



# OFFICE OF INSPECTOR GENERAL

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## AUDIT OF USAID/EL SALVADOR'S MATERNAL AND CHILD HEALTH ACTIVITIES

AUDIT REPORT NO. 1-519-11-004-P  
June 3, 2011

SAN SALVADOR, EL SALVADOR



*Office of Inspector General*

June 3, 2011

**MEMORANDUM**

**TO:** USAID/EI Salvador Mission Director, Carl Derrick

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

**SUBJECT:** Audit of USAID/EI Salvador's Maternal and Child Health Activities  
(Audit Report No. 1-519-11-004-P)

This memorandum transmits our final report on the subject audit. We have considered your comments on the draft, adjusted the report text where necessary and included your verbatim response in Appendix II.

The report contains eleven recommendations intended to improve the effectiveness of USAID/EI Salvador's maternal and child health activities. On the basis of your written comments and the additional evidence provided, we consider that final actions have been taken on Recommendations 7, 9, and 10 and that management decisions were reached on Recommendations 1, 2, 3, 4, 5, 6, 8, and 11.

Please provide the Office of Audit Performance and Compliance Division (M/CFO/APC) with the necessary documentation to achieve final action for Recommendations 1, 2, 3, 4, 5, 6, 8, and 11.

I appreciate the cooperation and courtesy extended to us throughout the audit.

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**Abbreviations**

The following abbreviations appear in this report:

Abt	Abt Associates Inc.
ADS	Automated Directives System
AO	assistance objective
AOTR	agreement officer's technical representative
CFR	Code of Federal Regulations
COTR	contracting officer's technical representative
DQA	data quality assessment
ECOS	Equipo Comunitario de Salud
FY	fiscal year
GOES	Government of El Salvador
MOH	Ministry of Health
SINAB	Sistema Nacional de Abastecimiento
URC	University Research Corporation

# SUMMARY OF RESULTS

USAID/EI Salvador entered into a bilateral strategic objective grant agreement with the Government of El Salvador (GOES), outlining the strategic objective and results that both parties agreed to work on to strengthen health and basic education in El Salvador. The main objective of the agreement is to assist the GOES in developing a long-term strategic plan that will help the health sector implement basic organizational and processes restructuring, including human resource management; performance monitoring; management and use of reliable information; and budget, disbursements and tracking. USAID/EI Salvador will work with the GOES to (1) increase and improve social sector investments and transparency, (2) improve integrated management of child and reproductive health, and (3) contain and mitigate the impact of HIV/AIDS and other infectious diseases. (USAID/EI Salvador and the GOES agreed to implement the planned activities under this strategic object grant agreement from 2005 to 2009; as of the date of this audit, they have not updated this agreement.)

Effective October 1, 2009, USAID/EI Salvador awarded University Research Corporation (URC) a 15-month, \$2.6 million contract to carry out activities under the goals *to improve integrated management of child and reproductive health and HIV/AIDS and other infectious diseases contained and impact mitigated*. The main purpose of the contract is to provide technical support to the Ministry of Health (MOH) in the area of quality improvement to further impact maternal/reproductive health and neonatal/child health. Effective September 10, 2009, USAID/EI Salvador awarded Abt Associates Inc. (Abt), a 15-month, \$1.9 million cooperative agreement to carry out activities under the goal *to increase and improve social sector investments and transparency*. As of December 31, 2010, cumulative obligations and expenditures for both awards totaled approximately \$5.1 million and \$3.7 million, respectively.

The objective of this audit was to determine if USAID/EI Salvador's maternal and child health funded activities achieved their primary goals of building skills among health care personnel in order to provide high-quality services for mothers and children, seeking reductions of maternal, infant, and neonatal morbidity and mortality. This audit covered URC and Abt activities under these two awards.

The audit determined that USAID/EI Salvador is making partial progress toward its intended goals. USAID/EI Salvador's contract with URC has contributed to the implementation of continuous quality improvement methods in 28 hospitals with maternity wards, which is one of the five expected results under the contract. Auditors interviewed officials at 7 of the 28 hospitals, and these officials stated that the implementation of the continuous quality improvement practices have proven useful. However, owing to the manner in which URC designed and implemented its work, very few hospitals have institutionalized the continuous quality improvement process. Further, URC's implementation strategy has not been able to ensure that it will achieve the remaining four expected results or determine what still needs to be accomplished to reach completion. Furthermore, URC applied resources to some activities that are not directly linked to the overall objective of its contract (page 4).

The audit determined that USAID/EI Salvador's cooperative agreement with Abt has made a positive contribution in strengthening the availability of drugs, medical supplies, and contraceptives, helping to increase transparency in the delivery of health care. Furthermore, Abt contributed toward strengthening the health information system by designing a methodology for the monitoring and evaluation of the MOH annual operational plans. According to an analysis of Abt's reported accomplishments and direct observation during the audit fieldwork,

the audit determined that during the first 12 months of its 15-month award, Abt has made slow progress toward achieving the five expected results outlined in its cooperative agreement. However, the audit also determined that the contributions provided through the Abt cooperative agreement may not be sustainable without USAID's continued participation (page 6).

The audit also identified that:

- USAID/EI Salvador and the MOH did not always coordinate effectively, which reduced the program's impact and limited its results. USAID/EI Salvador did not meet with MOH representatives to discuss the mission's maternal and child health activities prior to entering into awards with Abt and URC. Furthermore, USAID/EI Salvador continued with its projects to accomplish goals that it had set with the prior GOES under its 2005–2009 bilateral strategic objective grant agreement, even though the current administration had not totally committed to or supported these plans (page 8).
- USAID/EI Salvador has not placed requirements for Abt to adapt its warehouse supply information system to the Equipo Comunitario de Salud (ECOS), the GOES's newly formed basic level of patient care. Also, during the audit's site visits, system users described system problems that impact its functionality (page 14).
- USAID/EI Salvador did not comply with environmental regulations when it purchased eight thermal fumigating nebulizers for the MOH to implement a dengue prevention/vector control program in response to an outbreak of the disease in early 2010 (page 15).

To help the mission improve the efficiency and effectiveness of its maternal and child activities, this report recommends that USAID/EI Salvador—

1. Work with the GOES MOH and URC to assess the contract accomplishments to date and design and schedule critical activities that URC is required to accomplish in order to contribute to the goal of sustainable results.
2. Coordinate with the GOES MOH to assess the project accomplishments to date and design and schedule critical activities that Abt needs to accomplish in order to contribute to the goal of sustainable results.
3. Reassess the feasibility of the public/private alliance component of the Abt cooperative agreement with the assistance of the mission public/private alliance advisor, and modify the award as appropriate.
4. Work with Abt and URC to establish performance indicators that directly reflect program activities and measure the program's intended results.
5. Revise the reporting requirements specified in the Abt and URC awards to better reflect the timeframe for reporting on the selected indicators and require implementer compliance with the revised requirements.
6. Establish and implement procedures to improve the oversight of its maternal and child health activities and to verify the data reported by its implementing partners in their progress reports.

7. Develop and maintain a schedule for the completion of data quality assessments that complies with the requirements of Automated Directives System (ADS) Chapter 203.3.5.2.
8. Host, in conjunction with Abt, a user forum for the SINAB to discuss improvements to the system and reach agreement on which improvements are to be implemented.
9. Work with Abt and the MOH to develop and implement a plan to adapt the SINAB to incorporate the lower levels of health care units (ECOS).
10. Perform site visits with URC to verify that the end users of the fumigation equipment are operating the fumigation equipment safely, which includes verifying that operators have personal protective equipment and that procedures are in place to notify residents in spray areas prior to fumigation activities.
11. Modify the contract with URC to include a clause stating its responsibility concerning USAID environmental compliance requirements.

Detailed findings follow. Our evaluation of management comment begins on page 18. Appendix I describes the audit's scope and methodology. The full text of the management comments appears in Appendix II.

