



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/NIGERIA'S MALARIA INTERVENTIONS

AUDIT REPORT NO. 7-620-10-008-P
July 7, 2010

DAKAR, SENEGAL



Office of Inspector General

July 7, 2010

MEMORANDUM

TO: USAID/Nigeria Director, Ray Kirkland

FROM: Regional Inspector General, Gerard Custer /s/

SUBJECT: Audit of USAID/Nigeria's Malaria Interventions (Report No. 7-620-10-008-P)

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

The report includes six recommendations for your action. Based on actions taken by the mission and supporting documentation provided, final action has been taken on recommendation 1 and management decisions have been reached on recommendations 2, 3, 4, 5, and 6. Please provide the Audit Performance, and Compliance Division in the USAID Office of the Chief Financial Officer (M/CFO/APC) with the necessary documentation to achieve final action.

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

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SUMMARY OF RESULTS

Malaria is endemic throughout Nigeria. It currently accounts for nearly 110 million clinically diagnosed cases per year, 60 percent of outpatient visits, and 30 percent of hospitalizations. It is also believed to be responsible for up to 11 percent of maternal mortality, 25 percent of infant mortality, and 30 percent of under-5 mortality. Aside from malaria's direct effect on health, the disease places severe social and economic burdens on communities and the country as a whole, with about \$879 million lost to malaria annually in treatment and prevention costs, missed work, and the like. In Nigeria, malaria is the cause of death for an estimated 300,000 children per year.¹

USAID/Nigeria participates in the Roll Back Malaria Partnership, a global initiative of more than 90 partners whose goal is to reduce the burden of malaria by 50 percent by 2010. The initiative was part of the mission's 2004–2009 strategic plan. USAID/Nigeria also supported the national malaria program to increase access to and use of proven prevention and treatment interventions by focusing on three specific activities:

- Artemisinin-based combination therapies (ACTs)²
- Insecticide-treated nets to prevent malaria
- Intermittent preventive treatment (IPT) of pregnant women with sulfadoxine-pyrimethamine³

USAID/Nigeria's fiscal year (FY) 2009 budget for malaria totaled \$14.8 million, of which 43 percent was to purchase antimalarial drugs, 43 percent was to purchase and distribute insecticide-treated nets, and the remainder was to fund activities including training health workers in prevention and treatment techniques. To implement its malaria activities, USAID/Nigeria entered into agreements with four main partners, as noted in table 1.

Table 1. Partners to Implementation Agreements With USAID

Partner	Budget	Agreement Dates
Society for Family Health	\$918,000	Nov. 2004 – Nov. 2011
Academy for Educational Development	15,422,000*	Sept. 1999 – Sept. 2009
Pathfinder International	95,000,000	May 2004 – Aug. 2009
John Snow, Inc./DELIVER	894,000,000	April 2007 – April 2012
Total	\$1,005,340,000	

*This is the total amount of the global indefinite quantity contract signed in Washington D.C. USAID/Nigeria's buy-in to the contract totaled \$7,805,000 in FY 2009.

The Regional Inspector General/Dakar conducted this audit at USAID/Nigeria to answer the following question:

- Did USAID/Nigeria's malaria activities achieve their main goal of increasing access to and use of proven prevention and treatment interventions?

¹ The source of the information in this paragraph is the 2008 Nigeria Demographic and Health Survey.

² A drug used to treat malaria (referred to as an antimalarial drug in this report).

³ A drug given to pregnant women for malaria treatment and prevention.

As for reducing the burden of malaria by 50 percent, mission officials and the Nigerian Ministry of Health have asserted slow progress in reaching this goal because of limited funding and relatively low levels of activity by other donors. Nonetheless, according to the 2003 and 2008 Nigeria Demographic and Health Surveys, there has been a notable increase in the proportion of children under 5 (12 percent in 2008, compared with 6 percent in 2003) and pregnant women (5 percent in 2008, compared with 1 percent in 2003) sleeping under treated bed nets. The surveys also reported that under-5 mortality decreased from 199 deaths per 1,000 births during 1993 to 1998 to 157 deaths per 1,000 births in 2003 to 2008. In addition, the 2008 Demographic and Health Survey indicated that 16 percent of children under 5 had fever⁴ during the 2 weeks preceding the interview, compared with 32 percent of children interviewed in 2003.

