



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/SOUTHERN AFRICA'S REGIONAL HIV/AIDS PROGRAM IN LESOTHO

AUDIT REPORT NO. 4-632-12-001-P
OCTOBER 6, 2011

PRETORIA, SOUTH AFRICA



Office of Inspector General

October 6, 2011

MEMORANDUM

TO: USAID/Southern Africa Mission Director, Jeff Borns

FROM: Regional Inspector General/Pretoria, Christine M. Byrne /s/

SUBJECT: Audit of USAID/Southern Africa's Regional HIV/AIDS Program in Lesotho
(Report Number 4-632-12-001-P)

This memorandum transmits our final report on the subject audit. We have considered management's comments on the draft report and have incorporated them as appropriate. Management comments have been included in their entirety in Appendix II.

This report includes four recommendations to strengthen the mission's Regional HIV/AIDS Program in Lesotho. Based on management's comments on the draft report, management decisions have been reached on all four recommendations, and final action has been taken on Recommendation 2. Please provide the Office of Audit Performance and Compliance Division with the necessary documentation to achieve final action on Recommendations 1, 3, and 4. Recommendation 2 is closed on report issuance.

I want to express my sincere appreciation for the cooperation and courtesy extended to my staff during the audit.

CONTENTS

- Summary of Results** 1
- Audit Findings**..... 4
 - U.S. Government Activities in Lesotho Were Not Sufficiently Coordinated 4
 - Use of Certain Subgrantees by Pact Led to Increased Costs..... 5
 - Pact Fell Short of Achieving Fiscal Year 2010 Performance Targets 6
 - Health Facilities Did Not Always Document Gender Considerations 7
 - Mission Lacked Sufficient Indicators to Measure John Snow Inc.'s Progress 8
- Evaluation of Management Comments**..... 10
- Appendix I – Scope and Methodology** 11
- Appendix II – Management Comments** 13
- Appendix III – Results of Audit Testing of Indicators**..... 17
- Appendix IV –Audit Testing of Data From the Elizabeth Glazer Pediatric AIDS Foundation**..... 18

Abbreviations

The following abbreviations appear in this report:

ADS	Automated Directives System
APS	annual program statement
CDC	Centers for Disease Control and Prevention
CRS	Catholic Relief Services
EGPAF	Elizabeth Glazer Pediatric AIDS Foundation (also referred to as the Glaser Foundation)
FY	fiscal year
JSI	John Snow Inc.
MCC	Millennium Challenge Corporation
NGO	nongovernmental organization
PEPFAR	President’s Emergency Program for AIDS Relief
PMTCT	prevention of mother-to-child transmission of HIV
PSI	Population Services International
RHAP	Regional HIV/AIDS Program Office

SUMMARY OF RESULTS

The 2010 AIDS epidemic update by the Joint United Nations Programme on HIV/AIDS showed that Lesotho, with more than 23 percent of its adult population infected with HIV, has the third highest prevalence rate in the world, after Swaziland and Botswana.¹ It is estimated that up to 40 percent of all Lesotho children have lost one or both parents to the disease. Infection levels are highest in urban areas, and women account for approximately 57 percent of people living with HIV/AIDS. The epidemic is driven by multiple, concurrent sexual partnerships, with married couples and couples in long-term relationships identified as the main transmitters of the disease. Transactional and transgenerational sexual relationships are also commonplace because of societal factors such as population migration and widespread poverty.

In response to Lesotho's HIV/AIDS epidemic, U.S. Government support through the President's Emergency Program for AIDS Relief (PEPFAR) has steadily increased, from \$1 million prior to 2005 to \$37 million in 2010. Despite this assistance, Lesotho's HIV/AIDS response suffers from a severe human resource crisis, which is compromising the health system's ability to provide needed services. Furthermore, Lesotho's system suffers from inadequate and overburdened facilities, weak laboratory and supply chain systems, and a lack of credible information for data-driven decision making. Mountainous terrain and an underdeveloped road system mean that access to services for the vast majority of the population is extremely challenging.

The Government of Lesotho coordinates the national response to HIV/AIDS through its National AIDS Commission, following the framework set out in the National Strategic Plan (2006–2011). Through PEPFAR, the U.S. Government and its partners are helping Lesotho implement its national response by providing financial support and technical expertise. To strengthen this support, in August 2009 the U.S. Government and the Government of Lesotho signed the U.S.-Lesotho partnership framework on HIV and AIDS for 2009–2014. It focuses on achieving four key goals: (1) reducing HIV incidence; (2) reducing HIV/AIDS-related morbidity and mortality by providing treatment and care to people living with HIV and to orphans and vulnerable children; (3) improving human resource capacity to deliver HIV services; and (4) strengthening health management information systems, labs, organizational capacity, and supply chains. The interagency PEPFAR program in Lesotho is organized around the four goals of the partnership framework, and is planned and administered by five U.S. Government agencies.²

USAID/Southern Africa's support in Lesotho, through its Regional HIV/AIDS Program (RHAP) Office, focuses on preventing HIV transmission through prevention of mother-to-child transmission (PMTCT), male circumcision, changing of sexual behaviors, treatment and care for both adults and children, support for orphans and vulnerable children, capacity building in the use of strategic information, and strengthening of public and private health systems.³ Table 1 shows the program areas reviewed in this audit.