# AUDIT FINDINGS

## Activities Were Not Effectively Designed and Implemented

The purpose of USAID/EI Salvador's contract with URC was to provide technical support to the MOH in quality improvement to further impact maternal/reproductive health and neonatal/child health. USAID/EI Salvador contracted URC to achieve the following five expected results:

- Implement continuous quality improvement methods in 28 hospitals with maternity wards, applied to the processes of prenatal care, childbirth, postpartum and newborn care, family planning, and prevention of nosocomial<sup>1</sup> infections.
- Develop and update cost-effective standards and strategies for maternal/perinatal, child health, reproductive health care, infection prevention, health promotion, and behavioral change; and update national standards along with training process to improve technical application.
- Disseminate and implement institutionalized strategies and surveillance systems for proper decisionmaking regarding maternal, newborn, and child health; breastfeeding; nutrition; and prevention of nosocomial infections.
- Increase access to information on key services for maternal, child, and reproductive health to promote analysis of the local and national health care situation and the trends of the services and interventions that address the maternal-infant population.
- Initiate regulatory quality improvement processes (certification of health care professionals and categorization of health facilities).

To manage the project effectively, USAID/EI Salvador required URC to submit quarterly reports describing all activities carried out in accordance with the annual implementation plan. USAID also required URC to compare actual accomplishments with the target indicators established for the period in the statement of work, and provide explanations if URC did not meet its established targets. However, under USAID/EI Salvador's technical direction, URC did not effectively design, implement, and manage its planned activities to deliver sustainable results by the contract's expected end date.

First, USAID/EI Salvador approved a URC work plan that lacked specific plans to achieve the expected results. URC designed its implementation plan for its 15-month contract by defining 20 deliverables or "products" and designing 45 discrete tasks to accomplish its five expected results. URC's work plan also outlined its implementation methodology with a time-phased schedule of 302 subtasks that it planned to accomplish over the contract period.

URC did not design a work plan to serve as a tool for planning; that is, to identify interim results that it planned to achieve and the ways it intended to accomplish the results. Rather, URC's work plan was more of a schedule that listed the tasks it planned to do during the 15-month contract period. For example, under the expected results for *increase the access to information on key services regarding maternal, child, and reproductive health to promote the analysis of the health care situation locally and nationally, the trends of the services and interventions that address the maternal-infant population*, URC's work plan included the following tasks:

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<sup>1</sup> Nosocomial infections are infections that are a result of treatment in a hospital or a health care service unit. Infections are considered nosocomial if they first appear 48 hours or more after hospital admission or within 30 days after discharge.

- Breakfast meeting with the Teachers' Wellbeing Institute
- Breakfast meeting for the Medical Association and Union in the Health Care Sector
- Seminar-workshop for the Salvadoran Coordinating Committee of the Global Fund
- Breakfast meeting with Government Cabinet Members
- Breakfast meeting with the Committee on Environmental Protection and Public Health of the Legislative Assembly
- Breakfast meeting with the Family, Women's, and Children Commission of the Legislative Assembly

This schedule may be useful, but it does not state what objectives and outputs are to be achieved, or how or why they will be carried out. Furthermore, this type of work plan makes it difficult to determine the status of the progress against the expected objectives. For example, the expected outcome of the above-mentioned six tasks is not readily apparent.

In addition to approving 302 subtasks, USAID/EI Salvador directed and allowed URC to carry out other subtasks that lacked a strategic link to the overall purpose of the project, which is to impact maternal/reproductive health and neonatal/child health. As well, some activities did not directly support the intermediate result that USAID/EI Salvador and the GOES agreed on (*improve integrated management of child and reproductive health*), including the following:

- USAID/EI Salvador tasked URC to undertake a secondary analysis of the 2008 National Survey of Family Health. The survey, conducted every 5 years, looked at a wide range of topics, some directly related to maternal and child health but others related to family planning, sexual health, contraceptive use, knowledge of HIV/AIDS, and violence against women. A URC official stated that USAID/EI Salvador asked URC to incorporate this activity into its fiscal year (FY) 2010 work plan, even though the survey analysis did not fit well within the statement of work in the contract.
- USAID/EI Salvador directed URC to assist the MOH with categorizing the country's national hospitals. URC assisted hospitals to conduct self-assessments evaluating its structural indicators, including human resources, supplies, equipment, infrastructure, and current regulations. As a result, the MOH reclassified 30 hospitals within the national network as either "municipal" or "departmental" hospitals. This is an important task for the completion of the contract's deliverables; however, URC's resources to support these activities did not directly contribute toward impacting maternal/reproductive health and neonatal/child health.
- USAID/EI Salvador also requested URC to respond to the dengue emergency. URC embarked on activities to support dengue prevention, such as designing, developing, and reproducing information and educational materials on dengue. URC also purchased and delivered eight portable thermal fumigating nebulizers to the MOH in order to strengthen dengue prevention activities. However, URC's work plan did not include these types of tasks, and its contract did not include provisions for it to expend resources on these types of activities and procurements.

USAID/EI Salvador did not ensure that URC complied with the contract's reporting requirements. Specifically, URC was not required to report progress against performance indicators in order to demonstrate how the project's results were contributing to the overall goals. As a result, URC did not compare actual accomplishments with the target indicators established for the period in the statement of work, and did not explain why it did not meet established targets and what actions it intended to take toward their achievement. URC provided narrative descriptions of the work



done during the quarter under each of 20 distinct deliverables, but this reporting process does not provide USAID with adequate performance information to determine the progress made from the prior reporting period. For example, URC provided lengthy quarterly narratives on the work accomplished to implement continuous quality improvement methods in 28 hospitals with maternity wards, such as the number of meetings held and the number of trainings conducted. However, it did not report until the end of the first year that only 2 percent of the hospitals were in the process of institutionalization. (Further discussion of problems with program indicators and reporting requirements is on page 10.)

These problems occurred because USAID/EI Salvador's technical office did not enforce URC's compliance with the contract requirements. As a result, USAID/EI Salvador approval permitted URC to design only a schedule that listed URC's planned monthly tasks during the 15-month contract period. USAID/EI Salvador also allowed URC to embark on activities that did not directly link to its intermediate goal of improving integrated management of child and reproductive health.

Within the first 12 months of a 15-month contract, USAID/EI Salvador reimbursed URC for its expenditures of approximately \$1.5 million out of the total estimated costs of \$2.6 million. Within the first year, USAID/EI Salvador, through URC's contract, has assisted hospitals in applying continuous quality improvement methods; however, it is not evident that USAID/EI Salvador and URC have effectively managed the funds; both lacked a planning and management tool that provided a clear framework for planning and reporting progress against planned activities. They also expended resources on activities that did not directly support the deliverables required.

USAID/EI Salvador amended the URC contract to extend it from January 1, 2011, to April 30, 2012, and increased the total estimated cost of the task order to \$4.5 million. To make the most effective use of the additional time and funding, this audit makes the following recommendation.

***Recommendation 1.*** *We recommend that USAID/EI Salvador work with the Government of El Salvador Ministry of Health and University Research Corporation to assess the contract accomplishments to date and design and schedule critical activities that University Research Corporation is required to accomplish in order to contribute to the goal of sustainable results.*

## **Expected Results Were Behind Schedule and May Not Be Sustainable**

The main objective of USAID/EI Salvador's cooperative agreement with Abt is to assist the GOES in developing a long-term strategic plan for the health sector. This plan would help the sector implement basic organizational and process restructuring, including human resource management; performance monitoring; management and use of reliable information; and budget planning, disbursement, and tracking. This agreement directly supports USAID/EI Salvador's and the GOES's strategic objective to *increase and improve social sector investments and transparency*.

To achieve this objective, Abt's agreement called for it to design activities under the three subintermediate results: (1) increase and provide more efficient use of expenditures by the MOH, (2) increase and provide more effective decentralized investments in health, and (3)

establish private sector alliances. Abt further designed this project to identify key deliverables or “products” that it intended to achieve to strengthen the health sector in the following five areas:

- Governance
- Health care financing
- Availability of human resources
- Availability of drugs, medical supplies, and contraceptives
- Health information system

The audit team analyzed Abt’s reported accomplishments and directly observed its work, and determined that after 12 months into its 15-month award, Abt has made slow progress toward achieving the five results outlined in its cooperative agreement. The audit also determined that the contributions provided through the cooperative agreement may not be sustainable without USAID’s continued participation.

USAID/EI Salvador approved Abt’s design for the project framework on how to achieve its expected results. Abt planned to deliver 22 products with 117 time-phased subtasks or manageable activities. However, as of September 2010, Abt had completed only 50, or approximately 43 percent, of the 117 subtasks. (Appendix III summarizes the status of Abt’s implementation, comparing planned and actual accomplishments for all 22 products as of September 2010.)