As for providing assistance to the national malaria program, USAID/Nigeria has made progress by increasing access to insecticide-treated nets, providing malaria treatment and prevention training to more than 2,500 people, and raising awareness of malaria among about 23 million people. However, the mission has not achieved its main goals, and significant problems with data quality and reporting of the number of bed nets distributed raised questions concerning the reliability of reported results.

ACTs – For FY 2008 and FY 2009, the mission intended to purchase and distribute 600,000 prepackaged ACTs each year. However, the mission suspended procurement of the ACTs for 2 years when it learned of problems with the drug supplier. USAID/Nigeria resumed procurement and received about 800,000 doses of ACTs from October to December 2009. However, as of April 7, 2010 (6 months later), 437,250 doses remained at Society for Family Health’s main warehouse in Lagos, inaccessible to beneficiaries.

Insecticide-Treated Nets – The mission reported that it achieved its goal by procuring 705,349 bed nets and supporting the distribution and sale of some 6.8 million bed nets. However, the audit disclosed several discrepancies between the numbers reported by the mission and the support maintained at the partners’ offices and at the distribution sites selected for audit. In addition, about 177,954 bed nets (worth \$710,218) were stolen or unaccounted for. Furthermore, the mission may have claimed too much credit for the 6.8 million bed nets distributed or sold.

IPTs – The mission did not include provision of IPT as an indicator in its performance management plan and was not tracking progress for this main goal.

To address these problems and improve program management, the audit recommends that USAID/Nigeria:

- Make a final determination on the estimated \$710,218 in unsupported questioned costs for the 177,954 bed nets that were stolen or unaccounted for, and recover from the recipients any amounts determined to be unallowable.

⁴ Because fever is the main symptom of malaria, the proportion of children with fever in the population is a proxy for the prevalence of malaria. Any reduction in the malaria disease burden should lead to a reduction in the overall prevalence of fever.

- Develop and implement a plan of action and written procedures requiring that bed nets procured and distributed with U.S. Government funds be tracked, accounted for, and documented for program management verification.
- Require that the implementing partner distribute the remaining 437,250 doses of artemisinin-based combination treatments stored at its warehouse in Lagos.
- Develop procedures to validate (including cross-checking) and evaluate the completeness, accuracy, and consistency of its reported data for the number of insecticide-treated nets distributed or sold with U.S. Government funds and the number of people trained with U.S. Government funds in malaria treatment or prevention.
- Include the goal of increasing access to and use of IPT of pregnant women as an indicator in its performance management plan and track its progress toward meeting its objective.
- Explain its involvement in achieving the result it reported in its annual performance report for the number of bed nets distributed or sold with U.S. Government funds.

Detailed findings appear in the following section. The audit's scope and methodology are described in appendix I.

USAID/Nigeria's agreed with all recommendations. Based on actions taken by the mission and supporting documentation provided, final action has been taken on recommendation 1, and management decisions have been reached on recommendations 2, 3, 4, 5, and 6. USAID/Ghana's comments are included in their entirety in appendix II.

AUDIT FINDINGS

Bed Nets Were Stolen or Unaccounted For

The Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*⁵ states that an agency must establish physical control to secure and safeguard vulnerable assets, and also states that transactions should be recorded promptly to maintain their relevance and value to management in controlling operations and making decisions. However, at 8 of the 20 local government areas (LGAs) where bed nets were distributed, the audit verified the number of nets received and distributed by the LGAs and found that 164,460 bed nets were unaccounted for. LGA officials confirmed that an additional 13,494 bed nets had been stolen, as itemized in table 2.

Table 2. Bed Nets Stolen or Unaccounted For

Local Government Area	Bed Nets Received	Bed Nets Distributed	Bed Nets Stolen	Bed Nets Unaccounted For
Gwale	159,650	115,000	350	44,300
Kano Municipal	161,150*	157,768	968	2,414
Dala	184,650	183,800	0	850
Nasawara	263,100	250,028	12,176	896
Calabar South, Calabar Municipal, Bakassi, Akpabuyo	116,000*			116,000
Total	884,550	706,596	13,494	164,460

* These bed nets were purchased and distributed with U.S. Government funds.