¹ The prevalence rate is the percentage of people living with the disease at a specified point in time. The rate given here is for adults aged 15 to 49. In 2009, the comparable rate for sub-Saharan Africa was 5 percent.

² USAID, the Centers for Disease Control and Prevention (CDC), the Peace Corps, and the Departments of State and Defense.

³ In addition to Lesotho, USAID/Southern Africa's RHAP office manages USAID's HIV activities in Swaziland and Botswana.

Table 1. Regional HIV/AIDS Program Activities in Lesotho

Program Area	Implementer	Period	Amount (\$ millions)	Obligations (\$ millions)
PMTCT	Elizabeth Glaser Pediatric AIDS Foundation (the Glaser Foundation)	February 16, 2010–February 15, 2015	24.5	5.4
Prevention and Care	Pact	October 1, 2009–September 30, 2014	12.0	2.6
Health Systems	IntraHealth*	October 1, 2006–January 31, 2011	19.0	18.0 (2.8 in Lesotho)
Strategic Information	John Snow Inc. (JSI)	July 8, 2008–July 7, 2013	1.5	0.8

* IntraHealth was the contractor for this program, which is more commonly known as the Southern Africa Human Capacity Development Coalition, or simply as the Coalition.

The audit's objective was to determine whether USAID/Southern Africa's regional HIV/AIDS program was achieving its main goal of mitigating the impact of the epidemic in Lesotho. The audit determined that although the mission was making progress toward this goal, progress was hampered by some deficiencies in the implementation and supervision of several activities. Table 2 summarizes the answer to the audit objective for the various program areas examined. Appendix III contains the specific fiscal year (FY) 2010 indicators tested during the audit, with associated results, targets, and applicable program areas. Appendix IV presents summaries of data tested and discrepancies noted in the testing of the Glaser Foundation's data.

Table 2. Summary of Audit Results

Program Area	Did HIV/AIDS Activities in This Program Area Achieve Their Goals?
PMTCT	Yes. The Glaser Foundation determined the HIV status of a reported 24,622 pregnant women and treated 4,758 HIV-positive pregnant women to reduce the risk of mother-to-child transmission, achieving 96 percent of its planned results in these key areas. Greater male involvement in PMTCT would enhance effectiveness.
Prevention and Care	No. Pact reached 2,631 people with preventive interventions, which was only 12 percent of its target for two primary planned results. Overall, Pact did not achieve 13 of its 16 FY 2010 results.
Health Systems Strengthening—Human and Institutional Capacity Building	Mixed. There were some achievements, but poor financial management prevented completion of several activities. Some reported results were unsupported; coordination with other activities needed improvement.
Strategic Information	Could not determine. JSI's activities did not have sufficient indicators to measure their overall performance.

The mission's activities in Lesotho have suffered from the following problems that have impeded progress or made progress difficult to measure:

- U.S. Government activities in Lesotho were not sufficiently coordinated (page 4).
- Use of certain subgrantees by Pact led to increased costs (page 5).
- Pact fell short of achieving FY 2010 performance targets (page 6).
- Health facilities did not always document gender considerations (page 7).
- The mission lacked sufficient indicators to measure JSI's progress (page 8).

To assist USAID/Southern Africa in strengthening its HIV/AIDS activities in Lesotho, the report recommends that the mission:

1. Develop and implement a plan to hold regular program coordination forums with its Lesotho implementing partners, and provide written invitations to other U.S. Government agencies in Lesotho and their implementing partners to participate (page 5).
2. Determine whether Pact is achieving its performance targets and document the results, and develop and implement a plan to help enable Pact to achieve its targets if it is not doing so (page 7).
3. Develop and implement a gender strategy to require that its HIV/AIDS programming in Lesotho systematically address PEPFAR's gender-related goals (page 8).
4. Collaborate with the Centers for Disease Control and Prevention (CDC) in Lesotho to put in place additional performance indicators and monitoring and evaluation tools that USAID officials can directly access to measure whether JSI is fulfilling the terms of its contract with USAID in Lesotho (page 9).

Detailed findings appear in the following section; the audit's scope and methodology appear in Appendix I. Management comments are in Appendix II, and our evaluation of management comments is included on page 10 of the report.

AUDIT FINDINGS

U.S. Government Activities in Lesotho Were Not Sufficiently Coordinated

The careful coordination of foreign assistance is imperative if U.S. taxpayer funds are to be spent effectively and efficiently. To this end, USAID guidance (Automated Directives System [ADS] 200.3.3) states that mutual accountability of donors and recipients requires, among other things, that donors coordinate their programs to avoid duplication of effort.

