



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/PAKISTAN'S FAMILY ADVANCEMENT FOR LIFE AND HEALTH PROGRAM

AUDIT REPORT NO. 5-391-10-012-P
AUGUST 31, 2010

MANILA, PHILIPPINES



Office of Inspector General

August 31, 2010

MEMORANDUM

TO: USAID/Pakistan Director, Robert J. Wilson

FROM: Acting Regional Inspector General/Manila, William S. Murphy /s/

SUBJECT: Audit of USAID/Pakistan's Family Advancement for Life and Health Program
(Audit Report No. 5-391-10-012-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we considered your comments to the draft report and included the comments (without attachments) in Appendix II.

This report contains one recommendation to assist the mission in improving its oversight of the program. On the basis of the information provided by the mission in its response to the draft report, we determined that a management decision has been reached on that recommendation.

I want to thank you and your staff for the cooperation and courtesy extended to us during the audit.

CONTENTS

Summary of Results	1
Audit Findings.....	4
Financial Audits of Pakistani Subrecipients Were Not Completed.....	4
Evaluation of Management Comments	6
Appendix I—Scope and Methodology.....	7
Appendix II—Management Comments.....	9
Appendix III—FALAH Indicators and Achievements Through December 31, 2009.....	10

SUMMARY OF RESULTS

USAID/Pakistan works closely with the Government of Pakistan to improve the health and well-being of the Pakistani people. The country has a relatively high rate of population growth, and in 2009 the estimated Pakistani population was about 181 million—the world’s sixth most populous country. By the year 2020, the population is expected to reach 208 million.

In June 2007, USAID/Pakistan signed a cooperative agreement with the Population Council to implement the Family Advancement for Life and Health (FALAH) Program. The program aims to increase demand for and utilization of birth spacing and family planning services in 20 districts (later increased to 26 districts) in 4 of Pakistan’s provinces. FALAH is a 5-year, \$60.4 million program with an implementation period from June 1, 2007, to May 30, 2012. As of April 28, 2010, \$48.4 million had been obligated and \$26.8 million expended.

FALAH focuses on promoting birth spacing for improved health of Pakistani mothers and children and social marketing of family planning commodities. Working in predominantly rural districts, FALAH fosters public and private partnerships for the delivery of family planning services. The Population Council and other organizations assist in the partnerships to satisfy couples’ unmet needs for family planning information, services, and products.

The objective of the audit was to determine whether the program was achieving its main goals of increasing demand for family planning services and improving family planning services in the public and private sectors in selected areas of Pakistan.

The audit found, for the items tested and in the geographical areas we were able to visit, that FALAH was achieving its main goals, as evidenced by the following:

- **Increased demand for family planning services.** Data on the increase in demand for birth spacing and family planning services were not expected to be measured until the completion of a midterm program survey in July 2010. However, the audit tested the data and verified that acceptable progress was being made in program activities designed to increase demand for such services. For example, interpersonal communication and community mobilization activities provided family planning information to 2,077,059 married women of reproductive age and men, representing 32 percent of the project’s 5-year goal. This figure is significant since the majority of these activities took place in the first two quarters of Year 3 of the program (June–December 2009), demonstrating how quickly FALAH’s partners have been moving. Program messages on birth spacing and family planning services have blanketed the media. Almost 28,000 commercial spots were aired during November and December 2009 alone. FALAH developed the television and radio commercials to increase understanding and acceptance of birth spacing. These messages included a jingle that was aired extensively on FM radio stations in program districts as well as on national broadcasts of Radio Pakistan.
- **Improved family planning services in the public sector.** FALAH has met its goal of placing a team of master trainers in each of the 26 program districts. The trainers

will support group meetings in the community and produce changes in behavior and attitudes to help public health care providers better serve their clients. Furthermore, 59 percent of all public service delivery points in the FALAH districts have trained providers for family planning counseling and services in their facilities. The program plans to equip 80 percent of public service delivery points in program districts to provide appropriate family planning services by the end of the program. In addition, the program has provided in-service training of medical and paramedical public health care providers in all 26 program districts. The training emphasizes the need to provide family planning services proactively to clients. As of December 31, 2009, FALAH had provided such training to over half of the public health care providers in each of the 26 districts covered by the program. In addition, 53 percent (170 of 320) of district managers had received leadership training on improving access to birth spacing services. The program also endeavors to ensure better logistics for supplying contraceptives at the district level, including training district managers to ensure that family planning products are available when needed.