Furthermore, there was speculation about the 116,000 bed nets received by the four LGAs in Calabar State (Calabar South, Calabar Municipal, Bakassi, and Akpabuyo) because no one at the LGAs was able to provide information on whether the nets had been distributed. This lack of information is unusual and raises concern, especially because the nets were delivered to the communities after the free distribution campaign had ended. According to USAID officials, USAID was not able to deliver the bed nets to the four LGAs until several weeks after the free bed net distribution campaign had ended because the nets were received behind schedule from the supplier. USAID officials and/or partner staff supervised the bed net distribution during the campaigns, but because the nets were received after the campaign, no one supervised the distribution process. The officials from the LGAs could not provide any documentation to support distribution of the bed nets, raising suspicion as to their whereabouts.

This lack of documentation occurred because of weak internal controls over the distribution process. As a result of these weaknesses in controls, an estimated \$710,218⁶ in bed nets may have been diverted.

⁵ GAO/AIMD-00-21.3.1 (11/99), pages 14-15.

⁶ For LGAs where bed nets were purchased and distributed with U.S. Government funds, the estimated value of each net was \$5.19 and the distribution cost per unit was \$0.52. For the LGAs where other donors purchased the nets but U.S. Government funds covered distribution, the audit team used only the distribution cost in the calculation.

To address, these concerns, this audit makes the following recommendations:

Recommendation 1: We recommend that USAID/Nigeria make a final determination on the estimated \$710,218 in unsupported questioned costs for the 177,954 bed nets that were stolen or unaccounted for, and recover from the recipients any amounts determined to be unallowable.

Recommendation 2: We recommend for future net distributions that USAID/Nigeria develop and implement a plan of action and written procedures requiring that bed nets procured and distributed with U.S. Government funds be tracked, accounted for, and documented for program management verification.

All ACTs Need to Be Distributed

USAID/Nigeria's goal was to provide the Nigerian national malaria program with 600,000 doses of artesunate-amodiaquine⁷ each year for fiscal years (FYs) 2008 and 2009 to treat malaria patients. However, the mission delayed the procurement for 2 years because of a public notice issued on the drugs. Finally in FY 2010, the mission made up for the past 2 years and resumed the procurement of about 1.2 million doses of artemisinin-based combination therapies (ACTs). From October to December 2009, the mission received a total of 800,000 doses of ACTs. However, as of April 7, 2010 (6 months later), 437,250 doses remained in storage in the main warehouse in Lagos.



Undistributed drugs wait at the Society for Family Health's main warehouse in Lagos.
(Picture taken by USAID auditor on February 3, 2010)

According to the implementing partner, the ACTs were to be repackaged in small boxes to enhance marketability. Unfortunately, repackaging has taken longer than expected, delaying distribution of the ACTs.

⁷ Artesunate-amodiaquine is one type of artemisinin-based combination therapy.

According to the Nigerian Ministry of Health, the delay in acquiring the ACTs did not have a significant negative effect on the national malaria program, as supplies from other donors were uninterrupted. Although the mission took proper actions to delay the procurement of drugs when questions arose regarding the supplier, the mission should have taken prompt action to deliver the drugs and make them available to malaria patients once the drugs were received. Therefore, this audit makes the following recommendation:

Recommendation 3: We recommend that USAID/Nigeria require that the implementing partner distribute the remaining 437,250 doses of artemisinin-based combination treatments stored at its warehouse in Lagos.

Reported Results Were Not Supported

According to Automated Directives System (ADS) 203.3.5.1, performance data should meet data quality standards, including standards for reliability, precision (data should be sufficiently precise to present a fair picture of performance) and validity (data should clearly and adequately represent the intended result). Also, according to the GAO *Standards for Internal Control in the Federal Government*, transactions and significant events should be clearly documented and the documentation should be readily available for examination⁸

To verify the reliability of the results reported by USAID/Nigeria for the indicator—the number of insecticide-treated bed nets distributed or sold with U.S. Government funds—the audit team compared the mission’s reported data with the partners’ summary reports and the partners’ summary reports with source documents at the LGAs where activities were implemented. The audit reviewed 59 percent of the total results for 6,791,819 insecticide-treated nets that the mission reported were distributed or sold. Tests revealed that the mission’s reported data were not supported by the partners’ summary reports and that selected partners’ reported data were not supported at the LGAs.

