowledge that final action has been taken on seven recommendations and management decisions have been reached on three recommendations. Our detailed evaluation of management comments follows.

Recommendation 1. USAID/Bolivia agreed with the recommendation. The M&E plan, with defined project indicators, is being translated and will be ready for USAID's review by May 7, 2013. Accordingly, a management decision has been reached on this recommendation.

Recommendation 2. USAID/Bolivia agreed with this recommendation. A meeting with participants of the five PROSALUD regional offices was held in April to review and validate project indicators. Promeso is working to finalize the indicator lists and will send the final M&E plan to USAID for approval by May 31, 2013. Accordingly, a management decision has been reached on this recommendation.

Recommendation 3. The mission did not fully agree with our analysis, but agreed to solicit assistance from Abt Associates to provide additional technical assistance to PROSALUD and Promeso to validate and update the initial sustainability analysis and to develop a new sustainability plan by September 2013. However, since the mission is scheduled to close, this action cannot be funded. Based on these facts, we have determined that final action was taken on this recommendation.

Recommendation 4. USAID/Bolivia partially concurred with the recommendation. Officials agreed to assign a financial team to follow up on the contraceptives marketing accounts, and they developed a new financial informatics system to track all purchases, sales, and payments. According to the mission, a new system to collect outstanding credits is expected to be operational by May 7, 2013. Accordingly, a management decision was reached on this recommendation.

Recommendation 5. The mission did not concur with the recommendation, but nonetheless planned to address our concern by taking the M&E component out of HCP and assigning it to another contractor so HCP no longer had oversight over the health strategy indicators. However, since the mission is scheduled to close, this action was canceled. Based on these facts, we have determined that final action was taken on this recommendation.

Recommendation 6. USAID/Bolivia agreed with this recommendation. The mission has assigned a TraiNet expert to help the mission comply with the ADS requirement. Based on the actions taken by the mission, we have determined that final action was taken on this recommendation.

Recommendation 7. USAID/Bolivia agreed with this recommendation. All agreement and

contracting officer's representatives got passwords to enter TraiNet and received the relevant training. In April 2013, health office implementing partners attended training workshops on TraiNet. Based on the mission's actions, we have determined that final action was taken on this recommendation.

Recommendation 8. USAID/Bolivia agreed with this recommendation. The mission identified and assigned a TraiNet expert who will be responsible for monitoring TraiNet for completeness and accuracy, and for improving the mission's TraiNet reporting capabilities. Additionally, all agreement and contracting officer's representatives were provided access to TraiNet and are expected to monitor the information entered by their implementing partners to ensure all qualified trainings are reported consistently and accurately. Based on the mission's actions, we have determined that final action was taken on this recommendation.

Recommendation 9. USAID/Bolivia agreed with this recommendation. PROSALUD has submitted and uploaded all documents produced during the first year of implementation, quarterly reports, and the FY 2012 annual reports. The administrative assistant in the mission's health office has been trained to upload documents to the DEC and serves as a resource for implementing partners that may encounter difficulties with the system. Agreement and contracting officer's representatives will work to be sure their implementing partners comply with the USAID requirement. Based on the mission's actions, we have determined that final action was taken on this recommendation.

Recommendation 10. USAID/Bolivia agreed with this recommendation. PROSALUD gave USAID/Bolivia a cumulative list of reports, studies, and documents that were submitted to the DEC. This requirement will be part of PROSALUD's next and subsequent progress reports. Based on the mission's actions, we have determined that final action was taken on this recommendation.

SCOPE AND METHODOLOGY

Scope

RIG/San Salvador conducted this performance audit in accordance with generally accepted government auditing standards. They 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 whether USAID/Bolivia's health program achieved its goals of strengthening the capacity of community-level health systems, expanding access to contraceptives, and increasing awareness of sexual and reproductive health. For purposes of this audit, the health program refers to two awards implemented by PROSALUD—HCP and Promeso—that represented about 40 percent of USAID/Bolivia's health portfolio as of September 30, 2012. Other awards to public international organizations were excluded because USAID does not have full audit rights over them.

HCP is a 5-year, \$14.2 million project that began on December 12, 2011. Promeso is a 3-year, \$5 million project that began on September 30, 2011. As of March 1, 2013, both projects had disbursed a total of \$3.6 million, which represents the amount tested.