Abt’s implementation of subtasks toward strengthening the availability of drugs, medical supplies, and contraceptives has been one area where it is contributing to increasing transparency. The audit team visited seven hospitals, three regional centers, and two health units, and health officials at each location praised the enhancements in decisionmaking resulting from the installation of the drug and medical supply warehousing system. Furthermore, Abt helped strengthen the health information system through subtasks for designing a monitoring and evaluation methodology for the MOH annual operational plans. Officials from hospitals and regional centers noted that the annual plans will be useful. However, these activities will not be sustainable if appropriate parties do not provide adequate equipment and infrastructure, such as adequate Internet connections to strengthen the medical supply warehousing system. Moreover, the momentum gained on the 2010 annual operation plans will not continue if appropriate parties do not timely disseminate the results of the 2010 exercise and distribute the requirements expected for the 2011 annual planning process.

Abt has not made significant progress toward strengthening the health financing function. For example, one of the intermediate results outlined in the cooperative agreement was for Abt to establish private sector alliances. USAID/EI Salvador’s underlying goal is to leverage resources from private sector partners and use those assets in a way that allows USAID and its partners to achieve their goals. At the time of the audit, Abt had not accomplished any of the subtasks related to this deliverable and intermediate result. In addition to the lack of progress in this area, Abt’s progress reported against each of the expected products indicates a significant delay in completing key activities that would strengthen the health financing function and increase and improve social sector investments and transparency. Abt also is not on schedule for critical tasks that design and implement methodologies, tools, and strategies to strengthen the role of the government, and has fallen behind on critical fundamental tasks for implementing, monitoring, and evaluating the key systems intended to improve MOH human resources.

Some of these delays have not been corrected for a number of reasons. According to Abt officials, the MOH is supposed to provide the necessary computers and adequate Internet

connection for the medical supply warehousing system. Abt officials also report that they have not made progress toward establishing private sector alliances because the current MOH does not view these instruments as a priority. Furthermore, USAID/EI Salvador did not take measures to have Abt comply with the terms of its agreement because the MOH did not express interest in the public private sector alliances. Abt has faced challenges in strengthening both health financing and human resource functions because it cannot make progress without the direct involvement and will of the different institutions under the MOH.

As a result, Abt's efforts to increase and improve social sector investments and transparency will have a limited impact on health in EI Salvador. Moreover, if the MOH does not assume full responsibility for Abt's program-based contributions, critical systems and tools will be not be sustainable without USAID's continuous assistance.

USAID/EI Salvador amended the cooperative agreement with Abt, extending the agreement period from December 31, 2010, to March 31, 2012, and increased the total estimated cost of the cooperative agreement to \$3.5 million. To make the most effective use of the additional time and funding, this audit makes the following recommendations.

***Recommendation 2.*** *We recommend that USAID/EI Salvador work with the Government of El Salvador Ministry of Health to assess the project accomplishments to date and design and schedule critical activities that Abt Associates needs to accomplish in order to contribute to the goal of sustainable results.*

***Recommendation 3.*** *We recommend that USAID/EI Salvador reassess the feasibility of the public/private alliance component of the Abt Associates cooperative agreement with the assistance of the mission public/private alliance advisor, and modify the award as appropriate.*

## **Lack of Timely Coordination Hindered Program Results**

USAID/EI Salvador's scope of work with URC clearly stated that "USAID would work with the new Government of El Salvador (GOES) to provide continued support in strengthening the health care system and improve its efficiency, quality, equity, and impact of health interventions. Therefore, the purpose of the contract is to provide technical support to the Ministry of Public Health and Social Assistance (MOH) in the quality improvement area, impacting maternal/reproductive health and neonatal/infant health." USAID/EI Salvador's program description with Abt stated that interventions under the agreement must be closely coordinated among Abt, the GOES, and USAID/EI Salvador, and that consensus-based approach for decisionmaking will be used whenever possible.

This level of coordination was vitally important because approximately 4 months prior to the award of both instruments, the opposition party gained power in EI Salvador for the first time since 1992. Prior to the change in party, the president-elect released his health policy, "Building Hope," which outlined 25 strategies that would be undertaken during his 5-year term in office to strengthen the country's health sector. Since his nomination to the Office of President, the MOH is in the process of restructuring the health care sector to focus more on providing preventative care at the community level.

To guide USAID on how best to achieve results under these situations, ADS 201.3.4.2 states that in progressive, reform-oriented countries, the country's national development strategy

should provide a basis for the development of a U.S. assistance plan. This plan should respect the partner country's leadership, be strongly supported by the country, and help to strengthen the partner country's capability to implement the plan.

Despite the attempts on behalf of all parties to work together to support the new GOES reform policy, coordination among all parties and effective implementation of funded activities did not happen on a timely basis. USAID/EI Salvador did not meet with MOH representatives to discuss the mission's maternal and child health activities prior to awarding Abt its agreement and URC its contract. The mission requested an audience with the MOH to discuss the projects through a letter dated August 27, 2009, and USAID/EI Salvador signed the awards in September 2009. According to mission officials, several meetings and discussions took place between the MOH and USAID technical staff including USAID implementing partners, in order to review and coordinate the activities agreed upon with the previous administration and to determine how those activities fit into the new MOH health strategy. However, the first official coordination meeting between the two entities to discuss the new agreements did not take place until late October 2009.

URC reported in its January 2010 work plan that in agreement with USAID, it carried out a detailed study of "Building Hope: Health Care Strategies and Recommendations 2009–2014," the political and technical document of the new ministerial management. The document identified 25 strategies, and URC determined that its efforts to achieve its five expected results could directly contribute to 12 of the 25 strategies and indirectly to others. The parties did not begin to collaborate on a work plan until October 28, 2009, 1 month after the contract award and 7 months after the elections. Nonetheless, the agreement with Abt does not address the need to be proactive in coordinating planned activities in line with the new GOES reform. Rather, the agreement states that Abt will establish and define additional priorities and activities with the new GOES administration.

USAID/EI Salvador personnel have had difficulty establishing working relationships with new MOH officials. According to mission officials, even after the initial meeting took place in October 2009, difficulties in coordination continued during the first quarter of calendar year 2010. These delays resulted in late development of work plans from Abt and URC that were submitted in February 2010. Only toward the end of December 2010 was the organizational structure of the MOH finalized; in March 2011 this new organizational structure was shared with USAID. Subsequently, the 2011-2012 work plans were prepared in close coordination among Abt, URC, and MOH counterparts designated by the Minister of Health. Furthermore, an outbreak of dengue, followed by a health alert, also caused a temporary suspension of MOH- and USAID-supported activities.

The resulting delays and personnel transitions within some parts of the GOES has been challenging for the maternal and child health program. One partner reported that the transition "has certainly been a challenge not only for the project, but for everyone involved with cooperating with the Ministry of Health, mainly due to the mindset and the natural alteration of many officials of the Ministry of Health at all levels."

USAID/EI Salvador and its implementers have not had a more collaborative working relationship with the MOH because USAID/EI Salvador continued its projects toward the goals that it set with the prior GOES under its 2005–2009 bilateral strategic objective grant agreement. In that agreement, USAID/EI Salvador and the prior administration outlined the strategic objective and results that both agreed to work on to strengthen health and basic education in El Salvador. Since the change of administration in June 2009, USAID/EI Salvador and the new GOES have not entered into a new strategic objective grant agreement. Consequently, when USAID/EI

Salvador entered into both a cooperative agreement with Abt and a contract with URC, USAID/EI Salvador expected both implementers to carry out activities that expanded on results achieved from earlier activities, even though the current administration had not totally committed to or supported these plans.

Because of the the lack of proactive and effective collaboration, the change in administration, and the resulting change in personnel and ideology, the way the MOH relates to donors (including USAID) has altered significantly. The new MOH has largely dictated in what areas it would accept USAID assistance. Officials from both the MOH and USAID/EI Salvador acknowledge that the relationship between the two entities has been strained since the new GOES administration assumed office. Furthermore, the situation has reduced the effectiveness of the mission's programming and restricted USAID's ability to significantly influence programming in the health sector. Negotiations over what assistance will be accepted have been time-consuming and detracted from effective implementation. The MOH also has changed portions of USAID/EI Salvador's programming toward assisting the MOH with the logistics of holding conferences, meetings, and training sessions.