Discrepancies Between the Mission’s and the Partners’ Reported Data

- The mission reported 5,119,846 bed nets distributed or sold with U.S. Government funds by Academy for Educational Development (AED), but AED reported 5,823,936 in its quarterly and final reports.
- The mission reported 1,671,973 bed nets distributed with U.S. Government funds by Community Participation for Action in the Social Sector (COMPASS), but COMPASS reported 1,790,000 in its quarterly report and 1,671,973 in its final report. The audit team validated the data using the Monitoring and Evaluation Monitoring System and concluded that the correct number was 1,669,556.
- The mission reported 991 people trained with U.S. Government funds in malaria treatment or prevention by AED, but AED reported 893 people in its quarterly and final reports.

⁸ GAO/AIMD-00-21.3.1 (11/99), page 15.

- The mission reported 2,514 people trained with U.S. Government funds in malaria treatment or prevention, but the audit team could verify only 1,103.

Discrepancies Between Partners' Results and Source Documents Maintained by the LGAs – For the selected sites, the implementing partners reported 4,025,822 bed nets distributed or sold with U.S. Government funds, but the audit team was able to verify only 3,061,045, or 76 percent of the bed nets, as detailed in table 3.

Table 3. Results Reported and Verified

Sites	Type of Distribution	Partner-Reported Results	Results Verified	Difference
Dala	Free	184,648	183,800	848
Gwale	Free	159,639	115,000	44,639
Kano Municipal	Free	161,168	157,768	3,400
Kano Nasawara	Free	256,865	250,028	6,837
Syngenta	Sale	2,051,953	1,076,449	975,504
Harvest Field	Sale	1,096,200	1,278,000	(181,800)
Calabar, (Calabar South, Calabar Municipal, Bakassi, Akpabuyo)	Free	116,000	0	116,000
Total		4,026,473	3,061,045	965,428

Discrepancies occurred because of poor record keeping and lack of independent verification from the mission of the reported results. Another reason raised by AED staff in Nigeria is that the project closed in September 2009, and all project files were sent to the headquarters office in Washington, DC. With inadequate records and an inconsistent and undocumented reporting system, internal controls for results reporting could not ensure that reported results were valid, supported, and accurately summarized before being reported to the mission. Consequently, USAID/Nigeria did not have reasonable assurance that the data met acceptable standards of validity, reliability, and timeliness.

As a result of these significant variances, the audit could not obtain reasonable assurance that the results reported for the indicators—number of insecticide-treated nets distributed or sold with U.S. Government funds, and number of people trained with U.S. Government funds in malaria treatment or prevention—were valid and reliable and met required data quality standards. Without reliable data, managers cannot make sound performance-based decisions. Therefore, this audit makes the following recommendation to strengthen the mission's and its partners' results reporting system for the malaria program.

Recommendation 4: We recommend that USAID/Nigeria, in coordination with its implementing partners, develop procedures to validate (including cross-checking) and evaluate the completeness, accuracy, and consistency of its reported data for the number of insecticide-treated nets distributed or sold with U.S. Government funds and the number of people trained with U.S. Government funds in malaria treatment or prevention.

Performance Management Needs to Be Strengthened

According to ADS 203.3.2, performance management is in part the systematic process of monitoring the achievements of program operations and collecting and analyzing performance information to track progress toward planned results. Also, ADS 203.3.8.3 states that standard indicators are used in planning and reporting through the joint operational plan and the joint performance report. Standard indicators facilitate the aggregation of results across operating units worldwide and improve the U.S. Government's ability to report how U.S. foreign assistance resources are being used.

Also, ADS 203.3.4.2 states that performance indicators selected for inclusion in the performance management plan should measure changes that are clearly and reasonably attributable to efforts by USAID (or the U.S. Government, as appropriate). In the context of performance indicators and reporting, attribution exists when the outputs of USAID-financed activities have a logical and causal effect on the result(s) being measured by a given performance indicator. If more than one agency or government is involved in achieving a result, USAID should describe exactly what role each played in achieving the result. Custom indicators must be plausibly attributable to U.S. foreign assistance. Furthermore, the mission should avoid the appearance of claiming results achieved jointly with the host country or other development partners as solely USAID or U.S. Government results.

The audit found that the mission was not tracking progress on one of its main goals and may have claimed too much credit for one indicator.