In Lesotho, several U.S. Government programs have engaged in various activities to help strengthen the country's health systems through improved human resource capability. The Maternal and Child Health Integrated Program, implemented by Jhpiego⁴ through a centrally managed award from USAID/Washington, provided rudimentary preservice education to prospective health-care workers on behalf of the Christian Health Association of Lesotho, the major private sector health-care provider in Lesotho. Meanwhile, the Millennium Challenge Corporation (MCC) engaged a firm to improve health systems in the Lesotho public sector. Finally, the Coalition, managed by the RHAP office, was involved in a number of public and private sector human resources activities.

Despite Agency guidance highlighting the importance of program coordination, some activities were not sufficiently coordinated among U.S. Government programs. For example, a USAID official in Lesotho observed that MCC and the Maternal and Child Health Integrated Program ultimately developed two separate preservice training curricula for the public sector and the Christian Health Association of Lesotho, respectively. In this official's opinion, separate curricula were not conducive to effective training of health-care workers or service delivery. Moreover, given its mandate to assist both the public and private sectors, the Coalition was uniquely positioned to work with the Government of Lesotho in developing a standardized training curriculum. According to a Coalition official, however, the Coalition did not assume this overarching role because a former USAID official determined that Jhpiego had the most expertise in preservice training.

Another area in which the activities of MCC and the Coalition overlapped was the decentralization of the Lesotho health-care system. As part of this effort, the Coalition supported the salary of a decentralization coordinator in the Ministry of Health and Social Welfare, while the MCC program was also working on decentralization issues. However, according to officials from the Coalition and the ministry, the decentralization coordinator and the MCC consultant had a poor working relationship. A ministry official stated that she recognized the negative implications of this relationship and made unsuccessful attempts to reconcile their differences. Moreover, this official averred that different stakeholders "not being on the same page" helped to foster this unfavorable environment. She concluded that the conflict and lack of coordination between these officials compromised performance, limited the effectiveness of the MCC program, and hindered the decentralization process.

⁴ Jhpiego is an international nonprofit health organization affiliated with The Johns Hopkins University.

The causes of this lack of adequate coordination varied. For example, high staff turnover and the extended vacancy of key positions such as country director hampered USAID's oversight of its activities in Lesotho. According to one USAID official, this contributed to a situation in which USAID gave insufficient attention to the Coalition. Moreover, the discontinuity in Lesotho-based supervision led to the lapse of management practices that addressed program coordination. For example, a Coalition official stated that USAID used to hold forums for Lesotho implementing partners where activities were mapped on a district-by-district basis to improve coordination and avoid duplication. Although this official found the forums to be very useful and informative, they were discontinued after key positions became vacant.

Insufficient coordination among U.S. Government programs not only impairs the effectiveness and efficiency of U.S. funds, but also impedes development objectives for the host country. For example, this inefficiency was reflected in the ministry official's comments regarding the hindrance of the decentralization process. Although the mission's hiring of a full-time USAID country director will improve program oversight and coordination, the use of proven and effective management practices should be reestablished. Consequently, this audit makes the following recommendation.

Recommendation 1. *We recommend that USAID/Southern Africa (1) develop and implement a plan to hold regular program coordination forums with its Lesotho implementing partners and (2) provide written invitations to other U.S. Government agencies in Lesotho and their implementing partners to participate.*

Use of Certain Subgrantees By Pact Led to Increased Costs

Under its original cooperative agreement that ended in FY 2010, one of Pact's main responsibilities was to strengthen the effectiveness of its subgrantees in project management, financial accountability, and monitoring and evaluation. This assistance was primarily intended to help local nongovernmental organizations (NGOs) become effective, sustainable organizations that could spearhead Lesotho's indigenous response to its HIV epidemic.

Despite this focus on building the capacity of smaller, local organizations, several large international NGOs were included as subgrantees under Pact's original 2005 cooperative agreement. CARE, Catholic Relief Services (CRS), and Population Services International (PSI) were subgrantees even though they were capable of receiving U.S. Government funding directly and did not need Pact's capacity-building expertise. These three organizations are major international NGOs based in the United States that have previously served as USAID prime implementing partners.⁵ Their inclusion was thus contrary to one of Pact's main purposes, improving the capability of local and regional organizations.

According to mission officials, there was no USAID staff in Lesotho when the original cooperative agreement was enacted; consequently, the RHAP office in South Africa, which was itself understaffed at the time, initially managed the agreement. Mission officials noted that providing the funding for CARE, CRS, and PSI through Pact required the regional office to oversee only one agreement and one primary implementing partner rather than multiple

⁵ Examples include CARE's \$30 million agreement signed in 2006 with USAID's Office of Food for Peace to implement the Livelihood Expansion and Asset Development Program in Sierra Leone; CRS's leadership of a consortium implementing a \$31 million, 5-year project that began in 2008 to reduce food insecurity in Mali; and PSI's \$30 million cooperative agreement to fight malaria in Tanzania.

agreements and partners. Although CARE, CRS, and PSI could have been funded directly, these officials stated that funding through Pact was a sound decision given the regional office's limited management resources. Furthermore, mission officials added that the emergency nature of PEPFAR's initial phase, coupled with the dearth of competent Lesotho HIV service providers, also led to the use of international NGOs under Pact's original cooperative agreement.