This audit is not making a recommendation specific to this finding because appropriate action for Recommendations 1 and 2 will address the above-mentioned coordination issues.

## **Indicators Did Not Reflect Program Activities, and Implementers Did Not Comply With Reporting Requirements**

As discussed in the U.S. Department of State, Office of the Director of U.S. Foreign Assistance Guidance for Performance Plan and Report, standard indicators are an important management tool that measure the direct, intended results expected from U.S. Government-supported programs, projects, and activities. Therefore, standard or program indicators are directly attributable to U.S. Government assistance. ADS 203.3.4 explains that performance indicators help a USAID mission and, more specifically, the assistance objective (AO) team to answer whether a program is progressing toward meeting its stated objective. Selected performance indicators should be those that are most appropriate for the results that the mission intends to measure. Furthermore, ADS 203.3.4.5 states that each indicator selected for inclusion in a program's performance management plan should include performance baselines and should set performance targets that are ambitious but achievable within the stated timeframe and the available resources.

According to the terms of the contract, USAID/EI Salvador required URC to submit quarterly reports describing all activities carried out in accordance with the annual implementation plan. USAID also required URC to compare actual accomplishments with the target indicators established for the period in the statement of work, and explain why it did not meet established targets and actions that it intended to take to achieve them. Likewise, Abt's cooperative agreement with USAID/EI Salvador included specific reporting terms that require Abt to submit quarterly reports that include (1) a comparison of actual accomplishments with the target indicators established for the period in the program description, (2) reasons why established targets were not met, and (3) actions that will be taken toward their achievement.

USAID/EI Salvador did not adequately adhere to the policy and requirements addressing indicators and reporting. USAID/EI Salvador selected some performance indicators for Abt and URC that (1) were not within the manageable interest of the implementers and (2) did not

measure the direct, intended results expected from U.S. Government-supported projects.

- Two indicators are contingent on decisions outside of USAID/EI Salvador's control: (1) *percentage of GOES budget assigned to the MOH (excluding debt service)* and (2) *percentage of GOES budget spent on primary health care*. USAID/EI Salvador's agreement with Abt does not directly affect these budgetary decisions.<sup>2</sup>
- One indicator, *percentage of available tracer drugs during the life of Abt's program in the Ministry of Health facilities*, is contingent on MOH purchasing decisions. The USAID/EI Salvador-funded warehouse supply information system allows MOH users to track supply levels of medications at the hospitals and health units throughout the country. However, Abt's activities do not directly influence the MOH's purchasing decisions. USAID/EI Salvador acknowledged this constraint in its FY 2010 performance plan and report, stating that Abt did not meet its target for this indicator because the MOH delayed the procurement process for the purchase of medicines and supplies.
- USAID/EI Salvador is relying on some indicators to measure URC results that track progress on an annual rather than quarterly basis. As well, some indicators are measured only every 5 years, including the infant mortality rate, global fertility rate, and immunization rate.
- USAID/EI Salvador included some indicators that are no longer relevant to measure URC's progress. For instance, URC achieved the results for the indicator *established protocols of prevention and management of urinary tract infections* in FY 2008. However, USAID/EI Salvador has continued reporting that five protocols were implemented every year since FY 2008 though this indicator applied only to FY 2008.
- URC's activities do not have a direct effect on the indicator *personnel trained in family planning/reproductive health funded by USAID* because USAID/EI Salvador's contract with URC is not focused on providing family planning services.

Furthermore, USAID/EI Salvador did not require both Abt and URC to comply with the quarterly reporting requirements stipulated in the respective awards. As discussed earlier, Abt did not undertake activities to establish private sector alliances. However, as this is a program performance measure, Abt should have reported on its activities or lack thereof for this indicator as required by its award. In addition, URC did not report against its performance indicators in any of its periodic progress reports.

Abt officials stated that USAID/EI Salvador's cooperative agreement with Abt did not include indicators that were useful for managing their progress because they had inherited the indicators from a previous award. The primary reason why Abt did not report progress against its indicators on a quarterly basis is that Abt does not have control over the data needed to report its progress.

USAID/EI Salvador and URC officials acknowledged that URC did not report progress in accordance with the contract. However, the contracting officer's technical representative (COTR) for the URC contract felt that the periodic verbal updates and meetings with URC were sufficient to track progress.

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<sup>2</sup> USAID/EI Salvador's FY 2010 reporting stated that its technical assistance in budget calculation and justification resulted in an increase of MOH total operating budget of 30.7 percent, from \$359.6 million in 2009 to \$385.8 million in 2010. However, the figures of the reported 2010 operating budget show an increase of more than 7 percent.

Without indicators that measure the direct, intended results expected from U.S. Government-supported programs, projects, and activities, USAID/EI Salvador is not able to report to key stakeholders how the U.S. Government contributed to strengthening the health sector in El Salvador. More important, without this performance data, USAID/EI Salvador cannot make timely program decisions on how to effectively align Foreign Assistance funding with the most needed or most effective activities. To address these concerns, this audit makes the following recommendations.

***Recommendation 4.*** We recommend that USAID/EI Salvador work with Abt Associates and University Research Corporation to establish performance indicators that directly reflect program activities and measure the program's intended goals.

***Recommendation 5.*** We recommend that USAID/EI Salvador revise the reporting requirements specified in the Abt Associates and University Research Corporation awards to better reflect the timeframe for reporting on the selected indicators and require implementer compliance with the revised requirements.

## **Activities Lacked Adequate Oversight**

USAID/EI Salvador used both a contract and a cooperative agreement to implement the activities needed to achieve the intermediate results outlined by USAID/EI Salvador and the GOES strategic objective grant agreement. The COTR and the agreement officer's technical representative (AOTR) have key oversight responsibilities for directing and administering contracts and grants. USAID's procedures for designating a COTR and AOTR outline those responsibilities.<sup>3</sup>

As well, ADS 203.3.5.1.c reminds AO teams that performance data should be sufficiently precise to present a fair picture of performance and enable decision-making at the appropriate levels. Data quality assessments (DQAs), as described in ADS 203.3.5.2, help to ensure that USAID missions and AO teams are aware of data strengths and weaknesses. Any data reported to Washington for Government Performance and Results Act reporting or for reporting externally on Agency performance must have had a DQA at some time within the 3 years prior to submission. In addition, according to ADS 203.3.4.6, USAID missions and AO teams should update performance management plans regularly with new performance information as AOs develop and evolve.

USAID/EI Salvador's cognizant technical officers responsible for oversight of its contract with URC and cooperative agreement with Abt did not complete all required tasks in accordance with USAID policy. During the audit, OIG identified the following deficiencies in program oversight:

- Neither the AOTR nor the COTR performed site visits to monitor the quality and timeliness of contractor outputs.
- USAID/EI Salvador does not regularly update its performance management plan. As of December 15, 2010, USAID/EI Salvador had last updated the performance management plan in June 2008.

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<sup>3</sup> Mandatory reference for ADS 302, "Procedures for Designating the COTR for Contracts and Task Orders", and an additional help for ADS 303, "Agreement Officer's Technical Representative (AOTR) Designation – Cooperative Agreement Administration."

- USAID/EI Salvador has not complied with the ADS regarding DQAs. Prior to the latest updates in either December 2010 or January 2011, USAID/EI Salvador and/or its implementing partners<sup>4</sup> last assessed several maternal and child health indicators in 2005. Examples include the following:
  - The indicator for the number of deliveries with a skilled birth attendant in U.S. Government-assisted programs was last assessed in September 2005.
  - The indicators for the percentage of funds of the GOES budget assigned to the MOH and for the percentage of the MOH budget spent on primary health care were last assessed in November 2005.
- USAID/EI Salvador did not verify the accuracy of the data included in USAID training database TraiNet or reported in periodic progress reports. The audit identified the following errors and inconsistencies in the reporting of both implementers:
  - In its annual report, Abt reported that it executed 45 training events during FY 2010. However, the TraiNet database contained entries for 73 training events during this period. In addition, several discrepancies were noted between the training results reported in Abt's annual report and the partner's supporting attendance sheets. For example, Abt reported that 330 individuals received training in the formulation of the 2011 budget for national hospitals. However, only 140 unique individuals could be verified. USAID/EI Salvador's statement in the FY 2010 performance plan and report that "a total of 762 MOH officials were trained in management and operative skills at central level, hospitals and healthcare units to draft and evaluate Annual Operation Plans and redistribute low complexity surgical procedures at secondary level hospitals" could not be confirmed because of discrepancies in Abt reporting.
  - URC also double-reported training participants in TraiNet for three of its workshops. In these instances, the training was a 2-day workshop, but it was reported in TraiNet as 2 separate days with two separate sets of participants. In addition, not all training sessions reported in TraiNet could be supported with attendance sheets. In several instances, URC overreported the number of participants in a training course; in others, the length of the course or the dates of training did not coincide with the attendance sign-in sheets.