The audit fieldwork was conducted at USAID/Bolivia, implementer offices in La Paz and Santa Cruz, and various municipalities in Chuquisaca and La Paz Departments from January 28 through February 8, 2013, and from February 25 through March 1, 2013. We interviewed key USAID/Bolivia and PROSALUD staff members, as well as various government officials and community representatives.

As part of the audit, we assessed the significant internal controls USAID/Bolivia used to monitor its health program. The assessment included controls to determine whether the mission (1) conducted and documented site visits to evaluate progress and monitor quality, (2) reviewed and approved required deliverables, (3) reviewed and tested indicator targets and results, and (4) performed data quality assessments and portfolio reviews. Additionally, we reviewed the mission's annual certification required by the Federal Managers' Financial Integrity Act of 1982, Title 31 United States Code 3512, to verify whether the assessment cited any relevant weaknesses. We also reviewed prior audit reports in the health area for any problems related to the audit objective.

Methodology

To answer the audit objective, we evaluated the mission's management and oversight of the projects, the performance of PROSALUD, and the effectiveness of the activities. We met with USAID/Bolivia's agreement officer's representative, health office director and M&E specialist, acting program office director, and other staff members associated with the projects. We held numerous meetings with PROSALUD's chief of party for both projects, financial managers, logistics coordinators, M&E specialists, and project supervisors and facilitators. We also met with community representatives, government officials, health workers, and commodity distributors.

To gain an understanding of both projects, the audit team reviewed USAID/Bolivia's cooperative agreements and associated modifications, the health office's performance management plan, operational plan, performance plan and report, data quality assessments, site visit reports, and portfolio review results. We also reviewed PROSALUD's work plans, progress reports, monitoring and evaluation plans, and other documents that support both projects. We reviewed applicable policies and procedures pertaining to USAID/Bolivia's implementation of both projects, such as ADS.

We used a judgmental sample rather than a statistical sample because a statistical one would have required more time and a larger budget for traveling around Bolivia. Therefore, we judgmentally selected 4 of the 11 site offices of HCP and 1 of the 5 regional offices of Promeso to conduct field visits. The sample selection was based on an analysis of relevant factors, including recent assessments, the schedule of planned events, activities implemented, accessibility, and travel time and cost. The final itinerary was refined through discussions with USAID/Bolivia. During field visits, we met with local officials, community representatives, and distributors to validate activities accomplished and results reported. We also reviewed documentation and conducted interviews at the main offices of HCP and Promeso. Because a statistical sample was not used, the sample results cannot be projected to the entire population.

MANAGEMENT COMMENTS



MEMORANDUM

DATE: May 07, 2013

TO: Jon Chasson, Regional Inspector General/San Salvador

FROM: Janina Jaruzelski, Mission Director, USAID/Bolivia

SUBJECT: Management Comments
Mission Response to Audit of USAID/Bolivia's Health Program (Report No. 1-511-13-00X-P)

REFERENCE: Draft audit report No. 1-511-13-00X-P dated April 15, 2013

Thank you for doing such a thorough review of the PROSALUD programs. You may have heard that the USAID Mission in Bolivia has been asked to leave the country within a “reasonable time” per the decision of the President of Bolivia, Mr. Evo Morales, taken on May 1, 2013. While no precise timeline has been provided by the Government, we presently expect full Mission closure within the next 3-6 months. Thus these findings will be moot. However, prior to the Government of Bolivia's decision, we had taken actions in response to the referenced draft audit report. Please find below the management comments and action on the ten recommendations taken to date and included below:

Recommendation 1: In conjunction with PROSALUD, complete PROMESO's M&E plan, which will clearly define each indicator and its target, source, and method for data collection?

Management Comments:

Mission management concurs with this recommendation. USAID/Bolivia initiated corrective actions to address the above recommendation as follows:

1. PROMESO has hired an experienced Monitoring and Evaluation specialist, David Molina, who is now in charge of all of PROMESO's M&E activities;
2. PROMESO's M&E specialist has been receiving technical assistance from SHOP'S (a Washington D.C. field support mechanism) consultants on defining annual and life of project targets;

3. The final M&E Plan document is being translated and will be ready for USAID's review by May 7th, 2013 (See Annex 1).

As the necessary actions have been taken, the Mission requests closure of this recommendation upon issuance of the subject audit report.