Even though the inclusion of CARE, CRS, and PSI under Pact was a reasonable management decision at the time, it resulted in an additional layer of costs. The Lesotho portion of the original cooperative agreement was \$6,941,736, of which Pact awarded \$4,374,699 to 13 NGOs. The share of this amount attributable to CARE, CRS, and PSI was \$2,327,096. Assuming that Pact's overhead costs were allocated among its subgrantees in proportion to their awarded amounts, more than \$1 million was spent on behalf of subgrantees that did not require Pact's capacity-building and grants management services. Conversely, assuming that none of Pact's overhead costs were allocable to CARE, CRS, and PSI, Pact's provisional indirect cost rate for subgrants would still have resulted in additional spending.

USAID has a fiduciary responsibility to spend U.S. taxpayer funds as effectively and efficiently as possible. In the current fiscal climate, decisions made for administrative and programmatic expediency that carry cost implications must be carefully scrutinized to ensure that they are necessary for achieving essential U.S. foreign policy priorities. However, since the current Pact cooperative agreement, which ends in September 2014, does not include subgrantees such as CARE, CRS, and PSI, this audit is not making any recommendations on this issue at this time.

Pact Fell Short of Achieving Fiscal Year 2010 Performance Targets

For FY 2010, Pact and USAID established targets for 16 performance indicators encompassing various HIV care, prevention, and capacity-building activities. However, Pact reported that it did not achieve targets for 13 of those indicators, often by significant margins. The audit selected two indicators for detailed testing. Although auditors verified the results as accurate, they were significantly below target.

For its two main prevention indicators, Pact reached only 2,631 of its target population of 21,667 with basic prevention interventions, or 12.1 percent of its FY 2010 target.⁶ This shortcoming was partially caused by Pact's transition from the original 5-year cooperative agreement to the new one, effective October 1, 2009. As part of this transition, Pact issued an annual program statement (APS) in September 2009 inviting interested local and international NGOs to apply for funding under the new agreement. However, this APS was cancelled in December 2009 under the direction of USAID. According to mission officials, the APS contained program activities for which budgeted funds were ultimately not provided. Nevertheless, Pact included these activities in the APS as directed in a verbal statement from a former USAID official that funding would be available. The APS was eventually reissued in April 2010, causing delays in project implementation and failures to achieve the majority of performance indicator targets.

⁶ Pact's two main prevention indicators are (1) *Number of targeted population reached with individual and/or small group level preventive interventions that are based on evidence and/or meet the minimum standard requirements* and (2) *Number of the targeted population reached with individual and/or small group level preventive interventions that are primarily focused on abstinence and/or being faithful, and are based on evidence and/or meet the minimum standards required.*

As a result of the APS reissuance and accompanying delays, only one subgrantee, the Anti Drug Abuse Association of Lesotho, substantially contributed to the program's key prevention results. The target for those indicators, 21,667, was originally planned to be achieved through a joint effort by six subgrantees.

The inability to meet established targets hindered USAID's efforts to mitigate the impact of HIV/AIDS in Lesotho. Pact spent approximately 76 percent of its FY 2010 obligated budget for personnel, fringe benefits, allowances, travel, and indirect costs, but only 12 percent on contractual obligations, including subgrantees. As a result, the delays in implementing the new agreement had a financial effect in addition to the programmatic issues. To help expedite the progress and improve the effectiveness of USAID's HIV/AIDS program in Lesotho, this audit makes the following recommendation.

Recommendation 2. *We recommend that USAID/Southern Africa (1) determine whether Pact is currently achieving performance targets and document the results and (2) develop and implement a plan to help enable Pact to achieve its targets if it is not doing so.*

Health Facilities Did Not Always Document Gender Considerations

According to the PEPFAR Gender Framework,⁷ men play a critical role in achieving positive HIV/AIDS outcomes, whether as clients of health services, supportive partners, or active participants in promoting gender equality. Recognizing that men can either impede or enhance health interventions, PEPFAR encourages programs to promote positive male engagement and behavioral change. This is particularly relevant in Lesotho, where married couples and couples in long-term relationships are the main transmitters of HIV. Men play an important role in PMTCT by helping their pregnant partners adhere to prescribed prevention and treatment regimens. As part of this effort, a PEPFAR practice aid⁸ advises engaging male partners in PMTCT programs and providing them counseling and testing. It further states that these activities should be managed with sex-disaggregated data analysis to understand better the gender dimensions of HIV/AIDS epidemics.

During site visits to 17 health facilities providing antenatal services, auditors conducted random spot checks of files of HIV-positive pregnant women. Although standard patient data forms contained a section to record the male partner's information and HIV status, this section was not completed in 33 of the 39 files reviewed. The auditors also observed that men were largely absent from health facilities visited. Health facility staff confirmed that the lack of male involvement in antenatal care is a widespread problem in Lesotho.