- **Improved family planning services in the private sector.** Improved family planning services in the private sector were being led by Greenstar Social Marketing, one of three Pakistani nongovernmental organizations (NGOs) that participate in the program.¹ The program has aimed to expand the number of Greenstar health care providers to 1,000 in the program's rural areas, and as of December 31, 2009, Greenstar had established 557 new providers and completed training for 268 of them. In addition, Greenstar completed refresher training for 4,305 private sector health care providers that were already part of the Greenstar franchise system. To ensure the quality of training and services provided, Greenstar performed quality assurance checks for all of its 9,323 providers. In addition, Greenstar initiated pilot interventions to expand private sector involvement by conducting informative meetings at factories and other work places on the benefits of birth spacing along with referral cards to nearby service outlets. Greenstar is also operating a national hot line serviced by its physicians. Callers are counseled and referred to nearby Greenstar-franchised outlets for necessary services and support.

Overall, the audit found that participants we interviewed—Pakistani Government officials, trainers, and trainees alike—were very satisfied with the FALAH program. Although the audit did not systematically interview program beneficiaries, the audit team did meet with a 29-year-old mother of four in Karachi who was a beneficiary. She stated that she had heard about FALAH 2 years ago, after the birth of her third child. After learning more about FALAH family planning services, she and her husband decided to choose a more permanent method of family planning (an intrauterine device) to meet their needs for birth spacing. For a list of indicators and achievements reviewed by the audit, see Appendix III.

However, notwithstanding the accomplishments discussed above, the audit found that none of the required financial audits had been completed for the Pakistani subrecipients helping to implement FALAH. Financial audits should have been completed for three such subrecipients for fiscal years 2008 and 2009.

¹ The Population Council had three subaward agreements with Pakistani NGOs: Greenstar Social Marketing, Health and Nutrition Development Society, and Rural Support Programmes Network.

This report makes one recommendation to assist the mission in improving its oversight of the program. On the basis of the information provided by the mission in its response to the draft report, we determined that a management decision has been reached on that recommendation.

USAID/Pakistan's written comments are included in their entirety (without attachments) in Appendix II.

AUDIT FINDINGS

Financial Audits of Pakistani Subrecipients Were Not Completed

According to USAID's Automated Directives System (ADS) 591.3.2.1, foreign nonprofit organizations that expend \$300,000 or more during their fiscal year in USAID awards must have an annual audit conducted of those funds in accordance with the *Guidelines for Financial Audits Contracted by Foreign Recipients*, published by the Office of Inspector General. Prime recipients, such as the Population Council, are responsible for monitoring their subrecipients and ensuring that non-U.S. subrecipients are audited in accordance with the guidelines. (U.S. nonprofits all fall under the Single Audit Act² and receive audit coverage under a different mechanism). Finally, Modification 4 to the cooperative agreement between the mission and the Population Council also specified that required financial audits must be completed.

However, the audit found that none of the required financial audits for the non-U.S. subaward agreements had been completed. The audit determined that the Population Council's cooperative agreement budget for FALAH provided up to \$42.1 million to subawardees under the program. The Population Council reported entering into six subaward agreements with consortium partners that were expected to help implement the FALAH program. Three of these six agreements were with Pakistani nonprofit organizations: Greenstar Social Marketing, Health and Nutrition Development Society, and Rural Support Programmes Network, all of which are subject to USAID financial audit requirements. The three subaward agreements with non-U.S. nonprofits totaled about \$24.7 million (see Table 1 below).