Recommendation 2: In conjunction with PROSALUD, implement a validation and verification process for PROMESO's indicators.

Management Comments:

USAID/Bolivia agrees with this recommendation and the following actions were taken to address it:

1. The PROSALUD/PROMESO M&E specialist is working with the SHOPS consultant to finalize the indicator lists and tables produced;
2. The draft indicator tables were reviewed with the PROSALUD/PROMESO M&E specialist, the Monitoring Unit of HCP and the Mission's Health Office monitoring official;
3. From April 16 to 18 a meeting with participants of the five PROSALUD regional offices (La Paz, Cochabamba/Oruro, Santa Cruz, & Riberalta) were held where all project indicators were reviewed and validated, as well as the M&E Plan;
4. As mentioned earlier, PROSALUD/PROMESO will send a new M&E plan to USAID/Bolivia for its approval by May 7th, 2013 (Annex1);
5. The target to address this recommendation in full is May 31, 2013.

As the necessary actions have been taken, the Mission requests closure of this recommendation upon issuance of the subject audit report.

Recommendation 3: In conjunction with PROSALUD, complete PROMESO's management and sustainability plan.

Management Comments:

The Mission does not agree with the statement, "PROSALUD did not develop a management and Sustainability Plan for PROMESO" (Page 5) The Mission believes that this statement mischaracterizes the actions and intent of the Mission to support PROSALUD's contraceptives social marketing program in its efforts to be sustainable.

In 2010, the Mission requested PROSALUD to subcontract a partner institution (Health Systems 20/20) to perform and finalize a financial and sustainability plan for PROSALUD's social marketing program. This plan was received and approved in June 20, 2012, under the title "Plan *Financiero de Mercadeo Social*" which includes different scenarios in which PROSALUD's contraceptives social marketing activities would be sustainable. Each scenario projected a different length of time for full sustainability. For the mission, this is and continues to be a valid sustainability plan. PROMESO adopted the financial plan recommendations and is well on its

way to sustainability. The approval letter can be found in Annex 2 and the “*Plan Financiero de Mercadeo Social*”, in Annex 3.

The road to sustainability in the social marketing world is a dynamic process. It is plagued by sudden shifts in political and social acceptance of contraceptives, changes in the mix of different types of contraceptives used, fundamental modifications to prices and modalities of international contraceptives procurement, divergent customs and importing procedures and rising transportation prices, radical market shifts with regard to free versus costed contraceptives distribution by international organizations (UNFPA, Marie Stopes, etc.). To counter these drastic changes, the Mission requested Abt Associates (SHOPS) to provide additional technical assistance to PROSALUD/PROMESO to validate and update the initial sustainability analysis and to develop a new sustainability plan. The target for completion of this action was September 2013. However, due to Mission closure by the GOB, the Mission will not be able to fund this last action. Mission requests closure of this recommendation as all feasible steps have been taken, given the closure of the Mission and its programs.

Recommendation 4: Assist PROSALUD with 1) developing and implementing effective controls and procedures to avoid unpaid debts, 2) reconciling the accounting records to determine the exact amounts owed from each distributor, and 3) collecting the amounts owed.

Management Comments:

The Mission is in partial agreement with this recommendation. The grant to PROSALUD/PROMESO is a Cooperative Agreement and the Mission believes that the above actions would constitute extraordinary oversight of the grant. Additionally, the revolving fund is no longer Federal funds and we have neither mandate nor oversight over them. However, certain corrective actions have been taken to address this recommendation. USAID/Bolivia and PROSALUD/PROMESO project staff have worked together on the following:

1. A financial team was assigned to do the follow up of contraceptives marketing accounts;
2. A new financial informatics system was developed: “Sistema de Información de Mercadeo” (SIM), to track online all purchasing, sales and payments (see Annex 4) ;
3. A new flow chart was designed to assign personnel to collect outstanding credits and this system will be operational by May 7, 2013 (Annex 5);
4. Existing contracts with individual distributors are being revised to include financial or real guaranties.

As the necessary actions have been taken, the Mission requests closure of this recommendation upon issuance of the subject audit report.

Recommendation 5: Assign an independent party to conduct the data quality assessments for PROMESO.