According to the health facility staff, Lesotho men are customarily reluctant to accompany their partners to pregnancy and counseling clinics. Moreover, many of these men are transient mine workers in South Africa and return home only on weekends, when health centers are closed. Therefore, it is very difficult to locate these partners for testing. Although USAID and the Glaser Foundation have stated that they are undertaking some outreach efforts, those efforts were not documented in either the patient registers or individual patient files. As a

⁷ The PEPFAR Gender Framework is a document prepared by the Office of the Global AIDS Coordinator that spells out the overall goals of PEPFAR gender programming and approaches for achieving those goals.

⁸ *Program Self-Assessment Tool for Integration of Gender into PEPFAR Programs.*

result, standard patient data forms were not effective tools for locating male partners and scheduling follow-up activities, leading to missed opportunities for men to play vital supporting roles in PMTCT. Moreover, a lack of management follow-up is a missed opportunity for men to access HIV health services, which is an important element in mitigating the impact of the epidemic in Lesotho and South Africa. Consequently, this audit makes the following recommendation.

Recommendation 3. *We recommend that USAID/Southern Africa develop and implement a gender strategy to require that its HIV/AIDS programming in Lesotho systematically address the President's Emergency Plan for AIDS Relief's gender-related goals.*

Mission Lacked Sufficient Indicators to Measure John Snow Inc.'s Progress

Managing for results is a key USAID tenet toward achieving its development objectives. To this end, ADS 203.3.2.2b states that USAID missions should use performance information to assess progress in achieving results and to make management decisions on improving performance. Performance indicators are vital tools in providing this information. Accordingly, ADS 203.3.4.2g states that missions should use as many performance indicators as necessary and cost-effective for results management and reporting purposes.

The JSI contract with USAID covers HIV/AIDS programs in South Africa, Lesotho, and Swaziland. There are three primary tasks for Lesotho: (1) building capacity for enhanced use of strategic information, (2) improving data quality, and (3) developing the health management information system. Activities under these three primary tasks were intended to improve data collection, analysis, and presentation to promote better use of data in health planning, policy making, and program implementation.

Despite the breadth of these tasks and USAID guidance on performance indicators, JSI reported results for only one indicator in FY 2010. This indicator was the number of health-care workers who successfully completed an in-service training program. According to JSI staff, this indicator represents only a small portion of JSI's activities in Lesotho, which included conducting training in data quality assessment and developing a geographic information system to improve HIV-related analysis and decision making.

Mission officials explained that JSI was required to report on only one indicator because it was the only indicator mandated by the Office of the U.S. Global AIDS Coordinator that fit with JSI's contract in Lesotho. This idea was reinforced by the CDC activity manager in Lesotho, who also instructed JSI to report solely on PEPFAR indicators. To manage JSI's performance and results in areas not covered by the PEPFAR indicator, USAID/Southern Africa relied on the Lesotho-based CDC activity manager. However, mission officials explained that this cross-agency management structure hampered their ability to manage JSI activities. For instance, the CDC activity manager called meetings with JSI without USAID's presence; although the CDC activity manager provided USAID with details of the meeting, USAID did not believe that this approach was effective because it limited proper communication between JSI and USAID's technical experts. In addition, because CDC and USAID have different focuses, CDC would refer JSI to USAID on some issues and would instruct JSI on other issues, further complicating the

mission's ability to oversee JSI activities. JSI also tended to resist CDC's management advice because its contract was with USAID.

Without adequate performance indicators and USAID management's timely and direct periodic monitoring and evaluation of project activities, USAID officials lack objective performance information to assess progress toward planned results. In these circumstances, the auditors could not determine the progress of JSI's activities and their corresponding results under the contract. Consequently, this audit makes the following recommendation.

Recommendation 4. *We recommend that USAID/Southern Africa collaborate with the Centers for Disease Control and Prevention in Lesotho to put in place additional performance indicators and monitoring and evaluation tools that USAID officials can directly access to adequately measure whether John Snow Inc. is fulfilling the terms of its contract with USAID in Lesotho.*

EVALUATION OF MANAGEMENT COMMENTS

In its comments on the draft report, USAID/Southern Africa agreed with all recommendations. Management decisions have been reached on all four recommendations, and final action has been taken on Recommendation 2. A detailed evaluation of management comments follows.

Recommendation 1. USAID/Southern Africa agreed to (1) develop and implement a plan to hold regular program coordination forums with its Lesotho implementing partners and (2) provide written invitations to other U.S. Government agencies in Lesotho and their implementing partners to participate. Regarding the plan to hold regular program coordination meetings, the mission has already developed a plan, and the first meetings have been held. For example, in February 2011 the USAID office in Lesotho convened a partners' meeting to improve coordination among PEPFAR-funded partners and explore opportunities to link and leverage services within and across technical areas. They plan to hold these all-partner meetings at least twice a year. Regarding issuing written invitations to other U.S. Government agencies in Lesotho, the mission plans to complete the invitations by the end of October 2011. As a result, a management decision has been reached on Recommendation 1.

Recommendation 2. USAID/Southern Africa agreed to (1) determine whether Pact is currently achieving performance targets and document the results and (2) develop and implement a plan to help enable Pact to achieve its targets if it is not doing so. In August 2011 the mission reviewed Pact's results from the third quarter of FY 2011 and found that Pact was making significant progress and had nearly achieved performance targets for all but two indicators. Regarding the two indicators for which performance particularly needed improvement, the mission has already developed and implemented a plan to help Pact achieve these targets. As a result of these actions, a management decision has been reached and final action taken on Recommendation 2.