According to the two technical officers who oversee the program, the high managerial and administrative burden of their tasks at the mission does not leave sufficient opportunity to adequately monitor the progress of the maternal and child health activities. While managing the URC program, the COTR was also managing three Global Development Alliances and another grant agreement. In the absence of the office director, the Abt AOTR was responsible for overseeing the activities of the office. According to the technical officers, these additional tasks reduced the amount of time they had to devote to the oversight of the mission's maternal and child health activities. Technical office officials also reported that their scheduled field trips or meetings with implementing partners often are canceled in order to address urgent tasks that are assigned by Washington.

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<sup>4</sup> Although ADS does not strictly prohibit this practice, USAID's Performance Monitoring & Evaluation TIPS Numbers 12 and 18 strongly suggest that the DQA process should be led by an appropriate mission official or an outside expert.



Without adequate oversight of activities, USAID/EI Salvador's maternal and child health technical officers can not be aware of the progress and results of its programming. The lack of direct contact with health care provider beneficiaries results in the technical officers relying heavily on informal partner communications to track the progress of the programs. Furthermore, USAID/EI Salvador reported inaccurate results to USAID/Washington in the FY 2010 performance plan and report regarding achievements under the programs.

**Recommendation 6.** *We recommend that USAID/EI Salvador establish and implement procedures to improve the oversight of its maternal and child health activities and to verify the data reported by its implementing partners in their progress reports.*

**Recommendation 7.** *We recommend that USAID/EI Salvador develop and maintain a schedule for the completion of Data Quality Assessments that complies with the requirements of Automated Directives System chapter 203.3.5.2.*

## **Problems Limited the Functionality of the Abt Associates' Warehouse Supply Information System**

One of the Abt's objectives was to improve the efficiency of the drugs and medical supplies (including contraceptives) storage system by implementing of a warehousing information system. Therefore, as part of its 2010 activities, Abt planned to improve the efficiency of warehousing medications and medical supplies in the country through the implementation of the SINAB. Through its various modules, SINAB allows MOH personnel to access consolidated data on the use and inventory of medications in the country's health units and national hospitals. The SINAB tool can assist with purchasing decisions by providing information on the current supply of medicines in the various health establishments, including out-of-stock or soon-to-expire medications.

Abt's implementation of subtasks to strengthen the availability of drugs, medical supplies, and contraceptives is part of its plan to increase health care transparency. The audit team visited seven hospitals, three regional centers, and two health units, and spoke to health officials at each location on the enhancements in decisionmaking following the installation of a drug and medical supply warehousing system. During these visits, system users described problems that have affected the system's functionality.

First, USAID/EI Salvador has not placed requirements for Abt to adapt the SINAB information system at the basic level of patient care: ECOS. As the GOES reforms its health program to a community level, the system will need to be adjusted accordingly.

Users identified the following issues affecting the functionality of the system:

- In two health regions, users noted that it is not possible to register the expiration date of a given medication in the module "Consumos y Existencias."
- Users at a national hospital and at a regional level recommended that the system calculate the number of months of coverage for a certain drug based on the hospital's average usage, instead of the average consumption from the previous month's inventory.
- A user noted that it would be beneficial to have access to real-time information for some of the information that the system updates on a monthly basis.

- Users at three national hospitals reported that sometimes they experience Internet connectivity problems. Although this is not a software issue, users cannot access the system without an Internet connection.
- Some users stated that access to the system is lost if the main server at the central level is experiencing problems. Until the problem with the main server is resolved, network users cannot access SINAB.
- Users at the El Paraíso warehouse expressed concerns about the lack of a mirror server to avoid loss of data if a problem with their computer equipment occurs. These users report that much of the communications infrastructure at the warehouse is old and outdated and specifically questioned its ability to withstand a crisis—a time when the proper functioning of SINAB would be most critical.

SINAB lacks ECOS coverage because it was developed prior to the change in the GOES administration and the subsequent restructuring of the health system. The previous system did not require the management of data at a level lower than the health unit (previously the first level of patient care in the country). The system lacks certain user-identified features because Abt only recently implemented the system and the developers have not yet addressed these issues. Day-to-day use in hospital warehouses, health regions, and MOH warehouses has brought to light the needs that will increase the functionality of the system.

The lack of the necessary infrastructure puts the continued use of SINAB at risk. If concerns regarding the system's utility and user-friendliness are not addressed, users may begin to see the system as a hindrance to their work and not the useful management tool that it is intended to be. USAID/El Salvador and the MOH may need to explore further the possibilities of adjusting the SINAB information system to meet ECOS-level information requirements and reporting needs. If they do not, then SINAB will no longer meet MOH needs in reporting medication supply levels throughout El Salvador, impairing the MOH's ability to supply medications to the various levels of the health system. Therefore, this audit makes the following recommendations.

***Recommendation 8.*** We recommend that USAID/El Salvador and Abt Associates host a user forum for the Sistema Nacional de Abastecimiento to discuss improvements to the system and reach agreement on which improvements are to be implemented.

***Recommendation 9.*** We recommend that USAID/El Salvador and Abt Associates work with the Ministry of Health to develop and implement a plan to adapt the Sistema Nacional de Abastecimiento to incorporate the lower levels of health care units (Equipo Comunitario de Salud).

## **USAID/El Salvador Did Not Comply With Environmental Regulations**

According to 22 Code of Federal Regulations (CFR) 216.1(b)(1), it is USAID policy to ensure that both the Agency and the host country identify and consider the environmental consequences of USAID-financed activities before making the final decision to proceed, and that appropriate environmental safeguards are adopted. ADS 204.3.4(b)(1) requires that activity managers or cognizant technical officers conduct ongoing monitoring and evaluation to determine whether an activity's environmental components are being implemented effectively,

which includes identifying and addressing new or unforeseen environmental consequences that arise during implementation and undertaking reviews to correct these issues in a timely way.

The activity manager is responsible for ensuring that 22 CFR 216 documentation is current and covers all activities being implemented and for monitoring to ensure compliance with environmental examination and assessment conditions. Where existing strategic objective-level environmental examinations exist, the strategic objective team cannot assume that these documents fully cover the new activities. As part of the preparation for bid/award (or prior to adding new activities to an existing contract), the team should list the proposed activities and ascertain the environmental examination determination and any conditions that apply to each. ADS 204.5.2 provides best practices on how to incorporate environmental conditions and mitigating measures required by 22 CFR 216 determinations into solicitations and awards. The provided language should be seen as a starting point that may be expanded to meet the specific requirements, purpose, and intent of the 22 CFR 216 determination of a particular activity.

USAID/EI Salvador did not comply with environmental regulations specific to a procurement of equipment. A dengue epidemic occurred in El Salvador during the first quarter of 2010, which led MOH authorities to enact a “Health Alert,” followed by a “Yellow Alert.” The MOH requested fumigation equipment from USAID in order to respond to the outbreak, and USAID/EI Salvador directed URC to procure eight thermal fumigating nebulizers to implement a dengue prevention/vector control program. The mission authorized the procurement and gave the equipment, but did not develop or submit for approval an environmental mitigation plan to assess and mitigate the possible environmental impacts of this action.

This procurement took place without following the regulation because USAID procured the thermal fumigating nebulizers for the MOH under URC’s contract, which originally did not include environmental compliance language in the terms and conditions. Although USAID/EI Salvador authorized URC to procure these items in response to an urgent health need, the nature of the procurement fell outside URC’s specific contracted duties. In addition, neither the COTR nor URC were aware of the environmental requirements triggered by the procurement of this equipment. The COTR thought that the current Environmental Threshold Decision for the Strengthening Health and Basic Education activity covered this action because USAID was procuring this equipment directly for the MOH, not purchasing it for use on the contract. However, because the equipment had the potential for adverse environmental impact, the decision needed to be reviewed and revised.