Table 1. FALAH Program Organizations, Award Amounts, and Award Periods

Program Implementing Partners' Names	Award Amount (US \$)	Award Start Date	Award End Date
Primary Implementer			
Population Council	60,390,566	06/01/2007	05/30/2012
U.S. Subaward Implementers			
Save the Children Federation, Inc.	3,526,892	12/20/2007	05/31/2012
Mercy Corps	3,054,501	12/20/2007	05/31/2012
Jhpiego Corporation	2,780,331	01/04/2008	05/31/2012
Total: U.S. Subaward Implementers	9,361,724		
Pakistani Subaward Implementers			
Greenstar Social Marketing	22,999,737	01/08/2008	05/31/2012
Health and Nutrition Development Society	1,234,090	12/20/2007	05/31/2012
Rural Support Programmes Network	463,715	02/07/2008	05/31/2012
Total: Pakistani Subaward Implementers	24,697,542		

² Congress enacted the Single Audit Act of 1984, Public Law 98-502, and the Single Audit Act Amendments of 1996, Public Law 104-156, to improve auditing and management of federal funds provided to states, local governments, and nonprofit organizations.

The financial audits were not completed for two reasons. First, although the audit requirement was originally inserted into the subawards by the Population Council, the cooperative agreement between the mission and the Population Council did not specifically require the financial audits until Modification 4 was issued in July 2009. Second, the responsible staff members of the Population Council and Greenstar (the largest subawardee), said they were too busy with other program issues or simply forgot to follow up to ensure that the financial audits were completed.

Financial audits prevent costs from being paid from program funds if, under the agreement terms, the costs are not allowable, allocable, or reasonable. Because the Population Council and its non-U.S. consortium partners who had received subawards did not comply with USAID financial audit requirements, USAID/Pakistan has minimal assurance that FALAH program expenditures claimed and paid are allowable, allocable, and reasonable. As a result, this audit makes the following recommendation:

Recommendation 1. *We recommend that USAID/Pakistan require the Population Council to prepare and implement a plan of action for completing all required financial audits for non-U.S. nonprofit organizations that received funding under the Family Advancement for Life and Health Program.*

EVALUATION OF MANAGEMENT COMMENTS

In its response to the draft report, USAID/Pakistan concurred with the one recommendation in the report. The Office of Inspector General has reviewed the mission's response to the draft report and determined that a management decision has been reached on the recommendation. A determination of final action will be made by the Audit Performance and Compliance Division upon completion of the planned correction action.

In response to Recommendation 1, USAID/Pakistan stated that the mission has asked the Population Council to develop and implement a detailed plan of action for completing all the required financial audits. As a result, a management decision has been reached on Recommendation 1. Before final action can be achieved, the mission should obtain the detailed plan of action, which the Population Council will implement. The mission has set a due date of August 31, 2010, for the plan.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Manila conducted this performance 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 purpose of this audit was to determine whether the Family Advancement for Life and Health Program was achieving its main goals of increasing demand for family planning services and improving those services in the public and private sectors in selected areas of Pakistan.

We conducted the audit fieldwork in Pakistan from March 30 through April 28, 2010, and covered the program activities implemented by the Population Council from the cooperative agreement's inception through April 2010. We conducted audit fieldwork at USAID/Pakistan and the Islamabad offices of the Population Council, one of its subaward consortium partners—Greenstar Social Marketing (Greenstar)—and KfW Bankengruppe (a German development bank). Additionally, we visited the offices of the Government of Pakistan's Ministry of Health and the Ministry of Population Welfare in Islamabad, along with site visits in Karachi, Pakistan, to learn more about the program activities in family planning and birth spacing that were taking place there. As part of the audit, we met with program subawardees, trainers, Pakistani Government officials, and other stakeholders involved in family planning issues.

The worsening security situation in Pakistan forced us to cancel plans to visit several Pakistan locations, such as Quetta, Zhob, Thatta, Mardan, and Mansehra. Also, security restrictions caused us to modify plans to visit and meet with medical staff at clinics in the Karachi area who had partnered with Greenstar to provide family planning services. Therefore, we could not pursue some of our planned visits with program clinic beneficiaries. However, we believe that these restrictions did not adversely affect the conclusions in this report.

As part of the audit, we assessed USAID/Pakistan's significant internal controls that were in place to monitor the program activities. The assessment covered controls related to whether the mission had (1) conducted and documented site visits to evaluate and monitor progress, (2) required and approved the implementer's annual implementation plans, and (3) reviewed progress reports that were submitted. The assessment also covered controls related to the contents of the agreement officer's technical representative's files to help determine the adequacy of program oversight. Additionally, we reviewed the mission's annual self-assessment of internal controls in accordance with the Federal Managers' Financial Integrity Act of 1982.³ Finally, we reviewed relevant prior audit reports.