Recommendation 3. USAID/Southern Africa agreed to develop and implement a gender strategy to require that its HIV/AIDS programming in Lesotho systematically address PEPFAR's gender-related goals. The USAID office in Lesotho plans to develop and begin implementation of a robust gender strategy by June 2012. As a result, a management decision has been reached on Recommendation 3.

Recommendation 4. USAID/Southern Africa agreed to collaborate with the CDC in Lesotho to put in place additional performance indicators and monitoring and evaluation tools that USAID officials can directly access to measure JSI's performance adequately. However, the mission stated that as of May 31, 2011, JSI's contract with USAID/Southern Africa in Lesotho had ended, and that a local partner, the Institute for Health Management, had been selected to implement the Strategic Information program area in Lesotho for USAID/Southern Africa. Therefore, the mission and its office in Lesotho plan to work closely with CDC to ensure that work plans with clear, custom indicators and measurable outputs are developed and used by the new partner. According to subsequent correspondence from mission officials, the work plan for the current year will be finalized in October 2011. As a result, a management decision has been reached on Recommendation 4.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Pretoria conducted this performance audit in accordance with generally accepted government auditing standards.⁹ Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objective. This objective was to determine whether USAID/Southern Africa's regional HIV/AIDS program in Lesotho was achieving its main goal of mitigating the impact of the epidemic on Lesotho. We believe that the evidence obtained provides that reasonable basis. Audit fieldwork was conducted from December 15, 2010, to May 12, 2011, and covered FY 2010. In FY 2010, the funding for the mission's HIV/AIDS program in Lesotho was \$26.8 million. As of September 2010, USAID/Southern Africa had agreements with eight implementing partners working on HIV/AIDS intervention activities in Lesotho. Of these agreements, the audit focused on four agreements with funding of \$9,804,202 in FY 2010, or 69 percent of the total funding for those eight agreements. These four partners had obligated about \$11.6 million as of December 2010. During fieldwork, auditors tested approximately 10 percent of the total results for two key program indicators as illustrated in the tables in Appendix IV. Additionally, the auditors tested 100 percent of the results reported for selected indicators of Pact, JSI, and the Coalition shown in Appendix III.

In planning and performing the audit, the audit team assessed management controls related to management oversight, proper execution of transactions and events, and review of performance measures and indicators. Specifically, we studied and reviewed the following:

- FY 2009 and 2010 country operational plans
- Implementing partners' agreements and contracts
- Annual Performance Report on PEPFAR indicators
- Implementing partners' quarterly and annual progress reports
- Performance measures
- Target and actual performance results for FY 2010

We also interviewed key officials from the USAID/Southern Africa RHAP office, implementing partners, Government of Lesotho Ministry of Health and Social Welfare, and government hospital and clinic as well as private hospital and clinic staff. We conducted the audit at the USAID/Southern Africa RHAP office in Pretoria, at the U.S. Embassy in Lesotho where in-country USAID personnel are located, at four major implementing partners' offices in Pretoria and Maseru, and at 17 hospital and clinic activity sites in six of ten districts of Lesotho.

Methodology

To answer the objective, we interviewed officials from USAID/Southern Africa's RHAP office, the Ministry of Health and Social Welfare, implementing partners, and USAID and other PEPFAR staff based in Lesotho. Interviews were conducted to gain an understanding of the mission's activities in Lesotho and to identify the key performance indicators used to measure the

⁹ *Government Auditing Standards*, July 2007 Revision (GAO-07-731G).

contribution of those activities to meeting the main goal of the program. The six indicators selected were based on consultations with the mission.

Besides verifying data reported by implementing partners, auditors performed site visits at 17 hospitals and clinics in six of ten Lesotho districts to test the accuracy of indicator data supplied by EGPAF. Auditors judgmentally selected these health facilities to provide maximum and diversified review coverage of the major district government-owned hospitals and clinics, and privately administered hospitals and clinics. On arrival at the health facilities, auditors interviewed the health facility administrators, performed a walk-through of the facilities, and verified supporting documentation for key PEPFAR indicator results reported to USAID for FY 2010. Because of the judgmental selection of health facilities visited, site visit results cannot be projected to the entire universe of health facilities in Lesotho. Auditors verified judgmentally selected indicator data from subpartners against the data obtained from the respective primary partner.

For the Pact indicator, the auditors selected without bias 34 students from Excel spreadsheets supporting the indicator result who attended at least three sessions (a minimum of three sessions were required before the student could be included in the indicator total). Testing then consisted of tracing the student from the spreadsheet to the attendance roster for at least three sessions. No attempt was made to validate the total number of sessions if the student attended more than three; thus, once three sessions were corroborated, the data point was considered valid. Our testing revealed no discrepancies.

The indicator for JSI was tested by reviewing supporting documentation. For the Coalition, supporting documentation was not available at the time of audit fieldwork as noted in the table on page 17.