Without an environmental mitigation plan, USAID/EI Salvador cannot have sufficient confidence that the end users of USAID-funded fumigation equipment are aware of the proper use of the equipment and the need to notify nearby residents before it is used. According to the regional environmental advisor, USAID’s responsibility in this case would end with the provision of training for the intended use of the fumigation equipment; however, this training was not provided.

In addition, URC included a photograph in its annual report, showing a worker using USAID-branded equipment without proper personal protective equipment. Although URC said that the photograph was “staged”—taken specifically for the annual report and not meant to demonstrate standard operating procedure—it gives the appearance that USAID/EI Salvador and URC are not complying with 22 CFR 216 requirements.

**Recommendation 10.** *We recommend that USAID/EI Salvador and University Research Corporation perform a site visit to verify that the end users of the fumigation equipment are safely operating the fumigation equipment, which includes verifying that operators have personal protective equipment and that procedures are in place to notify residents in spray areas prior to fumigation activities.*

**Recommendation 11.** *We recommend that USAID/EI Salvador modify the contract with University Research Corporation to include a clause stating its responsibility concerning USAID environmental compliance requirements.*

# EVALUATION OF MANAGEMENT COMMENTS

USAID/EI Salvador's Mission Director responded to the recommendations included in our draft audit report. USAID/EI Salvador concurred with the 11 recommendations. Our evaluation of management comments is as follows:

***Recommendation 1.*** We recommend that USAID/EI Salvador work with the Government of El Salvador Ministry of Health and the University Research Corporation to assess the contract accomplishments to date and design and schedule critical activities that the University Research Corporation is required to accomplish in order to contribute towards the goal of sustainable results.

USAID/EI Salvador concurred with this recommendation. The mission plans to work with the MOH and URC to assess the contract's accomplishments to date and to design and to schedule critical activities that will contribute to the goal of sustainable results. The mission anticipates completing this action by June 30, 2011. On the basis of the mission's planned actions, we consider that a management decision has been reached for Recommendation 1.

***Recommendation 2.*** We recommend that USAID/EI Salvador work with the Government of El Salvador Ministry of Health to assess the project accomplishments to date and design and schedule critical activities that Abt Associates needs to accomplish in order to contribute towards the goal of sustainable results.

USAID/EI Salvador concurred with this recommendation. The mission will work with the MOH and Abt to assess project accomplishments to date and to design and to schedule critical activities that will contribute to the goal of sustainable results. The mission anticipates completing this action by June 30, 2011. On the basis of the mission's planned actions, we consider that a management decision has been reached for Recommendation 2.

***Recommendation 3.*** We recommend that USAID/EI Salvador reassess the feasibility of the public/private alliance component of the Abt Associates cooperative agreement with the assistance of the mission public/private alliance advisor, and modify the award as appropriate.

USAID/EI Salvador concurred with this recommendation. The mission reassessed the feasibility of the public/private alliance component of the Abt cooperative agreement and decided to remove this component from the agreement. The mission will redirect the funds dedicated for this component (\$19,500) to strengthen other components of the award that will be identified by the MOH. The mission will modify the cooperative agreement by August 31, 2011 to reflect these changes. On the basis of the mission's planned actions, we consider that a management decision has been reached for Recommendation 3.

***Recommendation 4.*** We recommend that USAID/EI Salvador work with Abt Associates and University Research Corporation to establish performance indicators that directly reflect program activities and measure the program's intended goals.

USAID/EI Salvador concurred with this recommendation. The mission will soon sign amendments to the awards of both implementing partners. As a part of this process, USAID/EI

Salvador will review the implementing partners' indicators and ensure that the revised indicators directly reflect program activities and measure the program's intended results. The mission expects to complete this process by August 31, 2011. On the basis of the mission's planned actions, we consider that a management decision has been reached for Recommendation 4.

***Recommendation 5.*** *We recommend that USAID/EI Salvador revise the reporting requirements specified in the Abt Associates and University Research Corporation awards to better reflect the timeframe for reporting on the selected indicators and require implementer compliance with the revised requirements.*

USAID/EI Salvador concurred with this recommendation. USAID/EI Salvador will review the frequency of reporting for both implementing partners during the upcoming process of amending the awards. The mission will ensure that the revised reporting requirements better reflect an appropriate reporting timeframe. The mission will also require that the implementing partners comply with the revised requirements. The mission anticipates the completion of these actions by August 31, 2011. On the basis of the mission's planned actions, we consider that a management decision has been reached for Recommendation 5.

***Recommendation 6.*** *We recommend that USAID/EI Salvador establish and implement procedures to improve the oversight of its maternal and child health activities and to verify the data reported by its implementing partners in their progress reports.*

USAID/EI Salvador concurred with this recommendation. USAID/EI Salvador will implement several actions to address this recommendation. The mission's Human Investment Office will establish specific procedures for periodic field visits to maternal and child health activities and for cross-checking quarterly reports from implementing partners with the training events held. For a mission-wide impact, USAID/EI Salvador will revise its Mission Operations Manual 745 – Participant Training to incorporate a requirement for COTRs/AOTRs to periodically verify the accuracy, completeness, and consistency of data reported by implementing partners. The mission expects these actions to be completed by September 30, 2011. On the basis of the mission's planned actions, we consider that a management decision has been reached for Recommendation 6.

***Recommendation 7.*** *We recommend that USAID/EI Salvador develop and maintain a schedule for the completion of Data Quality Assessments that complies with the requirements of Automated Directives System chapter 203.3.5.2.*

USAID/EI Salvador concurred with this recommendation. USAID/EI Salvador has already taken action to address this recommendation. The mission developed a spreadsheet that indicates the date of the last data quality assessment for each indicator for the Human Investment Office and provided a copy for review. On the basis of the actions implemented by USAID/EI Salvador and the evidence provided, we consider that final action has been taken on Recommendation 7.

***Recommendation 8.*** *We recommend that USAID/EI Salvador and Abt Associates host a user forum for the Sistema Nacional de Abastecimiento to discuss improvements to the system and reach agreement on which improvements are to be implemented.*

USAID/EI Salvador concurred with this recommendation. USAID/EI Salvador plans to host a forum to discuss possible improvements to the SINAB and to reach an agreement on which of these improvements will be implemented. The mission anticipates hosting this forum by June 30, 2011. On the basis of the mission's planned actions, we consider that a management decision has been reached for Recommendation 8.

**Recommendation 9.** *We recommend that USAID/EI Salvador and Abt Associates work with the Ministry of Health to develop and implement a plan to adapt the Sistema Nacional de Abastecimiento to incorporate the lower levels of health care units (Equipo Comunitario de Salud).*

USAID/EI Salvador concurred with this recommendation. Abt, in coordination with the MOH, has begun to incorporate information into the SINAB for the ECOS, as they are created. The SINAB system now produces reports that include data for ECOS. On the basis of the actions taken by USAID/EI Salvador and its implementing partner, we consider that final action has been taken on Recommendation 9.

**Recommendation 10.** *We recommend that USAID/EI Salvador and the University Research Corporation perform a site visit to verify that the end users of the fumigation equipment are safely operating the fumigation equipment, which includes verifying that operators have personal protective equipment and that procedures are in place to notify residents in spray areas prior to fumigation activities.*

USAID/EI Salvador concurred with this recommendation. The USAID Regional Environmental Officer, along with representatives from USAID/EI Salvador, the MOH, and the implementing partner performed a site visit on February 10, 2011. The visit determined that (1) operational manuals for the fumigation equipment were provided to the MOH, (2) operators are using the fumigation equipment as directed by the manuals, (3) operators are utilizing appropriate protective equipment. (4) residents in spray areas are notified prior to spraying operations and are informed as to when they may return to the area, and (5) spraying activities are conducted using standard operating procedures outlined in an MOH handbook. USAID/EI Salvador provided the report of the visit written by the Regional Environmental Officer. On the basis of the action taken and evidence provided by USAID/EI Salvador, we consider that final action has been taken on Recommendation 10.

**Recommendation 11.** *We recommend that USAID/EI Salvador modify the contract with University Research Corporation to include a clause stating its responsibility concerning USAID environmental compliance requirements.*

USAID/EI Salvador concurred with this recommendation. The mission plans to modify its contract with URC to incorporate a clause stating its responsibility concerning USAID's environmental compliance requirements. The mission anticipates that this action will be completed by August 31, 2011. On the basis of the mission's planned action, we consider that a management decision have been reached for Recommendation 11.