Mission Did Not Track Progress on a Main Goal – The mission was not tracking the progress for one of its main goals: “increase access to and use of intermittent preventive treatment (IPT) of pregnant women with sulfadoxine-pyrimethamine.” Although this was a main goal, it was not included as an indicator in the mission's performance management plan.

According to the mission, access to and use of IPTs was one of the three areas of intervention under the global Roll Back Malaria initiative. As such, the mission had included it in its malaria activities, but was not requested or expected to report on it and therefore did not. Instead, because of limited resources, the mission put more importance on promoting and distributing bed nets.

Performance indicators are used to observe progress and to measure actual results compared with expected results. Without performance indicators, the mission is not able to determine how or whether the mission is progressing toward its objective.

Reported Results May Not Be Attributable to USAID – The mission may be taking too much credit for the number of bed nets distributed or sold with U.S. Government funds. In FY 2009, the mission reported achievement of 6,791,819 bed nets distributed or sold with U.S. Government funds. Of the reported 6.8 million bed nets distributed or sold:

- 590,000 were appropriately attributed to USAID/Nigeria because USAID procured the bed nets and distributed them during the free distribution campaign.

- 1,081,973 may not have been appropriately attributed to USAID/Nigeria. The World Bank procured the bed nets, whereas USAID/Nigeria provided funding only for their distribution.
- 5,119,846 may not have been appropriately attributed to USAID/Nigeria. These bed nets were sold by private companies. USAID/Nigeria, in partnership with Netmark, provided support to the private companies for the sale and distribution of the bed nets. The support provided included marketing and technical support, as well as other activities. Although support provided in some cases may have been significant, it varied. For example, Netmark may have been very heavily involved in the activities of one company and provided complete technical and marketing assistance, whereas for another company support may have been limited to marketing.

Consequently, USAID may be misleading the public by claiming that more than 6 million bed nets were sold and distributed solely by USAID or the U.S. Government.

USAID/Nigeria acknowledged that not all results can be attributed to USAID efforts and stated that additional guidance was needed from Washington to determine what could be attributed to USAID. Notwithstanding, the mission needs to explain more fully its activities and involvement in achieving its reported results.

Recommendation 5: We recommend that USAID/Nigeria include the goal of increasing access to and use of intermittent preventive treatment of pregnant women as an indicator in its performance management plan and track its progress toward meeting its objective.

Recommendation 6: We recommend that USAID/Nigeria explain its involvement in achieving the result it reported in its annual performance report for the number of bed nets distributed or sold with U.S. Government funds.

EVALUATION OF MANAGEMENT COMMENTS

USAID/Nigeria agreed with all the recommendations in the draft report. In preparing the final report, the Regional Inspector General/Dakar carefully considered the mission's comments and included the comments in their entirety in appendix II. An evaluation of the mission's comments follows:

For recommendation 1, USAID/Nigeria agreed that 13,494 bed nets had been stolen, but claimed that only 65,860 bed nets were unaccounted for compared with the audited figure of 164,460. The mission states that final determination for the questioned costs has been made since the stolen amount represents only 2 percent and the amount unaccounted represents only 7.5 percent of total nets provided by the U.S. Government. The mission does not wish to pursue recovery of the funds since active measures have been taken by the project against theft and the mission believes that the most likely explanation for the unaccounted bed nets is the failure to maintain proper records rather than diversion of the bed nets. This action constitutes final action for this recommendation.

For recommendation 2, USAID/Nigeria agreed with the recommendation and will have the implementing partner submit a written plan of action for how nets will be tracked, accounted for, and documented for program management verification. The mission plans to implement this for the first distribution of bed nets purchased with U.S. Government funds by the second half of 2010 (September 30, 2010). Accordingly, a management decision has been reached for this recommendation.

For recommendation 3, USAID/Nigeria agreed with the recommendation and plans to distribute the remaining doses by the end of August 2010. Accordingly, a management decision has been reached for this recommendation.

For recommendation 4, USAID/Nigeria agreed with the recommendation and will take action with the next implementing partner to include procedures to validate the completeness, accuracy, and consistency of reported data by December 31, 2010. Accordingly, a management decision has been reached for this recommendation.