We also reviewed documents as part of our audit procedures for developing findings with criteria. These documents included the 2009 and 2010 country operational plan funding for the USAID/Southern Africa RHAP office; partners' contracts, agreements, and related modifications; and multiple sections of the ADS and Federal Acquisition Regulations incorporated in ADS 302, "USAID Direct Contracting."

Given the largely procedural nature of our reviews, we did not set a minimum dollar variance or rate of exception occurrence for materiality in our test of intervention activities, but considered rather the nature of the specific activity under review and our judgment as to the deficiency's impact on achieving the activities' overall goals. Nevertheless, our selection of HIV/AIDS prevention activities to review was driven by the funding levels of the partners (i.e., we chose partners with the highest funding/most activities). We also set an 80 percent and above achievement of a quantitative indicator target as satisfactory performance by the implementing partner; performance below 80 percent of the target was deemed unsatisfactory. After verifying the above-mentioned data and other information gathered during interviews and a review of documents, we concluded that the mission was making progress toward mitigating the impact of the HIV/AIDS epidemic in Lesotho. Table 2 on page 2 summarizes the answer to the audit objective for the various program areas examined.

MANAGEMENT COMMENTS

September 9, 2011

MEMORANDUM

TO: Regional Inspector General/Pretoria, Christine M. Byrne
FROM: USAID/Southern Africa, Mission Director, Jeffrey Burns
SUBJECT: Audit of USAID/Southern Africa's Regional HIV/AIDS Program in Lesotho (Report Number 4-632-11-XXX-P)

This memorandum transmits the USAID/Southern Africa Comments, dated September 9, 2011, on the Regional Inspector General/Pretoria (RIG) Draft Report on the subject audit. These comments are provided both in hard copy and electronic format (Microsoft Word).

On behalf of USAID/Southern Africa, I wish to express our sincere gratitude to the RIG for conducting the audit and preparing the draft report for the in order to strengthen USAID/Southern Africa's Regional HIV/AIDS Program in Lesotho.

September 8, 2011

**USAID/Southern Africa Comments on Audit Report on
USAID/Southern Africa's Regional HIV/AIDS Program in
Lesotho (Report No. 4-632-11-012-P)**

**1. Audit Finding: U.S. Government Activities in Lesotho Were Not Sufficiently
Coordinated**

Audit Recommendation No 1: We recommend that USAID/Southern Africa (a) develop and implement a plan to hold regular program coordination forums with its Lesotho implementing partners; and (b) provide written invitation to other U.S. Government agencies in Lesotho and their implementing partners to participate.

USAID/Southern Africa Comments: USAID/Southern Africa agrees with audit recommendation Number 1.

The USAID office in Lesotho has initiated steps to implement this recommendation. In February 2011, the USAID office in Lesotho worked with PEPFAR Lesotho to convene a partners' meeting to improve coordination among PEPFAR-funded partners and explore opportunities to link and leverage services within and across technical areas. These all-partner meetings will be held at least twice per year. The next meeting is scheduled for November 2011.

In addition, the USAID office in Lesotho and PEPFAR Lesotho have established an OVC Partners' meeting for PEPFAR funded implementing partners. The first meeting was held in August 2011. The meeting, which will be held every quarter, is aimed at providing a forum for partners, the USAID office in Lesotho and PEPFAR Lesotho to share technical information, including on effective strategies, lessons learned, challenges around programming for OVC, and how best to utilize resources and minimize duplication of interventions. Activity Managers are working to establish similar forums across other technical areas.

The USAID office in Lesotho will more proactively collaborate and coordinate activities with the MCC by holding regular planning meetings with MCC and MCA staff in Lesotho. The PEPFAR Health Management Information Systems (HMIS) Advisor, based in Lesotho, is working closely with MCC on HMIS and PEPFAR health systems strengthening (HSS) activities. The USAID/Southern Africa Human Capacity Development Advisor has also been working on aligning USAID HSS activities with MCC HSS activities to avoid duplication.

The USAID Office in Lesotho will extend written invitations for these and other coordination meetings to other U.S. Government agencies implementing PEPFAR, and to the MCC.

2. Audit Finding: Pact Fell Short of Achieving Fiscal Year 2010 Performance Targets

Audit Recommendation: We recommend that USAID/Southern Africa (a) determine whether Pact is currently achieving performance targets and document the results;

and (b) develop and implement a plan to help enable Pact to achieve its targets if it is not doing so.

USAID/Southern Africa Comments: USAID/Southern Africa agrees with this audit recommendation.

Due to an internal USAID decision, the process for soliciting sub-partners for Pact was significantly delayed. The performance of the partner and progress of the program was therefore compromised, beyond the control of the partner. Despite these delays, Pact now has nine sub-partners contributing to their overall targets. In August 2011 USAID/Southern Africa reviewed Pact's results from the third quarter of FY11 and found that Pact is making significant progress and has nearly achieved performance targets for all but two indicators.