# SCOPE AND METHODOLOGY

## Scope

The Regional Inspector General/San Salvador conducted this performance audit in accordance with generally accepted Government auditing standards.<sup>5</sup> Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objectives. We believe that the evidence obtained provides that reasonable basis. The objective of this audit was to determine if USAID/EI Salvador's maternal and child health funded activities achieved their primary goals of building skills among health care personnel in order to provide high-quality services for mothers and children, seeking reductions of maternal, infant, and neonatal morbidity and mortality.

In planning and performing the audit, we assessed the mission's controls related to its maternal and child health activities. The management controls identified included the Human Investment Office's performance management plan for its maternal and child health activities, mission data quality assessments, technical office monitoring of activities, partner progress reports, the mission's FY 2010 self-assessment of management controls reported through the Federal Managers' Financial Integrity Act of 1982, and the mission's strategy as described in the FY 2010 Operational Plan and Mission Strategic Plan.

The audit covered the maternal and child health activities under USAID/EI Salvador's strategic objective, "Investing in People: Healthier, Better Educated People." The Regional Inspector General conducted the audit in El Salvador, in the cities of San Salvador, Santa Ana, San Miguel, San Vicente, Ilopango, La Unión, Metapán, Nueva Concepción, and Usulután, from November 30, 2010, to February 7, 2011. During site visits, the audit team visited 7 of the 28 national hospitals with maternity wards, 3 of the 5 MOH regional centers, and 2 of 377 health units.

Our audit focused on the maternal and child health activities performed under the \$1.9 million cooperative agreement implemented by Abt from September 10, 2009, to December 31, 2010 and the \$2.6 million contract with URC from October 1, 2009, to December 31, 2010. As of December 31, 2010, USAID/EI Salvador had obligated approximately \$5.1 million<sup>6</sup> and expended \$3.7 million.

## Methodology

To answer the audit objective, we obtained an understanding of what the mission intended to accomplish through its two maternal and child health awards and its expected results as of the end of the audit period. We interviewed officials from USAID/EI Salvador, including the technical officers responsible for overseeing the program's activities and program officers. We also interviewed officials from Abt, URC, the GOES MOH, and program beneficiaries. We

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<sup>5</sup> *Government Auditing Standards*, July 2007 Revision (GAO-07-731G).

<sup>6</sup> USAID/EI Salvador extended both the Abt and URC awards through March 2012 and April 2012, respectively. As of December 31, 2010, the total estimated costs of the Abt and URC awards were approximately \$3.5 million and \$4.5 million, respectively.



reviewed the award documents for the audit period to obtain an understanding of the programs' design, principal activities to be undertaken, monitoring and evaluation requirements, and measurement of program results. On the basis of the collective results, we determined the progress of the mission's maternal and child health activities toward the achievement of the overall main goal of the program.

In determining the progress of activities toward the main goal, we determined the correlation between the program's indicators and field-level activities. We interviewed USAID/EI Salvador officials to determine the monitoring activities of the mission. In verifying the number of training participants, we traced reported results to relevant source documentation. In assessing the accuracy of reported results, we established a materiality threshold of 90 percent. If we could verify that the difference between reported and documented results was less than 10 percent, we considered the reported results to be accurate.

We performed site visits to verify the accuracy of each program's reported project status and to observe and discuss the quality of the activities. To determine the impact and sustainability of activities, we interviewed MOH staff working at the central level, regional health centers, national hospitals, and health units. We also interviewed staff of a central MOH warehouse.

# MANAGEMENT COMMENTS



UNITED STATES GOVERNMENT  
**Memorandum**

**Date:** May 12, 2011

**Reply to:** Carl Derrick, Director, USAID/El Salvador

**Subject:** Audit of USAID/El Salvador's Maternal and Child Health Activities  
 (Audit Report No. 1-519-11-00X-P)

**To:** Regional Inspector General/San Salvador, Catherine Trujillo

As requested, please find below USAID/El Salvador's comments on the subject audit report.

A) General Comment:

Despite all the efforts made by our Mission and our partners to meet and coordinate with the new MOH authorities after June 2009, the uncertainty of the MOH authorities to define strategies and organizational charts in a timely manner resulted in serious delays of project implementation affecting overall expected results. USAID/El Salvador's multiple attempts at coordinating its on-going activities with the Ministry of Health (MOH) came to fruition only after significant delays. The findings in the draft audit report reflect the difficult transition of the new Government of El Salvador (GOES) Administration after taking office on June 1<sup>st</sup>, 2009. The audit findings clearly show the delays of the new MOH in defining its priorities, responsibilities and chains of commands, obviously affecting project results.

We would like to clarify an important issue that the final report should include. As a consequence of the delays mentioned in the previous paragraph, the first official meeting between USAID/El Salvador and GOES/MOH officials took place approximately 5 months after the new GOES Administration took office. However, before that date, several meetings and discussions took place between the MOH and USAID technical staff including USAID implementing partners, in order to review and coordinate the activities that were agreed upon with the previous Administration and to determine how those activities fit into the new MOH health strategy.

Even after the official meeting took place on October 28, 2009, difficulties in coordination continued during the first quarter of calendar year (CY) 2010. These delays resulted in late development of work plans from Abt and University Research Corporation (URC) that were submitted in February 2010. It was towards the end of December 2010 that the organizational structure of the MOH was finalized and in March 2011 this new organizational structure was shared with USAID. Subsequently, the 2011-2012 work plans were prepared in close coordination between Abt, URC and MOH counterparts designated by the Minister of Health.

Furthermore, at the end of 2009, a state of emergency was declared by the GOES due to hurricane "Ida", followed by a dengue epidemic outbreak in the first quarter of 2010. These emergency situations forced MOH authorities to declare a "Health Alert" followed by a "Yellow Alert", causing temporary suspension

of MOH and USAID supported activities. The MOH also requested USAID/El Salvador's support for the purchase of fumigation pumps. This action was approved by USAID/El Salvador since children under five were most affected by the Dengue outbreak.

B) Comments on recommendations:

***Recommendation 1.*** We recommend that USAID/El Salvador work with the Government of El Salvador Ministry of Health and the University Research Corporation to assess the contract accomplishments to date and design and schedule critical activities that the University Research Corporation is required to accomplish in order to contribute towards the goal of sustainable results.

USAID/El Salvador concurs with this recommendation. The Mission will work with the MOH and URC to assess contract accomplishments to date and design and schedule critical activities in order to contribute towards the goal of sustainable results, as recommended by the auditors.

**Target date for completion: June 30, 2011**

***Recommendation 2.*** We recommend that USAID/El Salvador work with the Government of El Salvador Ministry of Health to assess the project accomplishments to date and design and schedule critical activities that Abt Associates needs to accomplish in order to contribute towards the goal of sustainable results.

USAID/El Salvador concurs with this recommendation. The Mission will work with the MOH and Abt Associates to assess project accomplishments to date and design and schedule critical activities in order to contribute towards the goal of sustainable results, as recommended by the auditors.

**Target date for completion: June 30, 2011**

***Recommendation 3.*** We recommend that USAID/El Salvador reassess the feasibility of the public/private alliance component of the Abt Associates cooperative agreement with the assistance of the mission public/private alliance advisor, and modify the award as appropriate.

USAID/El Salvador concurs with the recommendation. The Mission has already reassessed the feasibility of the public/private alliance component of the Abt cooperative agreement. This component will be removed from the cooperative agreement, and the funds included in the budget (US\$ 19,500) will be used to strengthen other components that will be identified by the Ministry of Health. USAID will modify the cooperative agreement.

**Target date for completion: August 31, 2011.**

***Recommendation 4.*** We recommend that USAID/El Salvador work with Abt Associates and University Research Corporation to establish performance indicators that directly reflect program activities and measure the program's intended goals.

USAID/El Salvador concurs with the recommendation. Indicators will be reviewed in conjunction with both partners in order to include these changes in the next amendment scheduled to be signed by August 31, 2011. USAID/El Salvador will make sure that the revised indicators will directly reflect program activities and measure the program's intended goals.

**Target date for completion: August 31, 2011.**

***Recommendation 5.*** We recommend that USAID/El Salvador revise the reporting requirements specified in the Abt Associates and University Research Corporation awards to better reflect the timeframe for reporting on the selected indicators and require implementer compliance with the revised requirements.