Management Comments:

The Mission does not agree with this recommendation as the collection and validation of the data

and indicators are a Mission function. As a capacity building activity, HCP was tasked with strengthening the government's HMIS system and helping implementing partners provide accurate and timely data to the program managers of FORTALESSA at the Ministry of Health. However, due to funding exigencies, and the need to consolidate technical assistance, a solicitation was drafted and was with USAID/Lima for action to pull the M&E component out of HCP and place it with another contractor. Once the contractor is identified, it was intended that the M&E component of the grant agreement with HCP would be amended so that HCP no longer had oversight over the health strategy indicators. Due to the expulsion of USAID from Bolivia, however, this solicitation must be cancelled. Since the Mission has taken all actions realistic and feasible and will not be able to take further action, we request that this recommendation be closed.

Recommendation 6: In conjunction with PROSALUD, verify that all necessary training information is (a) entered into USAID's Training Results and Information Network, and (b) reported in the progress reports for the Healthy Communities Project;

Recommendation 7: Provide training to its staff and implementing partners on how to use and report results in USAID's Training Results and Information Network.

Management Comments:

USAID/Bolivia fully agrees with this audit recommendation and has already taken corrective actions to address this recommendation:

1. A TraiNet subject matter expert (SME), Ms. Ximena Rodriguez, was assigned to support the Mission in adhering with this ADS requirement. She, along with the Program Office, are working in collaboration with the technical offices to ensure compliance;
2. All CORs and AORs have been assigned and obtained passwords to enter the TraiNet system;
3. A training workshop with all health office implementing partners took place on April 24, 2013 at which the requirements of the ADS and Mission were fully reviewed;
4. Two training workshops for AORs and CORs took place on April 23, 2013 and April 30, 2013. A list of grantee and mission personnel trained in TraiNet is enclosed (Annex 6).

As the necessary actions have been taken, the Mission requests closure of this recommendation upon issuance of the subject audit report.

Recommendation 8: Determine who will monitor USAID's Training Results and Information Network for the mission, and implement a verification process to confirm that the information entered and reported is accurate.

Management Comments:

USAID/Bolivia concurs and has already taken corrective action to address this recommendation. The Mission identified and assigned this task to Ms. Ximena Rodriguez, the Mission's Monitoring and Evaluation Specialist, and she is now the TraiNet subject matter expert. Ms.

Rodriguez is responsible for monitoring the TraiNet data for completeness and accuracy and to improve the Mission's TraiNet reporting capabilities. Additionally, all CORs/AORs have been provided access to the TraiNet system and are expected to monitor the information being input by their implementing partners to ensure all qualified trainings are reported consistently and accurately. As the necessary actions have been taken, the Mission requests closure of this recommendation upon issuance of the subject audit report.

Recommendation 9: Review reporting requirements and confirm that all required documents have been submitted to USAID's Development Experience Clearinghouse, and identify individuals to serve as liaisons to USAID's Development Experience Clearinghouse unit.

Management Comments:

USAID/Bolivia agrees and has already taken corrective action to address this recommendation

1. PROSALUD projects, PROMESO and HCP, have submitted and uploaded all documents produced during the first year of implementation, quarterly reports and the FY 2012 annual reports;
2. All other health partners have been assisted in submitting their reports to the DEC;
3. The USAID/Bolivia Health Office Administrative Assistant has been trained on how to upload documents to the DEC and serves as a resource person to the implementing partners who may encounter difficulties with the system.
4. CORs/AORs have been alerted to this Agency requirement that is already included in all grants and contracts, and will work to ensure compliance by their implementing partners.

Mission suggests that RIG independently verifies that the documents have been submitted to the DEC. As the necessary actions have been taken, the Mission requests closure of this recommendation upon issuance of the subject audit report.

Recommendation 10: Require PROSALUD to submit a cumulative list of reports, studies, and documents sent to USAID's Development Experience Clearinghouse as part of its progress reports.

Management Comments:

USAID/Bolivia agrees with this recommendation, and corrective action has already been taken. PROSALUD has provided USAID/Bolivia with a cumulative list of reports, studies and documents that have been submitted to the DEC and this requirement will be part of its next and subsequent progress reports (Annex 7). Mission suggests that RIG independently verifies that the documents have been submitted to the DEC. As the necessary actions have been taken, the Mission requests closure of this recommendation upon issuance of the subject audit report.

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