³ Public Law 97-255, as codified in 31 U.S.C. 1105, 1113, and 3512.

Methodology

At the time of the audit, the Population Council's Year 3 annual implementation plan had been approved by the mission. However, we determined that the plan had a matrix of activities and tasks with indicators that were stated mostly in qualitative terms, and many of them were administrative. This structure might be acceptable for some indicators—which by the nature of the activity and tasks should be measured in qualitative terms—but others would have been more effectively described and measured in quantitative terms. Therefore, to test for achievement of reported results, we judgmentally selected 26 key indicators from the Population Council's "Program and Financial Review," dated January 2010, which the Population Council had used to report to the mission results achieved toward accomplishing program objectives as well as main goals. Of the 26 items tested, 2 could not be sufficiently supported to satisfactorily verify completion of those items. The two items related to (1) the number of private sector interventions initiated by Greenstar in factories and other workplaces, and (2) the couple-years of protection⁴ achieved to date. Although the Population Council was unable to provide satisfactory support for these two items, our overall conclusion remained unchanged that, for the items tested and the geographical areas visited, the program's main goals were being achieved.

We interviewed officials and staff from USAID/Pakistan, the Population Council, the Ministry of Health, the Ministry of Population Welfare, Population Council subawardees, program trainers, and trainees under the program. We also reviewed and analyzed relevant documents at offices of the mission and the implementer. This documentation included annual implementation plans, the cooperative agreement and its modifications, subaward agreements, site visit and other monitoring reports, progress reports, and financial reports and records. Regarding the monitoring and evaluation system at the implementer, we reviewed electronic files to help determine whether accurate results were being reported.

The implementer had planned to perform its activities under the cooperative agreement on the basis of tasks and expected results identified in four program result areas. We judgmentally tested significant tasks identified in these areas. We reviewed the supporting information for tasks that the Population Council had claimed to have completed to verify whether the tasks had been completed. We had originally planned to review claimed achievements by the Population Council in the four result areas in several different geographic locations. However, because of the worsening security situation across the country, we had to cancel plans to visit a number of locations. Therefore, we have limited our conclusions to the items tested during the audit, and the results of the audit tests cannot be projected to the population as a whole.

⁴ A *couple-year of protection (CYP)* is a common indicator used to measure the impact of family planning activities. CYP is the estimated number of couples protected from unplanned pregnancies during a 1-year period.

MANAGEMENT COMMENTS



USAID | **PAKISTAN**
FROM THE AMERICAN PEOPLE

MEMORANDUM

Date: August 16, 2010

To: Bruce N. Boyer
RIG/Manila

From: Robert J. Wilson /s /
Mission Director

Subject: Management Comments
Audit of USAID/Pakistan's Family Advancement for Life and Health
Program (Audit Report No. 5-391-10-012-P)

Reference: Draft audit report No 5-391-10-012-P dated August 05, 2010.

In response to the referenced draft audit report, please find below the management comments on the one recommendation included therein:

Recommendation 1: We recommend that USAID/Pakistan require the Population Council to prepare and implement a plan of action for completing all required financial audits for non-U.S. nonprofit organizations that received funding under the Family Advancement for Life and Health Program.

Management Comments:

Mission management concurs with this recommendation. Mission has asked Population Council to develop and implement the detailed plan of action for completing all the required financial audits for non-U.S. nonprofit organizations that received funding under the Family Advancement for Life and Health Program. Mission has also requested a copy of the plan from Population Council. (Email Attached).

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

Atch: a/s

CC: ASIA/SCAA: Andrew Plitt

FALAH Indicators and Achievements Through December 31, 2009

To determine whether the FALAH program was achieving its main goals, we tested the following 26 indicators excerpted from the Population Council's "Program and Financial Review" dated January 2010, to report to USAID/Pakistan on results achieved toward accomplishing individual objectives and main goals. Except for two indicators (Items 20 and 24), we were provided sufficient support to verify the achievements reported by the Population Council.

Item 1. FALAH partners held neighborhood meetings and household visits to discuss family planning and birth spacing. These interactions reached 2,077,059 married women of reproductive age and men, representing 32 percent of the project's 5-year goal.