For recommendation 5, USAID/Nigeria agreed with the recommendation and will include the goal of increasing access to and use of intermittent preventive treatment of pregnant women as an indicator by the second half of 2010 (September 30, 2010). Accordingly, a management decision has been reached for this recommendation.

For recommendation 6, USAID/Nigeria agreed that the actual level of involvement can vary greatly and needs to be explained in the annual performance report which is planned for the second half of 2010 (September 30, 2010). Accordingly, a management decision has been reached for this recommendation.

SCOPE AND METHODOLOGY

Scope

The Office of the Regional Inspector General/Dakar (RIG/Dakar) conducted this audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. The audit was designed to determine whether USAID/Nigeria's malaria interventions achieved their main goals.

The audit focused on USAID/Nigeria's malaria activities from October 1, 2008, to September 30, 2009. In planning and performing the audit, RIG/Dakar reviewed and assessed the effectiveness of management controls over access to and use of artemisinin-based combination therapies (ACTs), intermittent preventive treatment of pregnant women with sulfadoxine-pyrimethanine drugs, and insecticide-treated bed nets to prevent malaria.

The management controls we assessed included the country malaria operational plans and monitoring activities and bed net procurement and distribution management controls. During the audit, we requested and reviewed (1) the mission's documentation related to managing and monitoring of the program, (2) the implementing partners' reports, (3) the mission's site visit reports, and (4) the mission's annual self-assessment of internal control in accordance with provisions of the Federal Managers' Financial Integrity Act of 1982.⁹

Fieldwork for this audit was conducted from January 19 to February 4, 2010, at USAID/Nigeria and implementing partner offices in Abuja and included site visits in Lagos, Kano, and Calabar. During the period covered by the audit (October 2008 to September 2009), USAID/Nigeria obligated \$11 million and disbursed \$9.6 million to support malaria activities in Nigeria.

Methodology

To answer the audit objective, we interviewed officials from USAID/Nigeria, AED, Society for Family Health, John Snow, Inc./DELIVER, and Pathfinder International, as well as officials from the Nigerian' Ministry of Health. We visited malaria state offices and local government area (LGA) offices responsible for the distribution of bed nets (eight sites that received free bed nets in the LGAs of Dala, Gwale, Nasarawa, Kano Municipal, Calabar Municipal, Calabar South, Bakassi, and Akpabuyo), and the offices of two local and private vendors/distributors of bed nets. We also visited two local warehouses where ACTs were stored. Because a judgmental sample was selected, the results of the sample cannot be projected to the universe of all activities.

To verify reported results of the free bed net distribution, we traced partners' reported results to the waybills and distribution lists maintained at the LGAs. For the sales of bed

⁹ Public Law 97-255, as codified in 31 U.S.C. 1105, 1113, and 3512.

nets, we compared implementers' reported results with the distributors' summary reports, and we traced those results to the distributors' invoices. We observed warehouse conditions for the storage of ACTs and compared inventory records with warehouse stock cards and waybills. Finally, we traced the mission's reported results to the implementers' progress reports and to supporting documentation at the sites.

For the three main indicators reported, our methods for verifying the reported results are shown in table 4.

Table 4. Verification of the Reported Results

Indicator	Level of Verification
Number of insecticide-treated nets purchased with U.S. Government funds	We selected 100 percent of the reported results for review
Number of people trained with U.S. Government funds in malaria treatment or prevention	We selected 100 percent of the reported results for review
Number of insecticide-treated nets distributed or sold with U.S. Government funds	We selected 59 percent of the reported results for review

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

MANAGEMENT COMMENTS



To: Van Nguyen, RIG office, Dakar, Senegal

From: Sharon Epstein, USAID/HPN Office Nigeria

Through: Ray Kirkland, Mission Director, USAID/Nigeria

Date: June 24, 2010

Subject: Re: Response to recommendations from the Audit of USAID/Nigeria's Malaria Interventions No. 7-620-10-00X-P (draft of May 7, 2010)

Recommendation No. 1: We recommend that USAID/Nigeria make a final determination on the estimated \$710,218 in unsupported questioned costs for the 177,954 bed nets that were stolen or unaccounted for, and recover from the recipients any amounts determined to be unallowable.