The two indicators for which performance particularly needs improvement are linked to school-based prevention interventions. These were delayed due to school holidays and, in certain instances, lack of commitment from school leadership. In order to address these challenges, Pact has engaged school principals and district education leadership to ensure that schools allocate time in the schedule for Pact to work with students and teachers.

USAID/Southern Africa finds that, despite external obstacles, Pact has made sound management decisions and concerted efforts to position the program to achieve its targets by the expiration of its Cooperative Agreement with USAID. USAID/Southern Africa will continue to monitor Pact and its performance indicators for the life of the project. Performance will continue to be monitored and documented through quarterly reports.

3. Audit Finding: Health Facilities Did Not Always Document Gender Considerations

Audit Recommendation: We recommend that USAID/Southern Africa develop and implement a gender strategy to require that its HIV/AIDS programming in Lesotho systematically addresses the President's Emergency Plan for AIDS Relief's gender-related goals.

USAID/Southern Africa Comments: USAID/Southern Africa agrees with audit recommendation Number 3.

The USAID office in Lesotho will develop and begin implementation of a robust gender strategy by June 2012. The strategy will build on the commitment to addressing gender related issues reflected in the US-Lesotho Partnership Framework on HIV/AIDS. The Framework identifies gender as a cross-cutting issue that needs to be mainstreamed in all partner work plans to address gender norms in prevention, care, and treatment programs. In addition, the USAID office in Lesotho will collaborate with key Government of Lesotho ministries, particularly the Ministry of Gender, Youth, Sports and Recreation, to ensure that programs funded under USAID/PEPFAR are supporting implementation of their gender priorities.

The Lesotho prevention of mother to child transmission (PMTCT) acceleration plan includes activities that will increase male involvement in all aspects of PMTCT. Partners implementing this plan will be required to report on the gender activities.

4. Audit Finding: Mission Lacked Sufficient Indicators to Measure John Snow Inc.'s Progress

Audit Recommendation: We recommend that USAID/Southern Africa collaborate with the Centers for Disease Control and Prevention in Lesotho to put in place additional performance indicators and monitoring and evaluation tools that USAID officials can directly access to adequately measure whether John Snow, Inc. is fulfilling the terms of its contract with USAID in Lesotho.

USAID/Southern Africa Comments: USAID/Southern Africa agrees with audit recommendation Number 4.

It should be noted, however, that as of May 31, 2011, John Snow, Inc.'s contract with USAID/Southern Africa in Lesotho ended. A local partner, the Institute for Health Management (IHM), has been selected to implement Strategic Information in Lesotho for USAID/Southern Africa.

In order to improve collaboration with CDC and avoid issues faced with the previous partner, USAID/Southern Africa and the USAID Office in Lesotho will work closely with CDC to ensure that work plans with clear, custom indicators and measurable outputs are developed and used by the new partner. The work plan for the current year is currently being negotiated between USAID/Southern Africa, the USAID office in Lesotho, CDC, and the new partner. This should be finalized by the end of September 2011.

Results of Audit Testing of Indicators

Indicator Tested	Partner – Program Area	Reported Result*	Target
Number of pregnant women with known HIV status (includes women who were tested for HIV and received their results)	EGPAF – PMTCT	24,622	25,650
Number of HIV-positive pregnant women who received antiretrovirals to reduce risk of mother-to-child transmission	EGPAF – PMTCT	4,758	4,944
Number of the targeted population reached with individual and/or small group-level preventive interventions that are primarily focused on abstinence and/or being faithful, and are based on evidence and/or meet the minimum standards required	Pact – Prevention & Care	2,631	21,667
Number of health-care workers who successfully completed an in-service training program	JSI – Strategic Information	121	140
Number of new health-care workers who graduated from a preservice training institution	Coalition – Health System Strengthening	39	30
Number of health-care workers who successfully completed an in-service training program	Coalition – Health System Strengthening	65	76

* Coalition results were not fully supported because of documentation being in transit to IntraHealth headquarters during audit fieldwork. See Appendix IV for details of testing EGPAF indicators.

Audit Testing of Data From the Elizabeth Glazer Pediatric AIDS Foundation

Summary of Field Data Testing					
Number of pregnant women with known HIV status (includes women who were tested for HIV and received their results)					
Total Reported to USAID (All EGPAF Sites)	Total Reported to USAID (Limited to Sites Visited During Audit)	Total Verified Against Source Documents	Percentage Over- (Under-) Reported	Total Reported to Government of Lesotho (Limited to Sites Visited During Audit)	Percentage Difference Between Data Reported to USAID and Data Reported to Government of Lesotho
24,622	2,142	2,023	5.9	2,049	4.34

Summary of Field Data Discrepancies					
Number of HIV-positive pregnant women who received antiretrovirals to reduce risk of mother-to-child transmission					
Total Reported to USAID (All EGPAF Sites)	Total Reported to USAID (Limited to Sites Visited During Audit)	Total Verified Against Source Documents	Percentage Over- (Under-) Reported	Total Reported to Government of Lesotho (Limited to Sites Visited During Audit)	Percentage Difference Between Data Reported to USAID and Data Reported to Government of Lesotho
4,758	460	469	(1.9)	439	4.57

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