Item 2. Greenstar Social Marketing conducted orientation meetings for influential community members, such as religious leaders, health care providers, and media personnel—51,464 individuals had attended nationwide as of midyear in the project.

Item 3. Almost 28,000 messages on birth spacing were aired through mass media during November and December, 2009.

Item 4. Greenstar aired a television commercial extensively to promote a program-branded condom during 2009. Postcampaign research estimated that over 3,200,000 men had been exposed to the commercial nationwide.

Item 5. An advocacy video included endorsements on birth spacing by prominent religious personalities and medical professionals. The video was played on various television channels and used in group sensitization meetings.

Item 6. FALAH issued a quarterly newsletter to reach the wider community of key opinion leaders in the public and private sectors.

Item 7. The Rural Support Program Network introduced FALAH's community mobilization activities into an additional 11 districts supported by the United Nations Population Fund.

Item 8. FALAH supported the Ministry of Population Welfare in convening a national consultation with prominent religious leaders in July 2009, which resulted in further support from religious leaders for promoting birth spacing.

Item 9. A team of master trainers has been fielded in each FALAH district to support group meetings in the health care community and produce behavioral and attitudinal change.

Item 10. The majority of managers (53 percent) in FALAH districts received leadership training and are now guided by district-specific action plans developed during the training.

Item 11. Existing medical, nursing, and paramedical curricula have been strengthened to ensure that new graduates from 17 recognized medical colleges throughout the country will benefit from a focus on family planning knowledge and skills.

Item 12. A revision of the National Standards for Family Planning, with updates on contraceptive technology, has been completed and agreed upon with the Ministry of Population Welfare.

Item 13. FALAH has worked with the Government of Pakistan to significantly expand contraceptive choice by including emergency contraceptive pills, the “Standard Days Method,” and the “Lactation Amenorrhea Method” in the National Standards for Family Planning and in training given to all health care providers.

Item 14. The FALAH program has strengthened the capacity of eight regional training institutes, six reproductive health services centers, three master training centers for minilap,⁵ and three master training centers for vasectomy in terms of equipment, supplies, and training of trainers.

Item 15. Training began for providers in the project districts for contraceptive logistics to ensure that products are available when needed, with training to be completed by August 2010.

Item 16. The Geographical Information System mapping of public and private health facilities was completed for all of the original 20 FALAH districts; the system has become the basis for the development of district-integrated health plans.

Item 17. Greenstar has embarked on a rural expansion strategy by training 268 of 557 new providers in rural areas of FALAH districts, including updating training materials.

Item 18. Greenstar completed refresher training for 4,305 private sector health care providers that were already part of its franchise system. To ensure quality of training and services provided, Greenstar has performed quality assurance checks of all 9,323 of its providers.

Item 19. Greenstar held 2,483 clinic activities that promoted IUD⁶ counseling and other family planning methods, achieving 41 percent of the 5-year planned goal.

Item 20. Pilot interventions to expand private sector involvement have been initiated by Greenstar in conducting meetings at factories and other work places, allowing workers to be instructed on the benefits of birth spacing.

Item 21. Greenstar is using public-private partnerships to enhance delivery of services to more rural areas, with the Population Welfare Department and the Rural Support Programmes Network in Sindh.

Item 22. A planned system to involve community-based volunteers in distributing contraceptives is being introduced in three Karachi townships and in the districts of Shikarpur, Jacobabad, and Thatta.

Item 23. The curriculum for the delivery of family planning services at the Health and

⁵ A *minilap* (or Minilaparotomy) is a form of sterilization for women, by surgical ligation of the fallopian tubes, preventing pregnancy.

⁶ An *IUD* (intrauterine device) is a method of contraception.

Nutrition Development Society Midwifery and Nursing Training Institute in Karachi was upgraded.

Item 24. A total of 4.385 million couple-years of protection have been achieved to date in the private sectors toward a goal of 12.540 million for 5 years (35 percent of planned goal), with the sharpest increases occurring in recent quarters.

Item 25. Greenstar has introduced measures to promote the sale of its products as well as to expand its distribution network in rural areas.

Item 26. Greenstar is operating a national hot line service staffed by Greenstar medical doctors.

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Avenue, NW
Washington, DC 20523
Tel.: 202-712-1150
Fax: 202-216-3047
www.usaid.gov/oig