Response: USAID/Nigeria on review of the available evidence believes that the actual number of bednets that were tracked to be stolen (13,494) represents less than 2% of the USG provided nets given out in that campaign. The nets that are unaccounted for (65,860) are 7.5% of USG provided nets in the two campaigns reviewed. Please see our detailed analysis of this situation submitted separately. We believe that the most likely explanation for the unaccounted nets is the failure to maintain proper records for USAID projects that had closed as of the time of the audit rather than diversion of these nets. Given the active measures taken by the project against theft and the low rate of stolen nets we do not wish to pursue recovery of funds for stolen nets. Given our belief that the unaccounted for nets more likely represent poor record keeping in closed projects rather than diversions we do not wish to pursue recovery of funds for unaccounted nets.

Recommendation No. 2: We recommend for future net distributions that USAID/Nigeria develop and implement a plan of action and written procedures requiring that bed nets procured and distributed with US Government funds are tracked, accounted for and documented for program management verification.

Response: We agree for nets purchased with USG funds. In these cases we will have the implementing partner submit a written plan of action for how nets will be tracked,

accounted for and documented for program management verification. The first example of this will be the distribution of USG purchased nets by the International Federation of the Red Cross in Cross River State in the second half of 2010. Subsequent distributions of USG purchased nets have not yet been planned, but will also include a plan of action for tracking.

Recommendation No. 3. We recommend that USAID/Nigeria require that the implementing partner distribute the remaining 437,250 doses of artemisinin-based combination treatments stored at its warehouse in Lagos.

Response. We agree. As of May 31, 2010, some 180,000 doses remained in the warehouse. We expect the remaining doses will be distributed by the end of August 2010 and will ask the implementing partner to document this in its routine quarterly report.

Recommendation No. 4. We recommend that USAID/Nigeria, in coordination with its implementing partners, develop procedures to validate (including cross checking) and evaluate the completeness, accuracy and consistency of its reported data for the number of insecticide-treated nets distributed or sold with US Government funds and the number of people trained with US Government funds in malaria treatment or prevention.

Response: We agree. The procedures to validate the completeness, accuracy and consistency of reported data are in fact in place. We agree that this further needs to be strengthened for nets distributed with assistance from US Government funds. Further steps will be taken to ask partners involved in such distribution to propose such procedures. The next partner to take part in this activity is the International Federation of the Red Cross in Cross River State in the second half of 2010. Since these are US Government purchased nets these procedures are already covered under Recommendation 2. No other specific net distribution support is planned at this time, but we will ask the TSHIP project about distributions in its project states which it may support and have them submit procedures for validation for review by USAID, which will then be implemented. The procedures, may, in some cases, be limited since US Government funds may support certain aspects of net sales or distribution without having strong controls over the actual procedures used or records kept. But whatever method is used to estimate and validate these figures will be well documented.

For persons trained in malaria, we agree that quarterly, annual and USAID figures sometimes vary. In part this may be because USAID reports have been based on figures entered by the partners into a web-based electronic database (under the former MEMS project), usually after the quarterly and annual written reports are submitted and partners sometimes submit updated numbers on this site. In terms of lack of validation of numbers reported, we found on further inquiry that one partner was eventually able to provide documentation showing that it trained approximately the number of people reported. The second partner project had closed and was not able to retrieve the training documentation from storage in the US. We expect that, if found, this would show the number reported were, in fact, trained. USAID already has DQA procedures in place to check the validity, completeness and quality of training data and other indicators. We

will review these procedures to ensure that they validate malaria training reports in upcoming years. These procedures will also be applied to net distribution indicators.

Recommendation No. 5. We recommend that USAID/Nigeria include the goal of increasing access to and use of intermittent preventive treatment of pregnant women as an indicator in its performance management plan and track its progress toward meeting its objective

Response: We agree. This will be an indicator reported to the President's Malaria Initiative possibly with the report in the second half of 2010 or at latest when Nigeria formally joins the PMI. This indicator is already in the PMP for the TSHIP project and will be in the PMP for the upcoming MAPS project.

Recommendation No. 6. We recommend that USAID/Nigeria explain its involvement in achieving the result it reported in its annual performance report for the number of bed nets distributed or sold with US Government funds.

Response: We agree. The actual level of involvement when US Government funds are used to support net distribution and sales can vary greatly and this needs to be explained in the annual performance report so that a misleading impression is not given. This will be done for the upcoming annual report in the second half of 2010.

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