USAID/El Salvador concurs with the recommendation. Reporting frequency will be reviewed in conjunction with both implementing partners and the recommended changes will be included in the next amendments scheduled to be executed by August 31, 2011. USAID/El Salvador will ensure that the revised reporting requirements will better reflect the reporting timeframe on the selected indicators and will require implementer compliance with the revised requirements.

**Target date for completion: August 31, 2011.**

***Recommendation 6.*** We recommend that USAID/El Salvador establish and implement procedures to improve the oversight of its maternal and child health activities and to verify the data reported by its implementing partners in their progress reports.

USAID/El Salvador concurs with the recommendation. Responsibilities for activity oversight are broad and included in a number of ADS chapters, Mission Operations Manuals (MOM) and COTR/AOTR designation letters. For example, ADS Chapter 303 and USAID/El Salvador's MOMs 725, 745 and 750, as well as designation letters issued to each COTR/AOTR address the need for activity oversight. USAID/El Salvador will implement the following two specific actions to respond to the intent of this recommendation:

- The Human Investment Office will establish specific procedures for periodic field visits of maternal and child health activities, as well as cross-checking quarterly reports from its implementing partners with training events.
- The Mission will revise its MOM 745 – Participant Training to incorporate a requirement for COTRs/AOTRs to periodically verify data accuracy, completeness and consistency, as reported by implementing partners and as established in MOM 725.

**Target date for completion: September 30, 2011**

***Recommendation 7.*** We recommend that USAID/El Salvador develop and maintain a schedule for the completion of Data Quality Assessments that complies with the requirements of Automated Directives System chapter 203.3.5.2.

USAID/El Salvador concurs with the recommendation. The Mission has developed and maintains a data quality assessment (DQA) check list for each Strategic Objective, in compliance with ADS 203.3.5.2. The DQAs are up-to-date at the present time as the last DQAs were done in December of 2010. No further DQAs will be done for existing indicators since it is required every three years and new ones will be developed under the new Maternal and Child Health program. This recommendation has already been implemented and therefore we request that it be closed upon issuance of the final report (Annex 1).

***Recommendation 8.*** We recommend that USAID/El Salvador and Abt Associates host a user forum for the Sistema Nacional de Abastecimiento to discuss improvements to the system and reach agreement on which improvements are to be implemented.

USAID/El Salvador concurs with the recommendation. As recommended, USAID/El Salvador and Abt Associates will host the forum to discuss improvements to the system and reach agreement on which improvements are to be implemented.

**Target date for completion: June 30, 2011.**

***Recommendation 9.*** We recommend that USAID/El Salvador and Abt Associates work with the Ministry of Health to develop and implement a plan to adapt the Sistema Nacional de Abastecimiento to incorporate the lower levels of health care units (Equipo Comunitario de Salud).

USAID/El Salvador concurs with the recommendation. The design of the Sistema Nacional de Abastecimiento (SINAB) allows for the incorporation of the lower levels of health care units to the extent they are created. In December 2010, Abt Associates in coordination with the Ministry of Health started incorporating the ECOS (new community-level medical teams) into the SINAB. Currently, the SINAB reports include the new ECOS. Therefore, this recommendation has already been implemented; and we request that it be closed upon issuance of the final report (See Annex 2 for a copy of a sampling report).

***Recommendation 10.*** We recommend that USAID/El Salvador, and the University Research Corporation, perform a site visit to verify that the end users of the fumigation equipment are safely operating the fumigation equipment, which includes verifying that operators have personal protective equipment and that procedures are in place to notify residents in spray areas prior to fumigation activities.

USAID/El Salvador concurs with the recommendation. A site visit was performed on February 10, 2011. USAID/El Salvador (COTR and the Environmental officer), the Ministry of Health and URC participated in the site visit, and verified that operators have personal protective equipment and that procedures are in place to notify residents in spray areas prior to fumigation activities. This recommendation was already implemented; and, therefore, we request that it be closed upon issuance of the final report (See Annex 3 for the field trip report).

***Recommendation 11.*** We recommend that USAID/El Salvador modify the contract with University Research Corporation to include a clause stating its responsibility concerning USAID environmental compliance requirements.

USAID/El Salvador concurs with the recommendation. The Mission will modify the contract with URC to incorporate the recommended changes as well as an environment compliance clause **by August 31, 2011.**

**Abt Associates: Implementation Status as of September 30, 2010**

Product	Number of Subtasks			
	Planned	Complete	In Progress	Not Complete/ Behind Schedule
<b>I. STRENGTHENING THE ROLE OF GOVERNANCE</b>				
Product 1: Annual operational plans formulated by the central, regional, and local (hospitals and health care centers) levels of MOH	5	0	1	4
Product 2: Develop the ability of the MOH Planning Directorate in formulating policy and sector plans and to monitor and evaluate of their results	3	1	0	2
Product 3: Delineate the capabilities of the MOH, the Consejo Superior de Salud Publica, and the institutional ability developed in the regulation of health care service providers and the performance of health care professionals	4	4	0	0
<b>TOTAL</b>	<b>12</b>	<b>5</b>	<b>1</b>	<b>6</b>
<b>II. STRENGTHENING THE HEALTH FINANCING FUNCTION</b>				
Product 4: Gap between the cost of care according to projected demand and the financial resources available as projected	5	1	2	2
Product 5: Alternatives for reducing the gap between required and available resources	4	0	1	3
Product 6: Mechanisms for the allocation of funds or payments to health service providers	4	0	0	4
Product 7: Alternatives to increasing financing of the National Health System	8	0	7	1
Product 8: An information application for the registration and processing of data	5	5	0	0
Product 9: Definition and mapping/identification of at least 12 potential alliances with the private sector	5	0	0	5
<b>TOTAL</b>	<b>31</b>	<b>6</b>	<b>10</b>	<b>15</b>
<b>III. STRENGTHENING THE AVAILABILITY OF HUMAN RESOURCES</b>				
Product 10: Strategy to enable MOH, in the medium and long term, the right combination of qualified health care personnel	6	3	0	3
Product 11: Plan for monetary and nonmonetary incentives designed and discussed with MOH officials	4	2	0	2
Product 12: MOH Human Resources Management Directorate equipped with an information management system	6	2	0	4

Product	Number of Subtasks			
	Planned	Complete	In Progress	Not Complete/ Behind Schedule
<b>TOTAL</b>	<b>16</b>	<b>7</b>	<b>0</b>	<b>9</b>
<b>IV. STRENGTHENING OF THE AVAILABILITY OF DRUGS, MEDICAL SUPPLIES, AND CONTRACEPTIVES</b>				
Product 13: Implement the unified national list of essential drugs in National Health Care System institutions	10	0	0	10
Product 14: Drug and medical supplies (including contraceptives) warehousing system operating in the 30 MOH hospitals and in the Fondo Solidario para la Salud	9	9	0	0
Product 15: Contraceptives logistics system operating on a continued and efficient basis in health care facilities and in MOH central and regional levels	5	2	0	3
Product 16: Needs estimation processes, calculation, and allocation of budgets and contraceptives purchases, all operating in an efficient and continuous manner in health care facilities and in the MOH central and regional levels	2	2	0	0
Product 17: Strategies being implemented which are aimed at ensuring the continuous availability of contraceptive supplies	4	0	0	4
Product 18: Continuous availability of contraceptive supplies in the 100 communities with extreme, severe, and high poverty	9	2	1	6
<b>TOTAL</b>	<b>39</b>	<b>15</b>	<b>1</b>	<b>23</b>
<b>V. STRENGTHENING THE HEALTH INFORMATION SYSTEM</b>				
Product 19: Methodology for the monitoring and evaluation of the 5-year health care plan and of the MOH Annual Operational Plans being applied	8	7	1	0
Product 20: Software developed for MOH for the management of health care sector information	7	0	0	7
Product 21: Provide MOH health care facilities with a general catalog of services and with standardized criteria for recording cost information	2	0	0	2
Product 22: Develop the abilities of MOH personnel in codification of diagnostics and medical procedures	2	1	0	1
<b>TOTAL</b>	<b>19</b>	<b>8</b>	<b>1</b>	<b>10</b>
<b>GRAND TOTAL</b>	<b>117</b>	<b>41</b>	<b>13</b>	<b>63</b>

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